Société anonyme with a Board of Directors
and a share capital of 232,774,635 euros
Registered office: 70 rue Balard,
F-75015 Paris

481 043 040 R.C.S. PARIS

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS ON THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note: The English version of this Management Report is a free translation of the French version and is provided solely for the benefit of English-speaking users.

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Dear Shareholder(s),

We submit to you a management report on the activity of Eutelsat Communications (the Company) and the Eutelsat Group[1] for the year ended 30 June 2016.

We also present to you the company and consolidated financial statements for the year ended 30 June 2016. The consolidated statements show the intra-group relations with our subsidiaries and affiliated companies.

This report was adopted by the Board of Directors at its meeting on 28 July 2016.

INTRODUCTION

Operating capacity on 39 satellites in-orbit between 117° West and 172° East, broadcasting more than 6,300 television channels, the Group is one of the leaders in EMEA area[2] for the provision of Fixed Satellite Services (FSS).

It mainly operates and supplies capacity for Video Applications, Data Services and Value-Added Services.

Via its fleet, the Group covers the entire European continent, the Middle East and North Africa, as well as sub-Saharan Africa and a large section of the Asian and American continents, potentially giving the Group access to almost 100% of the world's population.

The Group offers its services to broadcasters and network operators either directly or via distributors. These include the subsidiaries or former subsidiaries of leading European telecommunications providers such as Orange/Globecast, Telespazio, British Telecom/Arqiva, or RSCC.

[1] Eutelsat Group" or "the Group" means Eutelsat Communications and all the companies controlled directly or indirectly by Eutelsat Communications

[2] EMEA includes western and central Europe, Russia and central Asia, the Middle-East, North Africa and Sub-Saharan Africa.

1 KEY HIGHLIGHTS IN THE FINANCIAL YEAR

1.1 main figures[3]

Key Financial Data	FY 2014-15	FY 2015-16	**Actual change**	**Like-for-like change**
Revenues - €m	1,476.4	1,529.0	**+3.6%**	**+0.2%[4]**
Profitability				
EBITDA[5] - €m	1,131.7	**1,164.6**	**+2.9%**	**-**
EBITDA margin - %	76.7	**76.2**	**-0.5 pt**	**-**
Group share of net income - €m	355.2	**348.5**	**-1.9%**	**-**
Financial structure				
Net debt - €m	3,841	**4,007**	**+€165.7m**	
Net debt/EBITDA - X	3.4	**3.4**	**n.c**	**-**
Backlog – €bn	6.2	**5.6**	**-9.5%**	**-**

1.2 Operational Highlights

The main highlights of financial year 2015-2016 included:

- Rodolphe Belmer joined Eutelsat on 1 December 2015 as Deputy CEO and succeeded Michel de Rosen in the role of CEO on 1 March 2016.
- The launch of five new satellites:
  - In August 2015, EUTELSAT 8 West B boosting coverage of the MENA region ;
  - In December 2015, EUTELSAT 36C strengthening resources for Video in Subsaharan Africa and in Russia ;
  - In January 2016, EUTELSAT 9B which is mainly a replacement satellite for Video in Europe ;
  - In March 2016, EUTELSAT 65 West A openning a new orbital position dedcated to Video and Broadband in Latin America ;
  - In June 2016, EUTELSAT 117 West B bringing incremental capacity in Americas.

  - With the entry into service of EUTELSAT 115 West B (launched in March 2015) in October 2015, five satellites have started operations during financial year 2015-2016 (EUTELSAT 8 West B, EUTELSAT 115 WEST B, EUTELSAT 36C, EUTELSAT 9B and EUTELSAT 65 West A).
- The implementation of two initiatives to adress the *African Broadband market:*

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3 The share of each application as a percentage of total revenues is calculated excluding “other revenues” and “non-recurring revenues” in the whole document.

4 At constant currency and perimeter, excluding non-recurring revenues.

5 Operating income before depreciation and amortisation, impairments and other operating income/(expenses).

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  - First, the lease of the Ka-band payload on AMOS-6 in partnership with Facebook. Under a multi-year agreement with Spacecom, the two companies will utilise the entire broadband payload on the AMOS-6 satellite (18 Gbps) which is expected for launch in the third quarter of calendar year 2018.
    - The procurement of a follow-on standalone high throughput satellite for Africa, with a launch expected in 2019. With a thoughput of at least 75 Gbps, this satellite will expand coverage and offer increased performance and flexibility.
- Further advances in the core Video activity with the number of channels exceeding the 6,000 mark during the year, a further rise in HD penetration to 13.6% and the launch of the first UHD channels on the fleet.
- The successful issuance of a 500 million euros 5-year bond in June 2016 bearing a 1.125% coupon.
  - Together with other sources of cash on its balance sheet the Bonds will enable Eutelsat to redeem at maturity the outstanding Bonds issued on 26 March 2010 for a total principal amount of 850 million euros, bearing interest on its principal amount at a fixed rate of 4.125 percent.
  - As a result of this operation Eutelsat will extend its debt maturity profile and will reduce its financial charges by circa 30 million euros before tax on an annualised basis from March 2017 onwards.
- Rationalization if the portfolio of assets with the initiation of the process to divest its 33.69% stake in Hispasat and the sale of Alterna'TV.
- To face a lower growth environment, Eutelsat is implementing an adaptation of its strategic priorities and financial objectives. The immediate priority will be to maximize the free-cash-flow generation of its core businesses .The Group will continue to invest selectively to prepare for a return to growth by building on its core Video business and capturing the longer term opportunities in Connectivity.

1.3 Revenues by business application

For a review of the performance for each application, please refer to section 3.2.1 "Revenue growth" of this document.

1.4 Financial performance

Group **EBITDA** amounted to 1,164.6 million euros (1,131.7 million euros at 30 June 2015), up 2.9%.

The **EBITDA margin** stood at of 76.2%, compared to 76.7% last year reflecting a higher level of Bad Debt related notably to the contract on the Ka-band payload of EUTELSAT 3B terminated in December 2015. Group share of net income stood at 348.5 million euros versus 355.2 million euros in 2014-15, a decrease of 1.9%. The net margin stood at 22.8%. This reflected mainly:

- The rise in EBITDA;
- An increase in the **depreciation** charge of 34 million euros due principally to the impact of new capacity (EUTELSAT 8 West B, EUTELSAT 115 West B, EUTELSAT 36C, EUTELSAT 9B and EUTELSAT 65 West A);
- A **financial result** of -123.0 million euros (versus -116.0 million euros in 2014-15). This reflecting on one hand the positive impact of the refinancing of the term loan as of 31 March 2015 and an increase in capitalized interest and on the other, the variation in foreign exchange gains and losses;
- An effective **tax rate** of 37.1% compared to 35.6% in 2014-15.

2 MAIN MARKETS AND STRATEGY

Group's activities are described in the Section 3 of this document.

2.1 The Fixed Satellite Services industry

Fixed Satellite Services (FSS) operators operate geostationary satellites (GEO) that are positioned in an orbit approximately 36,000 kilometres from the earth in the equatorial plane. These satellites are particularly well-suited to transmitting signals to an unlimited number of fixed terrestrial antennae, which are permanently directed towards the satellite. They are therefore one of the most efficient and cost-effective means of communication for transmitting from one fixed point to an unlimited number of fixed points, as in the case of television broadcasting, for example. GEO satellites are also suitable for linking together a group of sites spread out over vast geographical areas (e.g. private business networks or retail outlets), as well as extending mobile telephone networks and Internet access to areas where terrestrial networks provide little or no coverage and establishing or restoring communications networks in emergency situations.

The rapid growth of television worldwide, expanding volumes of communication, particularly via the Internet, and the role of satellites in complementing terrestrial networks to enable access to digital services in all regions, are three key growth drivers in the FSS industry.

According to Euroconsult, the FSS sector generated global revenues of US$12.3 billion as of 31 December 2014, including US$10.6 billion in infrastructure revenues.

2.1.1 A market with high visibility

Eutelsat: a core player in the most resilient segments

Visibility on the FSS market is driven by several factors:

- satellites represent the most efficient and cost-effective technology for broadcasting content over large geographical areas;
- barriers to entry are significant due to a complex international regulatory framework and the high level of investment and technical expertise required;
- customers, especially those in the video broadcasting business, prefer to secure satellite capacity on a long-term basis;
- long-term partnerships are encouraged due to the high costs involved in transferring services in the event of a change of satellite operator, particularly in Video broadcasting.

Video Applications, Eutelsat's core business, is highly resilient and its significant backlog provides strong visibility on future revenues.

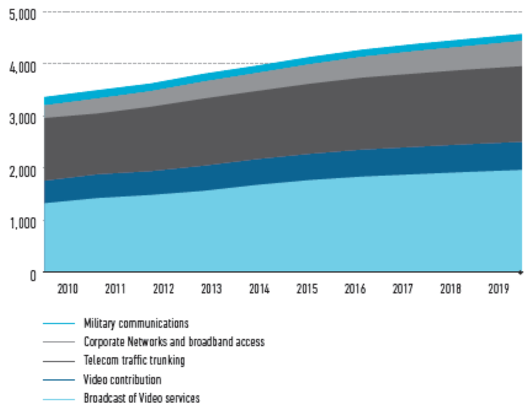
2.1.2 An increase in usages driven by the digital revolution

Eutelsat: a key player in the media and Internet convergence

The television market is evolving. Larger television screens call for improvements in image quality, notably the development of High Definition and soon Ultra High Definition (UHD). Moreover, the rise in the number of television channels requires increased bandwidth capacity and while linear television remains the primary means to view video content, there is a growing trend towards the combined consumption of linear and Internet content, paving the way for connected television and multi-screen services..

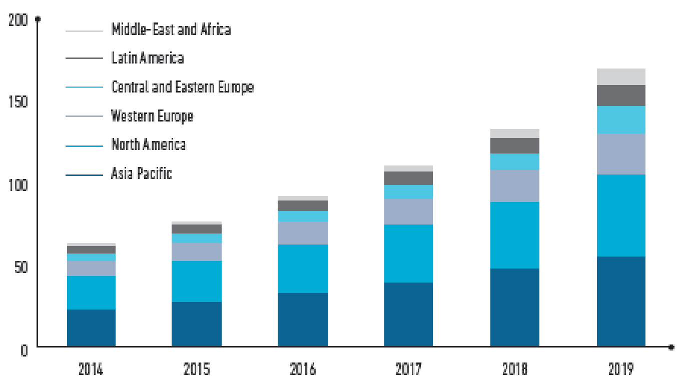
Furthermore, for homes without access to fibre optic networks, hybrid solutions combining satellite and broadband terrestrial networks enable end users to receive video signals of high image quality via satellite while the bandwidth available on the broadband infrastructure is enables to offer a range of services and content. These hybrid solutions are already available and will become the preferred solutions, in the many areas of the world, both developed and emerging where fibre optic is not available.

Transponder demand in EMEA and Latin America by Application



Source: Euroconsult, 2015 edition

Growth in global Internet traffic (in Pb per month)

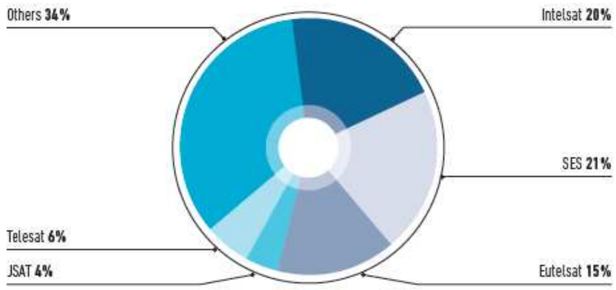


Source: Cisco, VNI 2015

2.1.3 A fast-changing and competitive environment

The three largest operators – Intelsat, SES and Eutelsat – together have 56% market share in the FSS sector.

Operators' global market share in 2014 (based on infrastructure revenues)



Source: Euroconsult, 2015 edition

At regional level, some operators have implemented investment programmes with a view to expanding on their markets and competing with global operators. However, these programmes frequently encounter obstacles, such as the high level of investment, expertise and commercial effort required, and the complexity of the international regulatory environment, thereby giving rise to partnership opportunities.

The emergence of regional operators, together with the expansion of established operators, is reflected in an increase in the amount of satellite capacity on the market. Regular capacity is forecast to grow by 10% in the next five years from circa 7,100 transponders in 2015 to circa 7,800 in 2020. HTS capacity is expected to triple over the next five years.

2.2 A dual market dynamic

In the Fixed Satellite Services sector, the traditional businesses are Video, Fixed Data and Government services. In the markets covered by the Group, these activities are currently experiencing a slowdown in growth with broadly stable demand in developed markets (Europe), a deteriorating economic climate in regions such as Russia and Latin America and an increase in capacity, which is weighing on pricing in Data Services. These factors are partly offset by robust demand in sub-Saharan Africa, the Middle-East and North Africa and Asia. At the same time, new high-growth segments have emerged in recent years, notably the "Connectivity" businesses of Fixed Broadband and Mobile Connectivity, which present significant opportunities for satellite operators.

2.2.1 Core businesses – market prospects

2.2.1.1 Video

In 2015, Video was the largest segment of the FSS market, accounting for more than 4,000 transponders worldwide, equivalent to 57% of the volume of regular capacity available on the market (source: Euroconsult, 2015 edition). Overall, the video market grew, driven by growth in emerging countries.

- The number of homes equipped with a satellite terminal should increase globally by 135 million between 2013 and 2018, with the penetration of satellite-based television services rising from 28 to 31% of the global population (source: IHS).
- The number of channels broadcast by satellite worldwide has increased from more than 30,000 to more than 40,000 over the last five years and should reach around 48,500 by 2024 (source: Euroconsult, 2015 edition).

Market dynamics differ between developed and emerging countries.

In developed countries, the market is mature. In Europe in particular, the number of channels should be broadly stable between 2015 and 2020. The transition to High Definition and Ultra-High Definition, is expected to offset the impact of improvements in compression and encoding formats on satellite capacity demand, leading to a broadly stable market. Looking ahead, the advent of new services, focused on improving users' digital experience should offer opportunities.

Requiring almost twice as much satellite capacity as standard television (a 36 Mhz transponder can broadcast around 12 Standard Definition channels in MPEG-2 format or six to eight HD channels in MPEG-4 format), the HD penetration rate on Eutelsat satellites has risen in one year from 11.9% to 13.6% in the past year. According to Euroconsult, the number of HD channels should increase at a weighted average annual rate of 14% in EMEA and Latin America over the 2014-2024 period to around 9,500 channels in 2024.

Ultra-High Definition technology is developing and suitable equipment is beginning to emerge. It is currently two to four times more resource-hungry than HD, which creates opportunities in terms of growth in demand.

Conversely, technological advances in the compression of television signals, as well as the discontinuation of simulcast channels, have a negative impact on capacity demand. The implementation of the DVB-S2 standard and the adoption of the MPEG-4 compression format will make it possible to broadcast up to twice as many channels per transponder, thus optimising the use of bandwidth between television channels, which in turn reduces the cost of accessing satellite capacity for new entrants on the market.

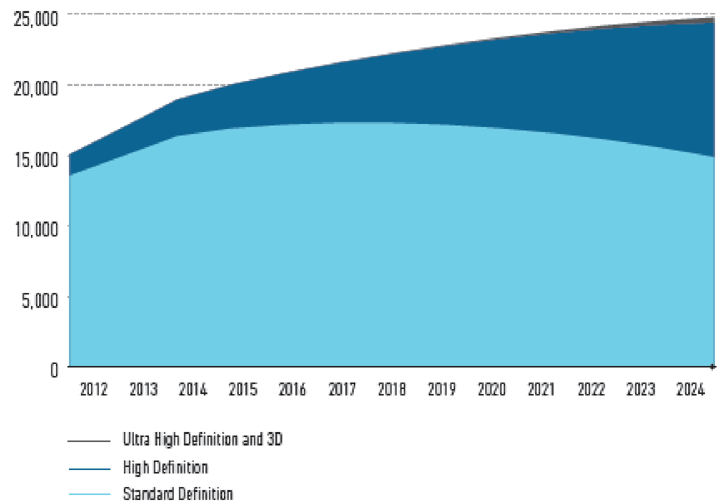
The development of interactive platforms as a result of the emergence of new non-linear ways of watching television is prompting operators to design a new generation of "hybrid" terminals that combine access to television and the Internet. Eutelsat's teams are involved in this process and are constantly working to enhance the pay television services on offer and supply connected television services.

In emerging countries, demand is growing quickly. According to Euroconsult, between 2014 and 2019, demand for capacity for Video Applications will grow by 4.5% a year in Latin America, sub-Saharan Africa, the Middle East and North Africa, as well as in Russia and Central Asia. The key factor driving this growth is the increase in the number of channels broadcast, which has more than doubled over the past five years. The potential for further growth is strong as there are currently only two channels per million inhabitants in sub-Saharan Africa, compared with more than 30 per million inhabitants in North America.

HD penetration is weaker than in developed countries. For example, in sub-Saharan Africa, the HD penetration rate is 5%, compared with 20% in Western Europe (source: Euroconsult, 2015 edition). HD penetration is expected to improve in these regions, which will have an additional positive effect on demand.

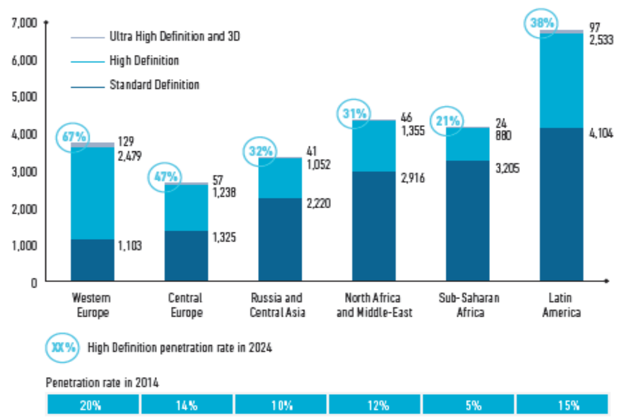
Finally, the rise of Digital Terrestrial Television ("DTT") in emerging countries, particularly in Africa, is creating opportunities for satellite operators to provide capacity for supplying terrestrial re-transmitters and ensure additional coverage for homes located in shadow areas.

Change in the number of SD, HD and UHD channels in EMEA and Latin America



Source: Euroconsult, 2015 edition

Penetration of HD channels in 2024 by sub-region



Source: Euroconsult, 2015 edition

2.2.1.2 Fixed Data Services

The Fixed Data market is composed of several different types of services: business networks, the interconnection of mobile networks and Trunking. Demand for business networks and interconnecting mobile networks is growing, while Trunking is in decline. Overall demand is growing in volume, but is accompanied by a significant decline in prices caused by several factors:

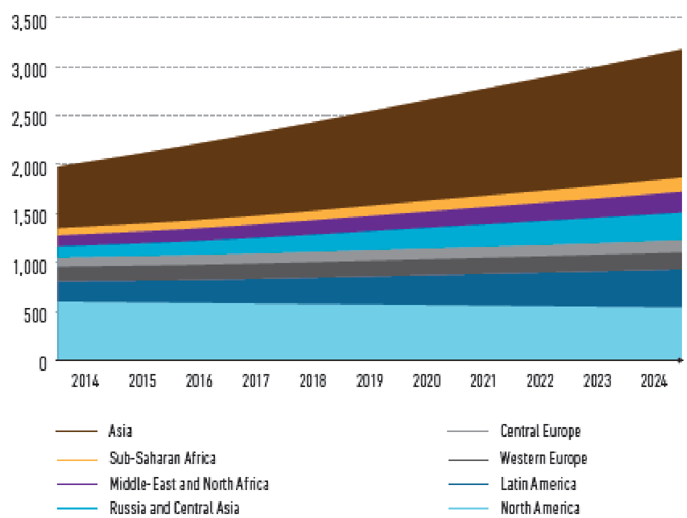
- the amount of satellite capacity dedicated to fixed data has increased significantly and continues to grow;
- terrestrial networks are competing with satellite technology on this market segment;
- the arrival of HTS satellites has led to a reduction in the production cost of capacity, which in turn impacts prices.

Within fixed Data Services, certain segments, particularly point-to-multipoint applications (which account for more than half of Eutelsat's Data Services revenue), should be more resilient in the short and medium term.

More specifically, VSAT business networks accounted for around 12% of the total demand for capacity on the FSS market in 2015 (source: Euroconsult, 2015 edition). Although fibre optic is currently penetrating urban areas, many rural and suburban areas are being left behind as they do not offer a sufficient return on investment for terrestrial operators. In many areas in both developed and even more in emerging countries, satellite technology is an optimal solution.

Three sectors account for the majority of demand for this segment: the oil and gas industry, for connecting onshore and offshore drilling platforms; and the banking and retail sectors, for securely circulating financial and logistical data between different outlets. Between 2010 and 2015, the number of VSAT terminals for business networks increased by 22% worldwide to reach over two million in 2015. Moreover, capacity demand for business networks should grow at a weighted average annual rate of 7.7% between 2014 and 2019 in EMEA and Latin America (source: Euroconsult 2015 edition).

Changes in the number of VSAT terminals by region (in 000s)



Source: Euroconsult, 2015 edition

In 2015, demand for **interconnecting mobile networks a**nd “Trunking” accounted for 27% of the total demand for capacity on the FSS market. It is expected to increase by around 4% between now and 2024 (source: Euroconsult, 2015 edition).

The market for **interconnecting mobile networks** is defined as the transmission of information (primarily voice at present and data in the future) between base stations (that connect directly to mobile terminals, such as mobile telephones) and their various network aggregation points. Satellite is one technology amongst others (such as fibre optic and microwave) of transmitting information between these points. It is almost exclusively concentrated in emerging countries, in particular Latin America and South Asia. In the medium term, the market for **interconnecting mobile networks** should gradually migrate towards new HTS capacities, which enables satellite operators to offer 3G/4G data services (significantly increasing the volume of data transmitted). In the long term, it will also come up against growing competition linked to the extension of terrestrial networks.

The “Trunking” market is defined as the transmission of information (voice or data, also known as “IP Trunking”) between one national backbone network and another. This market is in decline, in terms of both volume and value, in large part due to competition from fibre optic. Nevertheless,, satellite technology still plays an important role in areas that are not connected to the terrestrial network (e.g. certain Pacific islands) or that have a poor connection to the network (such as the west African coast). There is also a specific market segment that helps to secure the network in countries where fibre optic is unreliable (e.g. India).

2.2.1.3 Government services

The **military government services** market accounted for 3% of demand in volume terms on the FSS market in 2015. After several years of decline, demand in volume is currently stabilising. In the medium-term, the expected return to growth of the military market on the back of developments in IT systems and the increasing use of commercial capacities by governments seeking to rationalise the spending, represents a key driver.

Demand from the US Government, a key customer in this segment is stabilising, albeit at much lower prices than before. Like Data Services, this segment will also be impacted by the arrival of HTS capacity, although it is expected to migrate more slowly. On the other hand, there are growth opportunities in other regions such as Europe, Asia and the Middle East, where governments are increasingly turning to commercial operators for their satellite capacities.

The civil government services market also opens up a host of opportunities, for example, in offering additional services to connect public infrastructure (such as schools and hospitals) in remote regions.

2.2.2 Connectivity Applications – market prospects

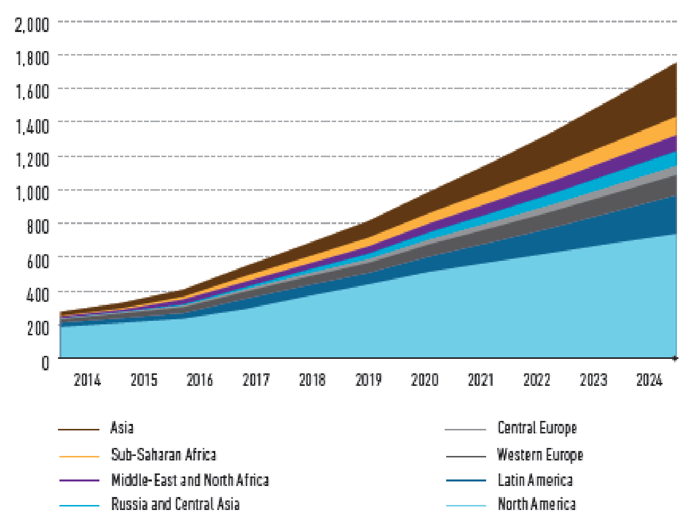
The market for Connectivity Applications represents one of the greatest potential, medium and long-term growth opportunities for the satellite segment.

2.2.2.1 Fixed Broadband

In 2014, the number of homes equipped with a satellite terminal connected to the Internet rose by 9% to more than 2.6 million worldwide (source: Euroconsult, 2015 edition). Satellite Broadband is now a substantial market in Europe and North America and will grow rapidly in the years ahead. It is boosted by low levels of deployment of Broadband infrastructure in emerging markets and some developed countries, as well as by the cost-competitiveness of satellite technology in low-density areas over terrestrial infrastructure. In Europe, the European Commission has indicated that it is working to improve access to the Internet via satellite in areas where this could serve to reduce the digital divide.

In addition, the arrival of High Throughput Satellites (HTS) that use the Ka frequency band makes it possible to significantly improve the cost of satellite resources for Connectivity services. The use of solutions based on HTS technology will intensify in future years, meaning that it will account for a major proportion of the capacity dedicated to Connectivity services.

Changes in global demand for HTS Fixed Broadband (in Gbps)



Source: Euroconsult, 2015 edition

With the development of VHTS (very high throughput satellite) technology, solutions for accessing the Internet via satellite will continue to evolve in the years ahead, making it possible to offer services that are competitive in terms of both quality and price with terrestrial Superfast Broadband, particularly in low-density areas, thereby opening up the possibility of a mass market.

2.2.2.2 Mobile Connectivity

Broadband mobile communication is a market with strong growth potential.

The in-flight Connectivity market is currently worth around 200 million euros (source: TMF Associates) and demand in terms of volume is expected to increase sharply due on the back of the following factors:

- the continuous rise in air traffic with commercial aviation set to grow by 4.6% per year on average between now and 2034 (source: Airbus Global Market Forecast 2015-2034);
- passengers' growing need for Connectivity, with an increase in the number of smart devices and the rise of more bandwidth-hungry usages, both of which are reflected in the exponential growth in data consumption per user;
- the desire of airlines to offer this new service as a way of differentiating themselves from their competitors;
- the arrival of HTS satellite capacity, many beams of which are dedicated to mobility, which provides access to larger capacities at a lower cost;
- the proliferation of rotating flat dishes, which reduces indirect costs (weight and maintenance).

As a result, in-flight Connectivity services look set to become more widespread, with an exponential growth in usages. Overall, this market will grow significantly in value.

The market for maritime satellite Connectivity is valued at circa 800 million euros (source: TMF Associates), a third of which is accounted for by the FSS sector. There are currently around 14,000 boats fitted with FSS technology and this number is expected to rise at an average annual rate of around 13% between 2015 and 2020 (source: TMF Associates), a trend that has been supported by worldwide growth in the shipping trade. In addition to this and given the increase in usages, the value of this market should increase significantly.

In the medium to long-term, mobility therefore has the potential to develop from a niche into a mass market. Mobile usages, which until now have largely been confined to the maritime and aviation sectors, will also expand to encompass connected cars and land-based transport in the longer term.

There are therefore many opportunities open to the satellite mobility market to diversify.

2.3 Group strategy

Eutelsat has implemented a two-step strategy in response to the recent slowdown in growth of its core businesses. The aim of the first step is to maximize the cash flow generation of these businesses by adapting its operational and financial objectives. The second step will see the Group preparing to return to growth by building on its core Video business and capturing the longer-term potential in Connectivity.

To this end, Eutelsat has realigned its organisation along the following five business lines: Video, Data Services, Government Services, Fixed Broadband and Mobile Connectivity. This organisation will make it possible not only to maximise the cash flow of each application, but also to strengthen Eutelsat's focus on its customers' specific needs.

2.3.1 Maximising the free cash flow generation of core businesses

Video

The Group's strategy for mature countries will consist in optimising the value of its assets by:

- increasing direct access to its customers;
- integrating or reorganizing indirect distribution;
- stimulating HD and Ultra HD take-up by means of tailored pricing;
- implementing more segmented pricing strategies.

There will be a strong focus on optimising the value of the HOTBIRD position and on taking back unsold capacity from certain distributors, thus making it possible to optimise distribution by increasing the proportion of sales made directly to Free-to-Air channels. Measures will also be taken to strengthen Eutelsat's value proposition by attracting new premium channels in different language pools, increasing sales of services and prioritising improvements in image quality.

At the same time, Eutelsat will continue to pursue growth opportunities in emerging countries by:

- benefiting from its recent investments in the 7/8° West (the launch of EUTELSAT 8 West B covering the Middle East and North Africa in October 2015) and 36° East positions (the launch of EUTELSAT 36C in February 2016, which provides, among other things, additional coverage in sub-Saharan Africa, the main client there being Multichoice);
- continuing to invest selectively, notably at the 7° East position. The launch of EUTELSAT 7C in 2018 will help to significantly improve coverage in sub-Saharan Africa, where the Video market is expanding rapidly.

In emerging regions, the flexibility to increase prices will be prioritised over contract length to maximise the value of the customer portfolio.

Eutelsat will support the digital revolution in all geographical regions by offering customers a range of innovative services including Smart LNB, a multi-screen delivery solution and the Fransat portal (HBB-TV technology).

Data Services

Eutelsat will aim to partly offset the impact of lower prices described in the previous section with a series of measures:

- Its priority will be to ramp up existing capacity by adapting its pricing strategies where appropriate.
- There will also be a focus on the following areas:
    - less competitive geographies such as Alaska and Mexico;
    - complex networks and less price-sensitive customers, particularly those characterised by ground infrastructure made up of a large number of dispersed terminals;
    - opportunities in verticals where satellite has untapped potential, such as agriculture and the Internet of Things.
- Eutelsat will leverage its range of differentiated solutions (e.g. EUTELSAT QUANTUM) as soon as possible.
- Contract length and volumes will be prioritised over price to secure a high number of orders.

Furthermore, given the market prospects for this segment and its desire to optimise return on investment, the Group does not envisage investing further in regular capacity destined for Fixed Data Services.

Government Services

Eutelsat will continue to work with the US Department of Defense with a view to growing sales in new sub-segments. The arrival of EUTELSAT QUANTUM, the new software-based reconfigurable satellite, in 2019 will help to differentiate its value proposition. Customers will enjoy the flexibility of being able to programme dishes to configure coverage, bandwidth, power and frequencies. The Applications made possible by this new concept in satellite technology are particularly suited to customers in the Government Services sector.

Eutelsat will also seek to expand its operations to other governments (in Europe, the Middle-East and Asia) and develop opportunities to provide services to governments in civil areas to enable them to expand their programmes aimed at reducing the digital divide (e.g. connecting schools and hospitals and public-private partnerships).

All the measures described above will form part of a wider drive to optimise the deployment of the Group's fleet.

In addition to the strategies to maximise revenue generation for each application, a series of measures will also be deployed to optimise cash flow generation.

- **Reducing capex:** capex savings will be achieved without impacting the current deployment plan and associated future revenues. Savings will be driven by the implementation of a "design-to-cost" approach and a focus on hosted payload and partnership or "condosats" opportunities when appropriate, as well as by capitalising on industry-wide efficiency improvements. Ground capex will be strictly controlled. As a result, average annual capex for the period July 2016 to June 2019 will be reduced to 420 million euros (compared with an annual average of 500 million euros for the period July 2015 to June 2018).
- **Optimising the cost of debt** as described in section 6.4.2 of this document, which will allow for cumulative savings of around 50 million euros per year from January 2019.
- **Controlling operating costs,** with the aim of maintaining the EBITDA margin above 75%.
- **Optimising the asset portfolio:** Eutelsat will continue to consider opportunities to streamline its portfolio of assets, following on from the divestment of Alterna'TV in April 2016 and the exercise in July 2016 of the put option to divest its stake in Hispasat. It will also seek partnerships for some of its broadband projects, such as ViaSat in Europe and Inframed in Africa.

All of these measures will help to grow the Group's free cash flow in the medium term.

2.3.2 Returning to growth by developing the core Video business and seizing longer-term opportunities in Connectivity

Eutelsat's return to growth is divided into two phases: in the medium term (from FY 2018-19 onwards), the development of the core Video business and, in the longer term (from FY 2020-21 onwards), the seizure of opportunities arising in Fixed Broadband and Mobile Connectivity.

Pursuing medium-term growth in Video

Video by satellite will continue to grow and Eutelsat's expectation is that, in the longer term, Video distribution globally will mostly be split between satellite and IPTV. Additional sources of demand will be created as broadcasters outsource certain services. In this context, closer integration with the IP ecosystem and harnessing existing IP-based technologies will enable satellites to enhance the end-viewer experience, increasing customer loyalty and generating opportunities to sell additional services to broadcasters, pay television operators and advertisers, such as:

- improving the end-user experience through, for example, connected television, multi-screen delivery solutions and digital connected television programme guides;
- managing metadata in order to target advertising;
- compression, encryption and security.

These services will help to strengthen relations with customers, while at the same time creating opportunities to generate additional revenue.

To this end, the Group will continue to implement an innovation policy, as it has done for over thirty years. Recent innovations include the "Smart LNB" antenna for Direct-to-Home, designed mainly for emerging markets which allow broadcasters to operate linear television and connected TV services directly by satellite.

The Group has also developed a solution for broadcasting native IP video content to mobile terminals in homes and public places (e.g. hotels, shopping malls and airports) by satellite. Thanks to this solution, video platform operators can broadcast their channels live in IP format via satellite by creating a network dedicated to all IP-native terminals, such as tablets and smartphones.

Seizing long-term growth opportunities in Fixed Broadband and Mobile Connectivity

Fixed Broadband

Eutelsat's aim is to optimise its existing and commissioned assets that are dedicated to Fixed Broadband, in particular:

- the KA-SAT satellite in Europe;
- the HTS payload in Ka-band on EUTELSAT 36C covering Russia;
- projects to develop Broadband in Africa, firstly, by means of the payload on the AMOS-6 satellite, and secondly, with the launch of a dedicated African Broadband satellite;
- the payload in Ka band on EUTELSAT 65 West A, covering Latin America.

Eutelsat will prepare for the mass-market adoption of this application by working on all the prerequisites:

- rolling-out and validating different business models on this existing capacity: indirect distribution; direct distribution to individuals through the joint venture with Viasat in Europe; partnerships with telecoms and pay television operators; services targeting businesses and SMEs in Africa, etc.;
- working in partnership with the various stakeholders to define needs relating to the next generation of HTS satellites (VHTS);
- working with industrial partners to reduce the cost of terminals.

At the same time, the Group will continue to refine its assessment of the market to determine a suitable level of investment from 2018.

Mobile Connectivity

To capture the growth in Mobility, the Group will adopt a step-by-step approach, leveraging in particular its strong positions at 172° East (where capacity will be expanded in 2017 with the launch of EUTELSAT 172B, which includes a payload dedicated to in-flight Connectivity selected by Panasonic) and 10° East, as well as developing aero mobility on KA-SAT.

Eutelsat will focus on securing the prerequisites ready for the transition to a mass market by:

- expanding the coverage of its services, particularly through selective investments to ensure that it has the appropriate capacity;
- putting in place partnership agreements with all stakeholders involved, particularly antenna manufacturers;
- positionning itself on future markets (e.g. connected cars), an area in which its Innovation Department has already started developing solutions.

Eutelsat will also position itself on future markets (e.g. connected cars), an area in which its Innovation Department has already started developing solutions.

3 PRESENTATION OF THE SERVICES OFFERED BY THE GROUP AND REVIEW OF 2015-2016 ACTIVITY

3.1 Group's activities

Operating capacity on 39 satellites in-orbit between 117° West and 172° East providing coverage of EMEA[6], the Americas and a large part of the Asian continent, the Group delivers its services to broadcasters and network operators directly or via distributors.

As of 30 June 2016, Eutelsat's revenues were 1,529 million euros, of which 64% came from Video Applications. The backlog stood at 5.7 billion euros, of which 85% for Video Applications.

3.1.1 Core business

3.1.1.1 Video Applications

Accounting for 64%[7] of Eutelsat's revenues, revenues for Video Applications stood at 944 million euros for the 2015-16 financial year.

Video Distribution ("Direct to Home")

Eutelsat provides its customers with 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 occupies a key place in the audiovisual chain, which extends from the reporting site to the TV viewer's screen.

With 6,342 TV channels (including 863 in High Definition) broadcast via the Group's in-orbit resources as of 30 June 2015, Eutelsat is a market leader not only in Europe, but also in markets such as Russia, the Middle East, North Africa and sub-Saharan Africa where, thanks to its premium broadcasting orbital positions it benefits from the launch of new television channels and the surge in popularity of 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, which will be complemented by EUTELSAT 117 West B satellite, launched on 15 June 2016.

Eutelsat is a pioneer in the development of Ultra High Definition broadcasting: the Group launched the HOTBIRD 4K1 demo channel, encoded in HEVC and broadcast at 50 frames per second with 10-bit colour depth. It was then Europe's first Ultra HD channel in this new standard. Eutelsat also broadcasts Funbox 4k UHD channel at the HOTBIRD orbital position, Fransat UHD Demo channel at 5° West serving the French Market and 4k Africa at 7° East. In addition, Tricolor TV is broadcasting two UHD (Insight UHD and Tricolor Ultra HD) channels on EUTELSAT 36C satellite. Finally Eutelsat also carried seven Euro UHD matches, available for Italian viewers receiving the Tivùsat platform from the HOTBIRD neighbourhood.

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 pointed at the Group's satellites.

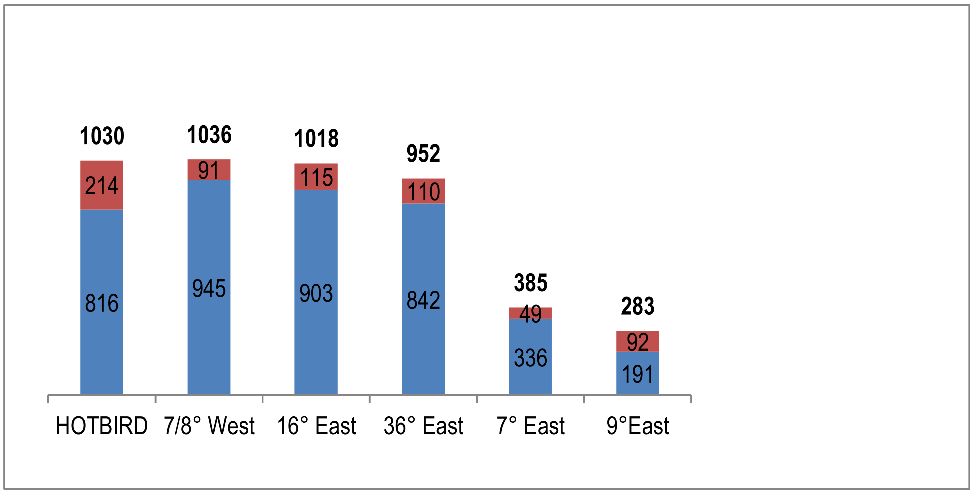
The Group's customers for satellite capacity for video distribution include for example: Sky Italia and Rai in Italy, nc+ and Cyfrowy Polsat in Poland, Nova and OTE in Greece, M7 in Germany, United Group (Total TV) and DigitAlb in the Balkans, DigiTurk in Turkey, Al Jazeera Sport, MBC and OSN in the Middle-East, TricolorTV and NTV+ in Russia, Multichoice Canal + Overseas and ZAP in Africa and Milicom in Latin America.

6 Extended Europe consists of Western Europe, Central Europe, Russia &Central Asia, North Africa, the Middle-East and Central Asia

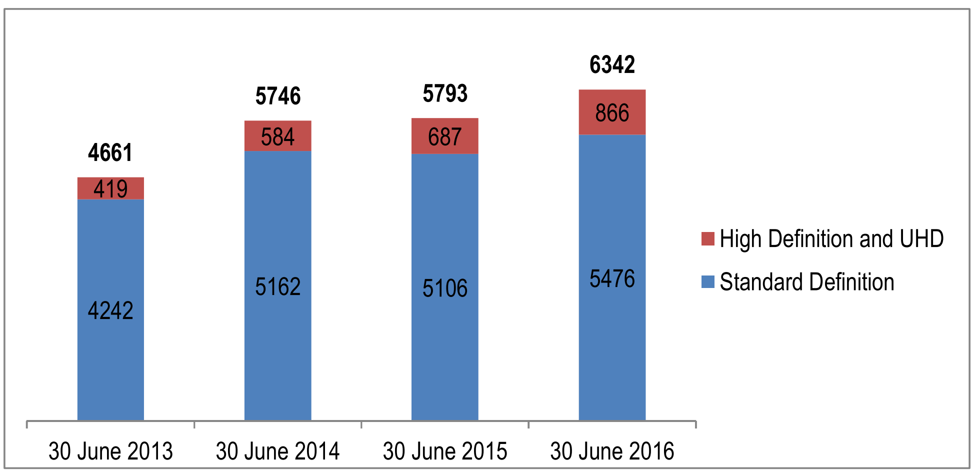
7 The share of each application as a percentage of total revenues is calculated excluding "other revenues" and "one-off revenues"

Channels broadcast on the Group's satellites

At main Eutelsat's main Video neighbourhoods



Number of channels on Eutelsat's fleet



Source: Eutelsat Communications.

Research published in January 2015 by the Eutelsat TV Observatory showed that the number of homes receiving channels broadcast by eight of Eutelsat's flagship television neighbourhoods serving Europe, Russia, North Africa and the Middle-East stands at 274 million, up by 32% since 2010, of which 138 million receive channels from the HOT BIRD neighbourhood, up from 122 million in 2010. All eight neighbourhoods continue to experience audience growth.

Direct-to-Home remains the leading reception mode across the combined Europe, Russia, North Africa and Middle-East footprint. The number of Direct-to-Home households is growing, up by 44% to 160 million homes between 2010 and 2014.

Regarding general trends in DTH, cable, IPTV and DTT reception in the more mature Western European markets, 15 countries were surveyed, accounting for 179 million TV homes. DTH was confirmed as the main mode for TV reception in Western Europe, up 7% to 58 million homes from 54 million in 2010 and accounting for one in three homes.

In France, the Fransat service, which transmits free DTT channels via the EUTELSAT 5 West A satellite, is received by more than 2 million households. During the last fiscal year, Fransat transitioned its channels to high definition and upgraded the installed basis of set-top boxes which is now fully compatible with this format.

Professional Video services

The Group provides television channels or broadcasting platforms with point-to-point links, enabling them to route their 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.

Furthermore, the Group 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 KA-SAT satellite, extends the perimeter 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 includethe European Broadcasting Union (EBU), France Television Group, several television channels (BBC, i-TELE, CBS, Mediaset, NBC, NHK, HTR Croatia, SVT, Polske Radio, TF1) as well as video reporting professionals and sports federations.

3.1.1.2 Data Services and Value-Added Services

Data Services and Value-Added Services revenues stood at 338 million euros for fiscal year 2015-16 and represented 23%[8] of Eutelsat's revenues, of which 16% for Data Services and 7% for Value-Added Services.

On this segment Eutelsat's business is split between Fixed Data Services which includes Corporate Networks, Mobile backhauling and Trunking on one hand, and on the other hand Connectivity which includes Fixed Broadband and Mobile Connectivity.

Fixed Data Services

Satellite corporate networks allow corporates to connect their network via satellite in remote areas thanks to VSAT (Very Small Aperture Terminals) terminals on the Ground. These verticals are served mostly indirectly via service providers or distributors but the main users include for example the oil and gas industry or mass distribution. Corporate networks represent more than half of Eutelsat's Fixed Data Services revenues.

Within the mobile network (Backhaul) and Internet backbone connection (Trunking) verticals, customers are predominantly telecoms operators and Internet Service Providers (ISPs) seeking to connect their local platforms via satellites to international networks (Internet, voice) or extend their mobile networks in areas which are difficult to reach. Demand in strong in emerging markets (Africa, the Middle East, Latin America and Asia-Pacific) where the Group has a historical presence.

[8] The share of each application as a percentage of total revenues is calculated excluding "other revenues" and "one-off revenues"

Connectivity

Fixed Broadband

The Group offers Broadband Connectivity solutions, notably IP Connectivity services.

Operating in Ka-band and covering Europe and the Mediterranean basin, the KA-SAT satellite offers, thanks to its 82-spotbeam architecture allowing frequency re-use, increased resources (90 Gbps throughput) compared to a traditional satellite at a significantly reduced cost per Gigabyte. This enables to offer Internet Access Services at a competitive cost in remote areas under-served by terrestrial Broadband networks.

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 on KA-SAT available to professionals offers download speeds of up to 40 Mbps and upload speeds of 10 Mbps. The main markets targeted are the Internet access markets for businesses and local authorities, the 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).

A total of 181,000 end-users, mainly individuals were using Internet access services on KA-SAT as of 30 June 2016, in particular in France, the UK, Germany, Italy and Spain.

In order to continue expanding its Fixed Broadband business in Europe, Eutelsat announced an agreement with ViaSat Inc. to create a joint-venture combining Eutelsat's existing European broadband business with ViaSat's industry-leading broadband technologies and consumer Internet Service Provider (ISP) business expertise. Building on a decade-long relationship, the two companies are joining forces to create a partnership that will expand Eutelsat's current wholesale broadband business and launch a new consumer retail service in Europe. The joint venture will initially leverage KA-SAT, Eutelsat's high capacity broadband satellite.

In addition, Eutelsat provides capacity in Ka-band for Broadband Internet access in Brazil on the EUTELSAT 65 West A satellite, with capacity fully sold to EchoStar and StarGroup. Eutelsat also provide Broadband Internet access services in Russia on the EUTELAT 36C satellite since summer 2016. Furthermore, the Group will lease capacity on AMOS-6 satellite in partnership with Facebook and will therefore offer Broadband Internet access services in Sub-Saharan Africa from early 2017, with additional capacity expected with the launch of a fully-dedicated satellite in 2019.

Mobile Connectivity

The Group has a portfolio of assets allowing to provide capacity dedicated to Mobile Connectivity (in-flight or maritime), notably at 10° East, 172° East, 117° West orbital positions and on KA-SAT satellite, with customers such as Panasonic and Gogo.

Eutelsat's on-board solution for aircraft, "Internet Air Access", offers passengers top-quality Internet access, a video streaming service, and mobile telephony services accessible on tablets, smartphones and laptop computers throughout European air space. Eutelsat was notably selected by Telefonica to provide capacity allowing the low-cost carrier, Vueling to equip its fleet with an in-flight Internet connection with capacity provided by the KA-SAT satellite.

In 2014, Group announced the procurement of the EUTELSAT 172B satellite which includes notably a Ku-band HTS payload specifically designed for in-flight Connectivity over the Pacific region. This capacity has been selected by Panasonic Avionics Corporation as a platform for in-flight Connectivity and entertainment for airlines serving the Asia-Pacific area.

3.1.1.3 Government Services

Government Services revenues amounted to 200 million euros in fiscal year 2015-16 and represented 13% of Group revenues.

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 the Americas.

Eutelsat provides directly or through partners services to governments 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 required by intelligence, surveillance and reconnaissance systems, particularly for the US administration. . In order to better respond to satellite needs of government and institutional markets in EMEA region, Eutelsat has created Eutelsat Government EMEA, early 2015.

3.2 Analysis of the activity during the year

3.2.1 Revenue growth[9]

Total revenues for FY 2015-16 stood at 1,529 million euros, up 0.2% at constant currency and perimeter and excluding non-recurring revenues. The appreciation of the dollar relative to the euro added 3.5 points to top-line growth, particularly in Government Services and to a lesser extent in Data Services. On a reported basis, revenues were up 3.6% including the impact of changes in perimeter (disposal of AlternaTV).

Revenues for the Fourth Quarter stood at 371.6 million euros, with a like-for-like change of -2.3% year-on-year and -1.5% quarter-on-quarter

Revenues by business application

In millions euros	FY 2014-15	**FY 2015-16**	*Actual change*	**Like-for-like change**
Video Applications	913.0	**943.6**	*+3.4%*	**+2.3%**
Data Services	226.6	**230.0**	*+1.5%*	**-6.1%**
Value-Added Services	102.4	**107.8**	*+5.2%*	**+4.8%**
Government Services	196.5	**199.9**	*+1.7%*	**-7.5%**
Other revenues	37.9	**47.7**	*+26.0%*	**+23.4%**
Sub-total	1,476.4	**1,529.0**	***+3.6%***	**+0.2%**
Non-recurring revenues	-	**-**	-	**-**
Total	1,476.4	**1,529.0**	***+3.6%***	**+0.2%**
EUR/USD exchange rate	*1,228*	***1.108***	***-***	**-**

9 i) All revenue growth rates are at constant currency and perimeter and exclude non-recurring revenues; ii) the share of each application as a percentage of total revenues is calculated excluding "other revenues" and "non-recurring revenues".

Video Applications (64% of revenues)

In FY 2015-16, revenues from Video Applications were up 2.3% like-for-like to 943.6 million euros. This reflected sustained growth in MENA and Sub-Saharan Africa with the entry into service of new capacity on EUTELSAT 8 West B in early October 2015 and EUTELSAT 36C in mid-February 2016, as well as growth at 16° East (Sub-Saharan Africa and Central Europe), and 7° East (Middle East and East Africa). Fransat also recorded higher revenues on the back of the transition to High Definition in France.

These positive elements more than offset lower revenues at the HOT BIRD position following the non-renewal in recent months of some contracts with service providers, a decline in revenues from Professional Video and lower revenues in Russia following the renegotiation of certain contracts last year.

Fourth Quarter revenues amounted to 235.6 million euros, up 1.4% like-for-like on a year-on-year basis, and down by 0.2% quarter-on-quarter. The quarter-on-quarter evolution reflected lower revenues at Fransat following the completion of the digital transition in France offset by the full quarter impact of EUTELSAT 36C.

At 30 June 2016, the total number of channels broadcast by Eutelsat satellites stood at 6,342 (+549 channels year-on-year). HDTV penetration continued to increase, representing 13.6% of channels compared to 11.9% a year earlier. A total of 863 channels were broadcast in High Definition across Eutelsat's fleet, up from 687 a year earlier.

Data Services (16% of revenues)

In FY 2015-16, revenues from Data Services were down 6.1% like-for-like to 230.0 million euros.

Excluding the impact of reclassifications to Government Services and the early termination of the contract for the Ka-band capacity on EUTELSAT 3B in December 2015, revenues were broadly stable, with higher volumes , mainly in the Americas on EUTELSAT 65 West A and EUTELSAT 115 West B, offsetting the effect of the highly competitive environment for this application in all geographies.

Fourth Quarter revenues stood at 57.6million euros, down by 3.8% on a year-on-year basis. Quarter-on-quarter, revenues were up by 8.1%, reflecting the entry into service in May of the fully-sold Ka-band payload on the EUTELSAT 65 West A satellite.

Value-Added Services (7% of revenues)

In FY 2015-16 Value-Added Services revenues grew 4.8% on a like-for-like basis to 107.8 million euros.

181,000 terminals were activated at 30 June 2016, compared with 185,000 at end March 2016 and end-June 2015, continuing to reflect high loading of KA-SAT beams in markets like France and the UK, as well as the rationalization of their customer base by some distributors. ARPU trends remained well-oriented, notably thanks to proactive yield management underpinning revenues.

Fourth Quarter revenues amounted to 27.4 million euros, down 0.9% like-for-like on a year-on-year basis. Quarter-on-quarter, revenues rose by 8.3%, reflecting the positive seasonal effect of the maritime activity.

Government Services (13% of revenues)

For FY 2015-16, revenues from Government Services were down 7.5% like-for-like to 199.9 million euros. This represented a decline of circa 12% at constant currency excluding the reclassifications from Data Services mentioned above. It reflected the early termination of a contract with a distributor in the first quarter as well as the impact of lower renewals with the US Department of Defense in the last 12 months, which were not offset by new business.

Fourth Quarter revenues stood at 43.9 million euros, down 17.9% year-on-year, and by 9.5% quarter-on-quarter.

Other and non-recurring revenues

For FY 2015-16, **Other Revenues**[10] amounted to 47.7 million euros compared with 37.9 million euros a year earlier. They included the revenues-related to the agreements concluded with SES at 28.5° East. The change compared to last fiscal year reflects mainly a fee related to the early termination of a contract in Government Services in the first quarter.

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[10] Other revenues include mainly compensation paid on the settlement of business-related litigation, the financing of certain research programmes by the European Union and other organisations, the impact of EUR/USD currency hedging, the provision of various services or consulting/engineering fees as well as termination fees.

As in FY 2014-15, there were no **Non-Recurring Revenues** in FY 2015-16.

3.2.2 Main customers

As of 30 June 2016, the Group's top 10 customers accounted for 42.5% of its revenues with the breakdown as follows:

	Revenue per customer	
Customers	(in millions of euros)	(as a percentage)
Public sector entities (United States)	142.2	9.3%
Orange/Globecast	112.9	7.4%
Sky Italia S.r.l.	89.2	5.8%
Telespazio	59.5	3.9%
Noorsat WLL	59.5	3.9%
Nilesat	54.5	3.6%
British Telecom/Arqiva	43.1	2.8%
Multichoice Africa	39.2	2.6%
Digital Platform Teknoloji Hizmetleri	26.8	1.8%
Iti Neovision	22.9	1.5%
Total of top 10 customers	**649.8**	**42.5%**
Others	879.2	57.5%
TOTAL	**1 529.0**	**100.0%**

As of 30 June 2015, the Group's top 10 customers represented 42.8% of revenues with the breakdown as follows:

	Revenue per customer	
Customers	(in millions of euros)	(as a percentage)
Public sector entities (United States)	131.7	8.9%
Orange/Globecast	117.8	8.0%
Sky Italia S.r.l.	89.2	6.0%
Telespazio/Telecom Italia	65.7	4.4%
Nilesat	52.8	3.6%
Noorsat WLL	49.5	3.4%
British Telecom/Arqiva	45.2	3.1%
Multichoice Africa	30.4	2.1%
Digital Platform Teknoloji Hizmetleri	26.1	1.8%
Intersputnik International Organization of Space Communication	23.4	1.6%
Total of top 10 customers	**631.8**	**42.8%**
Others	844.6	57.2%
TOTAL	**1,476.4**	**100.0%**

3.2.3 Operational and leased transponder evolution

The number of operational 36 MHz-equivalent transponders stood at 1,328 at 30 June 2016, up 43 compared to 31 March 2016, mainly reflecting the entry into service of EUTELSAT 65 West A in May 2016.

Over 12 months, the increase in the number of operational transponders (+ 160 units) also reflects the start of operations for EUTELSAT 8 West B, EUTELSAT 115 West B, EUTELSAT 36C and EUTELSAT 9B.

The fill rate stood at 70.9%, compared to 72.3% at the end of March and 78.7% a year earlier, mostly reflecting the entry into service of the new capacity mentioned above. The fill rate already reflects the full effect of the rationalization undertaken at the Hotbird position. The increase in the number of leased transponders in the fourth quarter reflected several contracts, notably the renewal and expansion of capacity contracted by the European Broadcasting Union (EBU) for Professional Video as well as continued ramp-up of EUTELSAT 8 West B and of Eutelsat Americas' fleet.

	30 June 2015	31 March 2016	**30 June 2016**
Number of operational 36 MHz-equivalent transponders 11	1,168	1,285	1,328
Number of leased 36 MHz-equivalent transponders12	919	929	942
Fill rate	78.7%	72.3%	70.9%

Note: Based on 36 MHz-equivalent transponders excluding high throughput capacity (KA-SAT 82 spotbeams and EUTELSAT 3B 5 Ka-band spotbeams and EUTELSAT 65 West A 24 Ka-band Spotbeams).

3.2.4 Backlog

Note: The backlog represents future revenues from capacity lease agreements and can include contracts for satellites under procurement.

At 30 June 2016, the backlog stood at 5.6 billion euros, down 9.5% compared to 30 June 2015 and 4.6% on 31 March 2016. The backlog already reflects the full effect of the rationalization undertaken at the HOTBIRD position.

Contracts signed during the year included the renewal of capacity with Russian customers at 36° East, the renewal and expansion of capacity with the EBU at several orbital positions and several new contracts, notably at 7/8° West and by Eutelsat Americas. This positive impact was offset by backlog consumption as well as the early termination of the contract for the Ka-band capacity on EUTELSAT 3B in December and of a contract in Government Services in the first quarter.

The backlog was equivalent to 3.7 times 2015-16 revenues with 85% represented by Video.

	30 June 2015	31 March 2016	**30 June 2016**
Value of contracts (in billions of euros)	6.2	5.9	**5.6**
In years of annual revenues based on last fiscal year	*4.2*	*4.0*	***3.7***
Share of Video Applications	83%	83%	**85%**

[11] Number of transponders on satellites in stable orbit, back-up capacity excluded.
[12] Number of 36 MHz-equivalent transponders leased on satellites in stable orbit.

4 A YOUNG FLEET WITH COVERAGE OF MOST OF THE GLOBE

4.1 The Eutelsat satellite fleet

As of 30 June 2016, the Group operated capacity on 39 satellites[13]; of which four were leased from third parties and five were satellites in inclined orbit.

FULLY OWNED CAPACITY AS OF 30 JUNE 2016

Name of satellite	Orbital position	Geographic coverage	Nominal capacity *(number of physical transponders)*	Nominal (1) capacity *(36 MHz-equivalent transponders / Spotbeams)*	Launch date	Estimated end of operational use in stable orbit as of 30 June 2016 (2) *(calendar year)*
EUTELSAT 117 West A	116.8° West	Americas	40 Ku / 24 C	42 Ku / 24 C	March 2013	Q4 2035
EUTELSAT 115 West B	114.9° West	Americas	32 Ku / 12 C	40 Ku / 24 C	March 2015	Q3 2042
EUTELSAT 113 West A	113° West	Americas	24 Ku / 36 C	24 Ku / 36 C	May 2006	Q3 2023
EUTELSAT 65 West A	65°West	Latin America	24 Ku / 10 C / 24 Ka	24 Ku / 15 C / 24 Ka	March 2016	Q1 2036
EUTELSAT 36 West A(3)	36° West	Americas, Europe	Leased to Third Party	Leased to Third Party	August 2002	Q4 2018
EUTELSAT 12 West B	12.5° West	Europe, Middle-East, Americas	26 Ku	31 Ku	September 2001	Q1 2019
EUTELSAT 8 West B	8° West	Middle-East, Africa ; Latin America	40 Ku / 10 C	42 Ku / 20 C	August 2015	T4 2033
EUTELSAT 7 West A	7° West	Middle-East, North Africa	50 Ku	52 Ku	September 2011	Q4 2032
EUTELSAT 5 West A	5° West	Europe, Americas, Africa	35 Ku / 10 C	35 Ku / 14 C	July 2002	Q4 2019
EUTELSAT 3B	3° East	Europe, Middle-East, Africa	30 Ku / 12 C / 5 Ka	54 Ku / 23 C / 5 Ka	May 2014	Q4 2032
EUTELSAT 7A	7° East	Europe, Middle-East, Africa	42 Ku / 2 Ka	57 Ku / 6 Ka	March 2004	Q1 2021
EUTELSAT 7B	7° East	Europe, Middle-East, Africa	53 Ku / 3 Ka	70 Ku / 8 Ka	May 2013	Q2 2039
EUTELSAT 9B	9° East	Europe	50 Ku	47 Ku	January 2016	Q2 2038
EUTELSAT KA-SAT 9A	9° East	Europe, Mediterranean Basin	82 Ka	82 spots Ka	December 2010	Q2 2028
EUTELSAT 10A	10° East	Europe, Middle-East, Africa	42 Ku / 10 C	59 Ku / 20 C	April 2009	Q1 2023
EUTELSAT HOT BIRD 13B	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	August 2006	Q1 2025
EUTELSAT HOT BIRD 13C	13° East	Europe, North Africa, Middle-East	64 Ku	60 Ku	December 2008	Q3 2024

[13] *IThe capacity on Eutelsat 117 West B satellite which is currently being raised to its orbital positon at 117°West. is not included*

EUTELSAT HOT BIRD 13E	9° East	Europe, North Africa, Middle-East	38 Ku	45 Ku	March 2006	Q4 2024
EUTELSAT 16A	16° East	Europe, Middle-East, Africa, Indian Ocean	53 Ku / 3 Ka	70 Ku / 8 Ka	October 2011	Q3 2027
EUTELSAT 21B	21.5° East	Europe, Middle-East, Africa	40 Ku	59 Ku	November 2012	Q3 2033
EUTELSAT 25B	25.5° East	Europe, North Africa, Middle-East	8 Ku / 7 Ka	8 Ku / 7 Ka	August 2013	Q1 2034
EUTELSAT 28E (4)	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2013	Q1 2029
EUTELSAT 28F (4)	28.2/28.5° East	Europe	4 Ku	4 Ku	September 2012	Lifetime in excess of 15 years
EUTELSAT 28G (4)	28.2/28.5° East	Europe	4 Ku	4 Ku	December 2014	Lifetime in excess of 15 years
EUTELSAT 33C	33° East	Europe, North Africa, Middle-East, Central Asia	24 Ku	42 Ku	March 2001	Q3 2018
EUTELSAT 33E	33° East	Europe, North Africa, Middle-East, Central Asia	64 Ku	60 Ku	February 2009	Q1 2024
EUTELSAT 36B	36° East	Europe, Middle-East, Africa	70 Ku	87 Ku	November 2009	Q4 2026
EUTELSAT 48D	48° East	Afghanistan, Central Asia	8 Ku	12 Ku	December 2008	Q4 2020
EUTELSAT 70B	70.5° East	Europe, Middle-East, Asia	48 Ku	92 Ku	December 2012	Q1 2032
EUTELSAT 172A	172° East	Asia-Pacific, Australia, New Zealand	20 Ku / 18 C	23 Ku / 24 C	December 2005	Q2 2022
EUTELSAT 16C	16° East	Europe, Middle-East, Africa, Asia	-	-	April 2000	Inclined orbit
EUTELSAT 31A	31° East	Europe	-	-	September 2003	Inclined orbit
EUTELSAT 48A	48° East	Central Europe, Middle-East, Central Asia	-	-	November 1996	Inclined orbit
EUTELSAT 70C	70.5° East	Europe, Middle-East, Asia	-	-	May 2000	Inclined orbit
EUTELSAT 70D	70.5° East	Europe, Middle-East, Asia	-	-	August 2002	Inclined orbit

(1) The number of transponders can vary from one year to the next as a result of relocations or reconfigurations. The figures are rounded to the nearest whole number.

(2) 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 2016).

(3) This satellite is leased to a third party

(4) In January 2014, in the framework of the settlement of a 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 fully owned by Eutelsat on SES fleet.

CAPACITY LEASED FROM THIRD PARTIES AS OF 30 JUNE 2016

Name of satellite	Orbital position	Geographic coverage	Nominal capacity *(number of physical transponders)*	Nominal capacity *(36 MHz-equivalent transponders / Spotbeams)*	Launch date	Estimated end of operational use in stable orbit as of 30 June 2016 *(calendar year)*
EUTELSAT 53A (1)	53° East	Europe, North Africa, Middle-East, Asia	4 Ku	6 Ku	October 2014	Q1 2030
Express-AT1 (1)	56° East	Siberia	18 Ku	17 Ku	March 2014	Q2 2029
Express-AT2 (1)	140° East	Far East Russia	8 Ku	7 Ku	March 2014	Q2 2029
EUTELSAT 36C(1)	36°East	Africa, Russia	52 Ku / 18 Ka	48 Ku / 18 Ka	December 2015	Q2 2033
EUTELSAT 28G (2)	28.2/28.5° East	Europe	8 Ku	6 Ku	September 2014	Lifetime in excess of 15 years

(1) Owned by Russian Satellite Communications Company (RSCC). This capacity corresponds to that operated by Eutelsat.

(2) In January 2014, in the framework of a 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 leased by Eutelsat on SES fleet.

4.2 Fleet performance

4.2.1 Main changes since 30 June 2015

Fully-owned capacity

- In July 2015, EUTELSAT 28A was relocated to 33° East where it now operates as EUTELSAT 33C.
- On August 2015, EUTELSAT 8 West B was launched and entered full commercial service at 7/8° West in early October.
    - Subsequent to this, EUTELSAT 8 West C was relocated to 70.5° East and operates in inclined orbit as EUTELSAT 70D.
    - EUTELSAT 8 West A was relocated to 12.5° West where it operates as EUTELSAT 12 West B.
    - EUTELSAT 12 West A has been relocated to 36° West and renamed EUTELSAT 36 West A.
- In October 2015, EUTELSAT 115 West B started operations. At the time of this report, EUTELSAT 115 West A terminated its operational life.
- In October 2015, the operational life of EUTELSAT 33B was terminated.
- In December 2015, EUTELSAT 36C – which is operated in the framework of a long-term lease agreement with RSCC - was launched and entered into service in mid-February 2016. EUTELSAT 36A was relocated at 70.5° East where it operates in inclined orbit at under the name EUTELSAT 70C.
- In January 2016, EUTELSAT 9B was launched. It started operations in early March 2016. EUTELSAT 9A has been relocated to 13° East where it operates under the name EUTELSAT HOT BIRD 13E; EUTELSAT HOT BIRD 13D has been relocated to 33° East where it does operate under the name EUTELSAT 33E.
- In March 2016, EUTELSAT 65 West A was launched. It started operations early May 2016.
- In June 2016, EUTELSAT 117 West B was launched. It will enter into service during fiscal year 2016-17 and operate 48 36-MHz-equivalent transponders covering the Americas.
- In June 2016, the long term lease agreement with Telesat by which Eutelast operated capacity on Telstar 12 satellite (four physical transponders or six 36 Mhz-equivalent transponders) was terminated. In this context, negociations are underway.

4.3 An active investment policy

4.3.1 Main investments

During the financial year, the Group has continued its investment programme.

The Group will continue to focus on selected investments. Capital expenditure will represent an average of 420 million euros[14] per annum for the period July 2016 to June 2019.

New orders

During financial year 2015-2016:

- In July 2015, the first satellite Eutelsat Quantum satellite was ordered from Airbus Defence and Space, for a launch expected in 2019. An innovative software-driven satellite, Eutelsat Quantum will set a new standard in terms of coverage, bandwidth, power and frequency flexibility.
- In October 2015, Eutelsat signed a contract to lease the Ka-band capacity on the AMOS-6 satellite for broadband services in Sub-Saharan Africa from end-2016 in collaboration with Facebook.
- In October 2015, Eutelsat ordered a new-generation High Throughput Satellite from Thales Alenia Space (TAS) with exceptional operational flexibility. To be launched in 2019, this all-electric satellite will bring significant additional broadband resources in Ka-band to Sub-Saharan Africa.
- In March 2016, Eutelsat selected all-electric satellite from Space Systems Loral to expand broadcasting in Africa, Middle East and Turkey. To be launched in the second half of2018, and equipped with 44 operational Ku-band transponders, the new satellite will operate at the 7° East orbital position under the name EUTELSAT 7C. It will notably serve anchor clients including Digiturk, Turkey's leading pay-TV platform and will increase Video capacity over Sub-Saharan Africa.

Other Satellites under procurement

The Group has proceeded with the procurement of EUTELSAT 172 B satellite ordered during 2014-2015 financial year.

Expected for launch in the first half of 2017, it will accelerate development in Asia-Pacific. An early follow-on programme to EUTELSAT 172A, it will provide continuity and expansion capacity at the 172° East orbital position. EUTELSAT 172B will include a High Throughput payload customised for in-flight broadband over trans-Pacific and Asian flight paths selected by Panasonic Avionics Corporation.

Satellite programmes under procurement as of 30 June 2016

Satellite[1]	Orbital position	Estimated launch (calendar year)	Main applications	Main geographic coverage	Physical Transponders	36 MHz-equivalent transponders / Spotbeams	Of which expansion 36 MHz-equivalent transponders
EUTELSAT 172B	172° East	H1 2017	Data, Government Services, Mobility	Asia-Pacific	36 Ku (regular), 14 C, 11 Ku-band HTS spotbeams	42 Ku (regular), 24 C, 11 Ku-band HTS spotbeams[2]	19 Ku (regular); 11 Ku-band HTS spotbeams
EUTELSAT Quantum	To be defined	2019	Data, Government Services, Mobility	Flexible	12 "Quantum channels"	Not applicable	Not applicable
African Broadband satellite	To be defined	2019	Broadband	Africa	65 spotbeams	75 Gbps[2]	75 Gbps2

[14] This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity.

EUTELSAT 7C	7° East	H2 2018	Video	Turkey, Middle-East, Africa	44 Ku	49 Ku	19 Ku
[1] Chemical propulsion satellites generally enter into service 1 to 2 months after launch. Of the electric propulsion satellites, EUTELSAT 117 West B will take circa 7 months after launch to enter into service, EUTELSAT 172B, EUTELSAT 7C and African Broadband satellite between 4 and 6 months							
[2] Total capacity for the baseline mission. Option to double the capacity.							

4.3.2 Others

None.

4.4 Launch services associated with satellites under procurement

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 to a launch using 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 services contracts.

5 ACTIVITIES OF SUBSIDIARIES AND EQUITY INTERESTS

During the financial year ended 30 June 2016,

- The liquidationof Wins Italy has been completed in December 2015.
- Eutelsat has set up an agreement, subject to suspensive conditions, with the American company ViaSat in order to develop satellite broadband access in Europe. Eutelsat will contribute its Ka-Sat business to a Swiss company owned 51 % by Eutelsat and 49%by ViaSat. To secure this contribution, Skylogic Spa performed a split-up aimed at decoupling the activities to be contributed from activities remaining at Skylogic. This resulted in the setting up, on 1st June 2016, of Eurobroadband Services Srl, a 100%-owned subsidiary of Eutelsat S.A.. The new company holds all seven subsidiaries previously owned by Skylogic Spa and established in each country (excluding Italy) where gateways had to be installed for operating EUTELSAT KA-SAT 9A satellite (namely France, Germany, Ireland, Cyprus, Finland, Greece and Spain). Eutelsat S.A. will contribute Eurobroadband Services, the customer portfolio, the commercial and marketing activities along with the EUTELSAT KA-SAT 9A satellite.
- In April 2016, Eutelsat Americas announced the sale of Alterna'TV, a Miami-based content distribution company to THEMA a subsidiary, of the CANAL+ Group. Alterna was deconsolidated from beginning of April.
- In June 2016, InfraMed Group acquired a ca. 21% interest in the English subsidiary BB4A established to develop satellite broadband Connectivity in Africa. InfraMed is an investment fund dedicated to infrastructure projects in the Southern and Eastern Mediterranean.

At 30 June 2016, the Company owned directly or indirectly 39 subsidiaries and 12 participations.

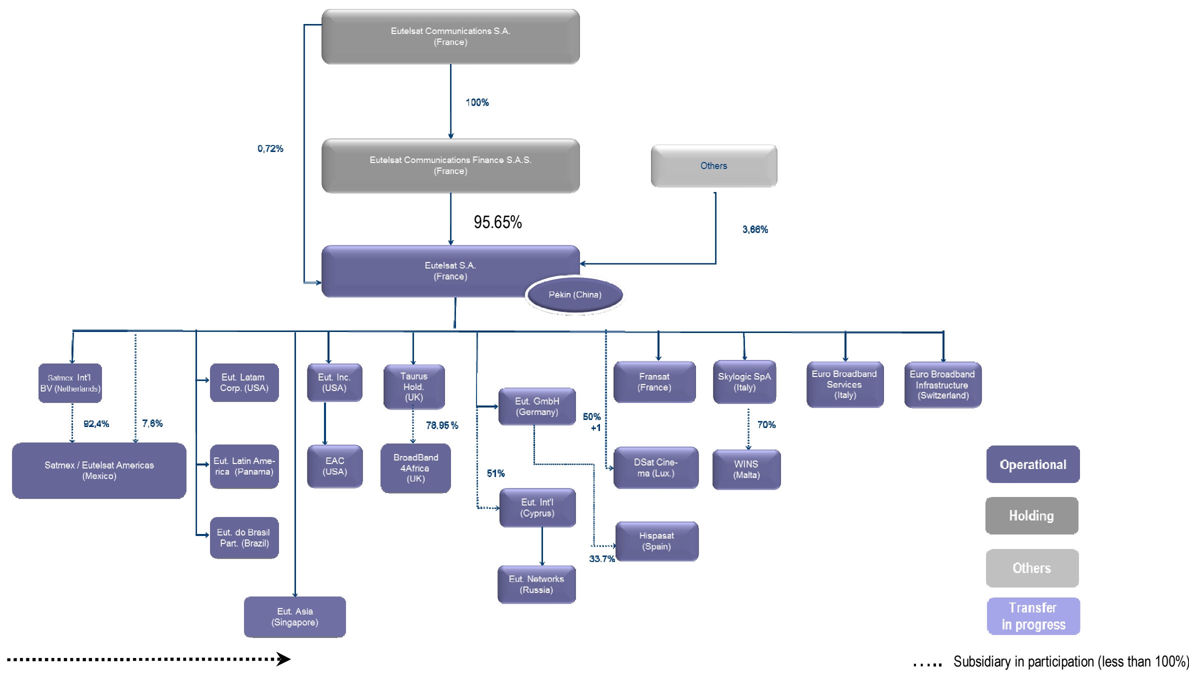
The simplified organisational chart below reflects the Group at 30 June 2016. The complete list of the companies consolidated within Eutelsat Communications as at 30 June 2016 is in Note 30 of the Group's consolidated accounts in appendix to this report.

Eutelsat Communications is a holding company with no operational role other than its indirect interest in Eutelsat S.A.

The revenues and results shown for the subsidiaries in section 5.2 are based on the companies' annual accounts.

5.1 Group simplified organisational chart

The organisational below chart depicts the Eutelsat Group as at 30 June 2016.



5.2 Main subsidiaries and equity interests

The Group's main operating companies are:

- Eutelsat S.A. (France), Skylogic S.p.A. (Italy), Eutelsat Madeira Lda (Madeira), Eutelsat Services und Beteiligungen GmbH (Germany), Eutelsat Asia Pte (Singapore) and Fransat S.A. (France), which are all 100% directly-owned by Eutelsat S.A.,
- Eutelsat do Brasil Ltda, Eutelsat America Corp. (United States of America) and Satélites Mexicanos, S.A. de C.V (Mexico), which are 100% owned indirectly by Eutelsat S.A.
- As well as DSAT Cinema S.A. (Luxemburg) and Eutelsat International (Cyprus), majority participations directly held by Eutelsat S.A.

Hispasat (Spain) is the main equity holding of the group in terms of contribution to the net result. It is a minority holding of 33.7% held by the German subsidiary of Eutelsat S.A., Eutelsat Services und Beteiligungen GmbH.

Furthermore the Group owns a number of other operating subsidiaries for developing its activities that represent and promote its services. Revenues and net income of these subsidiaries are not significant.

5.2.1 Eutelsat Communications Finance and Eutelsat S.A.

Eutelsat Communications Finance S.A. (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 95.65% as of 30 June 2016.

Based on the projected results of Eutelsat Communications Finance S.A.S. for the financial year 2015-2016, an interim dividend of 270 million euros was paid to Eutelsat Communications during the financial year, under a decision dated 12 November 2015, based on interim financial statements at 31 October 2015 showing distributable income of 287.10 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 2016, Eutelsat Communications owned directly and indirectly 96.35% of the capital of Eutelsat S.A., through which it controls several subsidiaries and equity interests.

Revenues and net result of Eutelsat Communications Finance S.A.S. and Eutelsat S.A.

The table below presents the revenues and net income contributions at 30 June 2016 of Eutelsat Communications Finance S.A.S. and Eutelsat S.A.

	30 June 2016	
(in millions euros)	Eutelsat Communications Finance	Eutelsat S.A
Revenues	-	1,049.8
Group share of net income	(3.6)	235.8

5.2.2 Main subsidiaries of Eutelsat S.A.

Eutelsat America Corp. (United States of America)

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 held 100% via the subsidiary, Eutelsat Inc

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 2016, following a spin-off operation, Skylogic S.p.A. is now only providing technical support to Group subsidiaries providing Satellite Internet access services. Skylogic owns four equity interests, among which:

- Skylogic Mediterraneo S.r.l. (Italy), a directly-owned 100% subsidiary of Skylogic SpA that operates a teleport in Sardinia,

- 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 in C- and Ku-band since April 2009 for Africa and the Portuguese-speaking regions, and in January 2012 on the EUTELSAT 16A satellite in Ku-band, for Africa and the Indian Ocean islands.

Since 1st July 2014, Eutelsat Madeira Lda also markets Eutelsat S.A.'s capacity on the satellite EUTELSAT 3B in C- and Ku-bands for the sub-Saharan Africa zone.

Eutelsat Services und Beteiligungen GmbH (Germany)

Since 2003, Eutelsat Services und Beteiligungen GmbH 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 pre-emption right. On 12 July 2016, Eutelsat initiated the process of divesting its stake in Hispasat by exercising the put option granted in 2008 by Hispasat's majority shareholder, the Abertis Group.

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 (i) 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), (ii) for promoting this offer towards broadcasters with a view to include additional free-to-air channels, and (iii) 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)

Acquired by the Group in January 2014, Satélites Mexicanos, S.A. de C.V. is held by Eutelsat S.A., both directly and indirectly via a holidng company: Satmex International BV.

The company has been operating since March 2014 under the commercial name Eutelsat Americas. It is based in Mexico City and operates three satellites: EUTELSAT 113 WEST A, at 113° West EUTELSAT 115 WEST B at 114.9° West, and and EUTELSAT 117 WEST A at 116.8° West. These satellites cover 90% of the population of the American continent.

Eutelsat Latin America (Panama)

The satellite EUTELSAT 117 West B was launched in June 2016 and will be collocated with EUTELSAT 117 West A at 116.8° West. It will start operations in the first quarter of calendar year 2017.

Eutelsat do Brasil Participatoes Ltda. and Eutelsat do Brasil Ltda.

Eutelsat do Brasil Participatoes Ltda is the holding company with a 100 % interest in Eutelsat do Brasil.

Eutelsat do Brasil Ltda 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 Ltda an additional licence for a set of C-, Ku- and Ka-band frequencies at 65° West. Eutelsat do Brasil Ltda 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 A launched in March 2016 and operationnal since 1 May 2016. In order to ensure this contract with EchoStar, a part of the satellite will be owned by Eutelsat do Brasil Ltda.

Eutelsat International (Cyprus) and Eutelsat Networks (Russia)

Since May 2013, has been holding a 51% interest in Eutelsat International Ltd., the remaining capital being owned by a partner company incorporated under Cypriot law, 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 100% by Eutelsat, International Ltd. Eutelsat Networks is a Russian company that will market Ka-band capacity on the EUTELSAT 36C satellite launched in December 2015 to operate at 36° East.

DSAT Cinema (Luxembourg)

In November 2012, the Group, alongside Belgian company belge 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 is broken down into 50% + 1 share for the Group, and 50% - 1 share for its partner. In March 2013, the company's capitalization operation was finalised through a contribution in kind of a business segment by Eutelsat SA and a cash contribution by dcinex. Iin June 2015 Eutelsat concluded an agreement withwith Ymagis according to the term of which Ymagis subsidiary, Smartjog Ymagis Logistics, will operate the portfolio of activities of DSAT, under the control of DSAT's board of directors. Eutelsat SA and dcinex will maintain their existing shares in the capital of DSAT for a period of 15 months. At the end of this period, Ymagis will be able to acquire the shares held by Eutelsat SA in DSAT, at a price linked to the latter's financial performance.

The following table shows the Revenues and net income contributions for the main subsidiaries of Eutelsat S.A. as of 30 June 2016:

(in million euros)	Eutelsat America Corp.	Skylogic S.p.A.	Eutelsat Madeira Lda.	Eutelsat Services und Beteiligungen GmbH	Fransat S.A.	Eutelsat Asia Pte. Ltd.	Satélites Mexicanos S.A. de C.V.	Eutelsat do Brasil Ltda.
Revenues	176.2	5.4	39.5	-	16.1	22.3	138.1	11.1
Group share of net income	5.1	2.9	9.6	3.8	0.2	18.3	64.8	(23.0)

(in million euros)	DSAT Cinema	Eutelsat Networks
Revenues	3.9	-
Group share of net income	(1.3)	(0.2)

5.2.3 Main Eutelsat S.A. equity interests

Hispasat S.A. (Spain)

As of 30 June 2016, Eutelsat S.A. indirectly owned through its subsidiary, Eutelsat Services und Beteiligungen GmbH, 33.69% of Hispasat's share capital and voting rights. At 31 December 2015, Hispasat posted revenues of 218.5 million euros and net income of 63.4 million euros.

The following table shows a summary of Hispasat group's annual data for the year ended 31 December 2014 and 2015 (latest data published by Hispasat):

(in million euros)	31 December 2014	31 December 2015
Assets	1,235.5	1,236.8
Net assets	660.8	708.3
Operating revenues	199.7	218.5
Net income	46.9	63.4

6 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 – FINANCIAL INFORMATION

In this section references to Notes refer to the Notes on the Group's consolidated financial statement for the financial year ended 30 June 2016, which are annexed to this report.

6.1 Financial and accounting policy – IFRS standards

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June. The financial statements at 30 June 2016 have been prepared in accordance with IFRS rules, as adopted by the European Union and effective as of that date.

6.2 Consolidated simplified balance sheet of Eutelsat Communications

Details of the Eutelsat Communications consolidated balance sheet at 30 June 2015 and 30 June 2016 are shown in the attached consolidated financial statements.

Simplified consolidated balance sheet (in millions of euros)

ASSETS	30 June 2015	30 June 2016
Non-current assets		
Goodwill	1,165.0	1,166.3
Intangible assets	809.5	751.9
Satellites and other property and equipment, net	3,458.7	4,305.4
Assets under construction	1,104.0	694.2
Investments in associates	282.2	-
Other non-current assets	35.7	18.6
TOTAL NON-CURRENT ASSETS	**6,855.1**	**6,936.3**
Current assets, including		
Accounts receivable	309.3	406.4
Other current assets	74.2	83.7
Cash and cash equivalents	420.3	1,153.8
Assets held for sale		301,9
TOTAL CURRENT ASSETS	803.8	**1,945.8**
TOTAL ASSETS	**7,658.9**	**8,882.1**

LIABILITIES AND SHAREHOLDERS' EQUITY	30 June 2015	30 June 2016
Shareholders' equity including		
Share capital	227.0	232.8
Additional paid-in capital	594.1	738.1
Reserves, retained earnings and non-controlling interests	1,712.9	1,763.9
TOTAL SHAREHOLDERS' EQUITY	**2,533.9**	**2,734.8**
Non-current liabilities, including		
Financial debt	3,663.3	3,302.4
Other non-current financial liabilities	597.6	1,053.9
Non current asset payable		15.5

Other non-current payables and deferred revenues	87.6	140.6
Deferred tax liabilities	297.4	270.6
Other non-current liabilities	109.2	128.4
TOTAL NON-CURRENT LIABILITIES	**4,775.1**	**4,911.3**
Current liabilities, including		
Current financial debt	64.5	927.3
Other current financial liabilities	39.9	49.0
Fixed assets payable	21.6	35.8
Accounts Payable	69.0	66.7
Other current payables	141.0	135.7
Other current liabilities	33.9	21.5
TOTAL CURRENT LIABILITIES	369.9	1,236.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**7,658.9**	**8,882.1**

6.3 Simplified consolidated income statement of Eutelsat Communications

IFRS	12-month financial year ended	
(in millions euros)	30 June 2015	30 June 2016
REVENUES	**1 476,4**	**1,529.0**
Operating costs	(104,7)	(106.3)
Selling, general and administrative expenses	(240,0)	(258.1)
Depreciation and amortisation	(466,5)	(500.6)
Other operating charges	(3,7)	(2.0)
Operating result	**661,5**	**662.0**
Financial result	(116,0)	(123.0
Income from associates	18,8	23.5
Net income before tax	**564,3**	**562.6**
Income tax expense	(194,1)	(199.8)
CONSOLIDATED NET INCOME	**370,2**	**362.8**
Attributable to the Group	355,2	348.5
Non-controlling interests	15,0	14.3

6.3.1 Operating charges at 30 June 2016

Note that **operating costs** mainly include staff costs and other costs associated with controlling and operating the satellites, as well as insurance premiums for satellite in-orbit lives:

- **Staff costs**: These comprise salaries and the payments by the employer for employees responsible for supplying, operating and maintaining the satellites (including French mandatory profit-sharing for Group employees).
- **Costs for operating and controlling the satellites**: These correspond to the earth station operating costs and equipment costs, which include in particular telemetry, control, positioning, payload management, and maintaining software and equipment at the satellite control centres, as well as traffic supervision and management. The amount of these costs is based on the number of satellites and the family of satellites operated, any repositioning of the satellites, as well as the number and type of services offered. These costs also include sub-contracting of telemetry, control and tracking operations for a number of the satellites in orbit. In addition, Eutelsat S.A. has

signed service agreements related to control of the satellite communications systems.

- **In-orbit insurance premiums**: In-orbit insurance premiums for satellite lives: Satellite in-orbit insurance generally takes effect when the launch insurance policy expires (generally one year after the satellite is launched). When the Group signs for launch insurance covering a satellite's in-orbit life, the premiums for periods after the first anniversary of the launch date are treated as in-orbit insurance costs. Almost all the satellites in-orbit owned by the Group are insured for amounts defined on the basis of an insurance scheme that is structured in tranches. Depending on the selected risk management policy, and general market conditions for space insurance, the costs for these insurance premiums can vary from one year to the next.

Selling, general and administrative expenses include:

- administrative and commercial staff costs (including mandatory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with distributors and end-users;
- general expenses associated with property leases, external studies and logistics;
- expenses associated with developing and marketing new products;
- a portion of the operating taxes; and
- provisions for accounts receivable or other receivables.

The C.E.T. (*Contribution Economique Territoriale* – Territorial Economic Contribution) is divided between operating costs on the one hand and selling, general and administrative expenses on the other (based on corresponding staff numbers).

Operating costs and selling, **general and administrative expenses** represented 23.8 % of 2015-2016 revenues (23.3% for previous financial year). The 5.7 % increase over the previous year notably reflects notably a higher level of Bad Debt related in particular to the contract on the Ka-band payload of EUTELSAT 3B terminated in December 2015.

6.3.2 Depreciation and amortisation and other operating costs

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", the latter amounted to 57.4 million euros for fiscal year 2015-2016.

Depreciation and amortisation represents the Group's largest expense item.

For fiscal year 2015-16 depreciation and amortisation expenses amounted to 500.6 million euros. The increase of 34.0 million euros on last year was due principally to the impact of new capacity (EUTELSAT 8 West B, EUTELSAT 115 West B, EUTELSAT 36C, EUTELSAT 9B and EUTELSAT 65 West A).

"Other operating income (charges)" stood at (2.0) million euros as of 30 June 2016, versus (3.7) million euros as of 30 June 2015.

6.3.3 Operating income

Operating income reflects revenues less operating costs, selling, general and administrative expenses, depreciation and amortisation, and other operating income and charges.

As of 30 June 2016, operating income 662.0 milloin euros, almost unchanged compared to previous year.

6.3.4 Financial result

The financial result posted a 123.0 million euros expense as of 30 June 2016, compared with a 116.0 million euros expense in the previous financial year.

This evolution reflects mainly:

- on a one hand , the positive impact of the refinancing of the term loan as of 31 March 2015;
- on the other, the variation in foreign exchange gains and losses.

6.3.5 Corporate tax

As of 30 June 2016, income tax expense was 199.8 million euros (compared with 194.1 million euros as of 30 June 2015).

The effective tax rate stood at 37.1% compared to 35.6% in 2014-15, reflecting mainly a lower level of tax loss carry-forwards in Latin America than last year.

6.3.6 Income from associates

Income from associates stood at 23.5 million euros compared to 18.8 million euros for fiscal year 2014-2015, reflecting a higher contribution from Hispasat.

6.3.7 Consolidated net income

As of 30 June 2016, consolidated net income totalled 362.8 million euros, compared to 370.2 million euros as of 30 June 2015.

6.3.8 Net income attributable to the Group

After taking non-controlling interests of 14.3 million euros into account, Net income attributable to the Group stood at 348.5 million euros at 30 June 2016, a slight decrease of 1.9% year-on-year (355.2 million euros at 30 June 2015).

6.4 Group liquidity and financial resources

The Group's liquidity requirements mainly include the following: - financing the construction and launch of satellites; - servicing its debt; - financing its working capital requirements.

The Group's main financial resources are composed of the cash flows generated by the operating activities of Eutelsat S.A. The Group has additional financial resources in the form of the lines of credit (bank loans and bonds) it has been granted.

6.4.1 Status of the Group’s net indebtedness[15]

At 30 June 2016, the Group’s total net debt amounted to 4,007 million euros, and comprised mainly (i) 600 million euros of borrowings drawn down within the framework of the Eutelsat Communications term loan, (ii) 3,380 million euros of bonds issued by Eutelsat S.A., (iii) 823 million euros of debt related to satellite financing agreement; (iv) 229 million euros for Export Credit Agencies ; (v)128 million euros for the Foreign exchange portion of the cross-currency swap and; vi) 1,154 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also has 650 million euros available under its various lines of undrawn credit.

The table below describes the Group's main credit facilities as of 30 June 2016:

(In millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan 2020	600	600	31 March 2021
Eutelsat Communications renewable credit facility	200	-	31 March 2021
2017 Eutelsat S.A. Bond	850	850	27 March 2017

15 The Group's net indebtedness includes all its bank debts and bonds as well as the debts associated with satellite finance leases, less its cash in hand and investment securities (see Notes 16 and 17 to the attached consolidated financial statements).

2019 Eutelsat S.A. Bond	800	800	14 January 2019
2020 Eutelsat S.A. Bond	930	930	13 January 2020
Eutelsat S.A. renewable credit facility	450	-	13 September 2018
2022 Eutelsat S.A. Bond	300	300	10 October 2022
2021 Eutelsat S.A. Bond	500	500	23 June 2021
US Exim export credit facility – Eutelsat S.A.	51	39	15 November 2021
ONDD export credit facilities 1	122	113	17 May 2024
ONDD export credit facilities 2	87	77	20 February 2024
Long-term leases	-	823	-
Foreign exchange portion of the cross-currency swap	-	128	13 January 2020
Total	**-**	5,161	

There has been no drawdown on the revolving lines of credit during the year ending 30 June 2016. Effective interest rate for the Eutelsat Communications bullet loan is 0.98%. 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, 1.24% for those maturing in June 2021 and 3.34% for those maturing in October 2022.

As of 30 June 2016, 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.

6.4.2 Description of the financial instruments in place during the financial year ended 30 June 2016

Main changes during financial year ended 30 June 2016

In March 2016, Eutelsat Communications obtained lenders'agreement for a one-year extension of the 800 million euro bank term loan of the holding company and for the 200 million euros revolving credit facility of 200 million euros which now mature on 31 March 2021.

In June 2016, Eutelsat S.A issued a 500 million euros 5-year bond bearing a 1.125% coupon. Together with other sources of cash on its balance sheet it will enable Eutelsat to redeem at maturity the outstanding Bonds issued on 26 March 2010 for a total principal amount of 850 million euros, bearing interest on its principal amount at a fixed rate of 4.125 percent. As a result of this operation Eutelsat will extend its debt maturity profile and will reduce its financial charges by circa 30 million euros before tax on an annualised basis from March 2017 onwards. Elsewhere, a swap-lock has been negotiated in anticipation of the January 2019 800 million euros bond maturity. Cumulated annual savings from January 2019 are anticipated in the region of 50million euros.

Eutelsat S.A.'s credit facilities

Eutelsat S.A. financing structure is the following:

- 850 million euros 7-year bonds issued on 26 March 2010 on the Luxembourg Stock Exchange, maturing on 27 March 2017. The bonds bear a coupon of 4.125%, were issued at 99.232% and are repayable in full at maturity at 100%;

- 800 million euros 7-year bonds issued on 7 December 2011 on the Luxembourg Stock Exchange, maturing on 14 January 2019. The bonds bear a coupon of 5.000%, were issued at 99.186% and are repayable in full at maturity at 100%. These bonds have completed the refinancing of Eutelsat Communications S.A. indebtedness;
- 300 million euros 10-year bonds issued on 1st October 2012 on the Luxembourg Stock Exchange, maturing on 10 October 2022. The bonds bear a coupon of 3.125%, were issued at 99.148% and are repayable in full at maturity at 100%;
- 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;
- 500 million euros of six-year bonds issued on 23 June 2016 on the Luxembourg Stock Exchange regulated market and maturing on 23 June 2021 ("the Bond Loan 2021"). The 2021 bonds carry an annual coupon of 1.125%, were issued at 99.894%, and are redeemable at maturity at 100% of their principal amount;
- A 66 million U.S. dollar US Ex-Im export credit facility, of which 38.9 million U.S. dollars were drawn at 30 June 2016. This credit facility will mature on 15 November 2021. It is repayable in 17 semi-annual instalments since 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 190 million euros were drawn at 30 June 2015. These credit facilities have a 11.5 year maturity and will mature on 17 May 2024 and 20 February 2024. They are repayable in 17 semi-annual instalments from February 2016 and May 2016. The first one, for an amount of 121 million euros (of which 113 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) was used to finance the construction of a satellite. The second one, for an amount of 87 million euros (of which 77 million euros were drawn), bears interest at variable rate (rate based on 6-month EURIBOR and calculated at the facility signing date) and was 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 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 merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
    - modify the nature of the business of the Company or its subsidiaries.

The bond issues and the credit facilities allow each lender to request early repayment of all sums due in case of unregulated downgrading, of Eutelsat S.A. or bonds issued by Eutelsat S.A. respectively as a result of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (other than control acquisition by the Group's reference shareholders). This provision does not apply in case of Group restructuring.

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

Issue costs incurred on issuing the bonds are amortised over the duration of the loans. As of 30 June 2016, they represent a balance of 26.6 million euros.

Eutelsat Communications S.A. Credit Facilities

Eutelsat Communications S.A. financing structure is the following:

- a 600 million euro Term Loan maturing in March 2021 (with a second possible extension facility of one year subject to lender agreement) bearing interest at EURIBOR plus a margin of between 0.65% and 1.40% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.90%. Interest periods are three months, beginning on 10 September, 10 December, 10 March and 10 June every year, except for the first two interest periods which were below three months;
- a 200 million euro Revolving Credit Facility (undrawn at 30 June 2016), concluded in March 2015 with –initially - a 5-years maturity (with two possible extension facilities of one year each subject to lender agreement, the first one having been obtained in March 2016). Interest period are of a maximum 6 months and bear interest at EURIBOR (or LIBOR for drawings in US dollars) plus a margin of between 0.25% and 1.00% depending on Eutelsat Communications S.A. long-term credit ratings given by Standard & Poors (S&P). The initial margin is 0.50%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a utilisation commission of 0.10% if the revolving credit facility is used between 0 and 33.33%, of 0.20% if the revolving credit facility is used more than 33.33% but less than 66.67% and 0.35% 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 attached 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 4.0 to 1, this ratio being tested on 30 June and 31 December each year.

The fees incurred for setting up the Term Loan are amortised over the duration of the loans. As of 30 June 2016, they represent a balance of 2.6 million euros.

6.5 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.

These risks are described in the Risk Factors in section 12 of the current report.

6.6 Litigation

In the course of its business activities, the Group has been involved in legal actions and commercial disputes. Consequently, the Group has exercised its judgement to assess the risks incurred on a case-by-case basis and a provision was recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised.

For more information on ongoing litigations, please refer to note 27.4 of the appendix to consolidated financial statements of Eutelsat Communications.

7 COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016 – FINANCIAL INFORMATION

7.1 Accounting and financial principles

The annual financial statements as of 30 June 2016, were drawn up in compliance with the provisions of the Code of Commerce (Articles L.123-12 to L123-28) and regulation 2014-03 of France's national accounting standards body. The conventions below were applied in adherence to the principle of prudence, according to the basic rules: (i) continuity of operations (ii) keeping financial years independent of each other, (ii) consistency in accounting methods from one financial year to the next and (iv) in compliance with the general rules for drawing up and presenting annual financial statements.

7.2 Company activities and key highlights during the year

The Company's status is that of a holding. Its role is therefore to direct the financial and strategic activities of the Eutelsat Group and the Company has no other operational activity.

7.3 Extracts from the Company's balance sheet and income statement at 30 June 2016

Details of the Company's Balance Sheet and Income statement for the financial year ended 30 June 2016 are presented in the Company financial statements in appendix 2 attached to this report.

7.3.1 Simplified balance sheet at 30 June 2016 – Company financial statements

ASSETS		
(In millions of euros)	**30 June 2015**	**30 June 2016**
Financial assets	2,446.9	2,445.3
Total long-term assets	2,446.9	2,445.3
Total current assets	86.6	247.6
Prepaid expenses	3.0	2.7
TOTAL ASSETS	**2,536.5**	**2,695.6**
LIABILITIES AND SHAREHOLDERS' EQUITY		
	30 June 2015	**30 June 2016**
Share capital (232,774,635 ordinary shares with a nominal value of 1 euro per share at 30 June 2016)	227.0	232.8
Additional paid-in capital	594.1	738.1
Legal reserve	22.7	23.3
Retained earnings	816.7	828.5
Result for the year	259.1	262.1
Regulated provisions	0.5	0.5
Total shareholders' equity	**1,919.9**	**2,085.3**
Provisions for liabilities and charges	0.9	0.2
Loans and financial debt	600.8	600.3
Other financial debt	-	-
Total bank debt	600.8	600.3
Total operating debt	14.9	9.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,536.5**	**2,695.6**

As of 30 June 2016 financial assets were composed mainly of the following:

- Equity interests, namely 500,000 shares in Eutelsat Communications Finance S.A.S. for an amount of 2,041.5

million euros and 7,248,478 shares in Eutelsat S.A. for a total amount of 39.2 million euros;

- Company shares held at 30 June 2016 under a liquidity agreement with Exane BNP PARIBAS amount to 211;560 shares for a total amount of 3.6 million euros.
- Cash mutual fund investments held in the framework of the liquidity contract for a total amount of 1.0 million euros as of 30 June 2016.

Changes in shareholders' equity over the year are described in detail in Note 7 to the Company financial statements in appendix 2.

For more information about the financing operations of the Company see Note 9 - Indebtedness - in the Company financial statements in appendix 2 to this report.

7.3.2 Simplified income statement at 30 June 2016 – Company financial statements

(In millions of euros)	**30 June 2015**	**30 June 2016**
Revenues	1.6	3.7
Release of provisions and reclassification of costs	3.3	0.4
Total operating income	**4.9**	**4.1**
Other purchases and external expenses	10.5	6.6
Taxes and assimilated	0.0	0.9
Wages	1.9	1.8
Social charges	0.7	0.6
Depreciation, amortisation and provisions	6.1	0.5
Other expenses	0.6	0.6
Total operating charges	**19.8**	**11.0**
Operating result	**(14.9)**	**(7.0)**
Financial income	282.9	273.2
Financial expenses	24.3	9.1
Financial result	**258.6**	**264.1**
Exceptional result	**0.0**	**(1.0)**
Corporate tax	15.3	6.1
NET INCOME	**259.1**	**262.1**

The Company's net result showed a profit of 262.1 million euros for financial year ended 30 June 2016 compared to 259.1 million euros for previous financial year. This evolution mainly reflects lower financial income related to the decrease in dividend received from Eutelsat Communications Finance SA.

8 FINANCIAL OUTLOOK

The financial outlook communicated on 27 June 2016 is confirmed.

Revenues for FY 2016-17 (at constant currency and perimeter, excluding non-recurring revenues) are expected in the range of -3% to -1%. In FY 2017-18 they are expected broadly flat with a return to modest growth in FY 2018-19. For each of FY 2016-17, FY 2017-18 and FY 2018-19 the EBITDA margin is expected to remain above 75%.

Capital expenditure will stand at an average of €420 million[16] per annum for the period July 2016 to June 2019. Discretionary Free Cash Flow[17] is expected to see three-year CAGR in excess of 10%, with FY 2015-16 as the base year[18]. The group is committed to maintaining a sound financial structure to support its investment grade credit rating and aims at a net debt / EBITDA ratio below 3.3x.

It also commits to serving a stable to progressive dividend to shareholders.

* * *

* *

These objectives are based inter alia on the following assumptions: (i) launch and successful entry into operation of the satellites in course of construction in accordance with the timetable envisaged by the Group, (ii) maintaining of the existing operating capacity of the Group's fleet, (iii) no incidents to affect any of the satellites in orbit, (iv) continuation of a policy of controlling operating costs and their evolution, (v) maintaining of the general conditions of the space insurance and space industry market.

The forward-looking objectives, statements and information summarised above are based inter alia on the data, assumptions and estimates mentioned earlier and are considered by Eutelsat Communications to be reasonable as of the date of this document.

The reader is cautioned that these forward-looking statements are dependent on circumstances or facts that are to occur in the future. These statements are not historical data and must not be interpreted as guarantees that the facts and data cited will occur or that the objectives will be attained. By their nature, these data, assumptions and estimates, as well as all elements taken into consideration to determine these forward-looking objectives, statements and information, could prove to be wrong or may not materialise and may change or be modified due to uncertainties related to the economic, financial, competitive and regulatory environment in particular.

Additionally, some of these data, assumptions and estimates come from or are based in full or in part on assessments or decisions of the corporate bodies of Eutelsat Communications, which could change or be modified in the future. Furthermore, the materialisation of certain risks described in the chapter "Principal Risks" below could have a negative impact on the Group's business and on the achievement of the forward-looking objectives, statements and information cited above.

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[16] This includes capital expenditures and payments under existing export credit facilities and under long-term lease agreements on third party capacity. To avoid double counting, this amount excludes the 95.2 million euros payment to RSCC which has been accounted in Cash Capex in FY 2015-16.

[17] Net cash-flow from operating activities – Cash Capex - Interest and Other fees paid net of interests received

[18] Discretionary Free-Cash-Flow of 247 million euros in FY 2015-16.

9 CORPORATE GOVERNANCE

9.1 Absence of Control of the Company

Please refer to Report of the Chairman in appendix 5 to this report.

9.2 Separating the functions of Chairman and Chief Executive Officer

Please refer to Report of the Chairman in appendix 5 to this report.

9.3 Factors likely to have an impact in the event of a public offer

The Company by-laws impose no restrictions on voting rights and on share transfers. To the best of the Company's knowledge, there is no agreement between shareholders limiting share transfers and the exercise of voting rights.

At the date of this Report, the Company has no knowledge of any agreement between the Company's shareholders, or any convention providing for preferential conditions for the disposal or the acquisition of shares in the Company and involving at least 0.5% of the capital or voting rights in the Company.

Please also see paragraph 9.9, 9.10 11.9 and Appendix 5.

9.4 Changes in the composition of the Board of Directors

Please refer to Report of the Chairman in appendix 5 to this report.

9.5 Mission of the Board of Directors

Please refer to Report of the Chairman in appendix 5 to this report.

9.6 Committees of the Board of Directors

Please refer to Report of the Chairman in appendix 5 to this report.

9.7 Attendance fees paid to the Board Members

In accordance with the provisions of Law No. 2003-706 of 1 August 2003, amending law No. 2001-420 of 15 May 2001, related to the new economic regulations, it is our duty to inform you of the total compensation (including benefits in-kind) paid to the members of the Company’s corporate bodies during the financial year ended 30 June 2016 (See the Notes to the consolidated financial statements for more information).

The amount of attendance fees has been unchanged, at 855,000 euros since the General Meeting of Shareholders of 8 November 2011.

The draft resolutions adopted by the Board of Directors on 28 July 2016 and which will be submitted for approval by the General Meeting of Shareholders to be held on 4 November 2016 do not provide for any change in this amount.

Regarding the method of allocation of attendance fees to Board members

The method of allocation of attendance fees, as set out in the Board’s Internal Rules, take priority account of 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 and Selection Committee:
  - 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 Committee attended, with a maximum of 5,000 euros per year.
- Remuneration Committee:
  - 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 Committee attended, with a maximum of 5,000 euros per year.

As a Chairman and Chief Executive Officer, Michel de Rosen had previously waived the right to perceive attendance fees. Since 1st March 2016, he now perceives attendance fees as Chairman of the Board.

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

The total amount of attendance fees due by the company and the companies it controls to non-executive Directors and Corporate Officers of the Company for the financial year ended 30 June 2016 stood at 610,913 euros.

The gross amounts received by the Directors serving on the Board at the closing of this financial year, during the two latest financial years, are detailed below.

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

The following table shows the gross amount of attendance fees and other forms of compensation corresponding to the amounts paid to non-Executive Directors and Corporate Officers during the financial years ended 30 June 2015 and 30 June 2016 by the Company and by the companies it controls. Attendance fees payable in respect of the financial year 2015-2016 and paid on 1st July 2016 are provided in the column “Financial Year 2015-2016”.

Membres du Conseil d'administration non dirigeants *(en euros)*	Exercice 2014-2015	Exercice 2015-2016
M. Jean d'Arthuys (since 5 November 2015) **Board Member**	**-**	**34 385**
Attendance fees	-	34 385
Other	-	0
M. Bensalah Chaqroun **Board Member**	**49 000**	**62 000**
Attendance fees	49 000	62 000
Other	0	0
Lord J. Birt **Vice-Président du Conseil d'administration**	**91 000**	**98 000**
Attendance fees	91 000	98 000
Other	0	0
Bpifrance Participations **Board Member, represented by Stéphanie Frachet**	**51 000**	**60 000**
Attendance fees	51 000	60 000
Other	0	0
J.-P. Brillaud **Board Member (until 5 November 2015)**	**43 000**	**15 615**
Attendance fees	43 000	15 615
Other	0	0
Ana Garcia Fau (since 5 November 2015) **Board Member**	**-**	**40 915**
Attendance fees	-	40 915
Other	-	0
B. Mabille **Board Member**	**58 000**	**58 000**
Attendance fees	58 000	58 000
Other	0	0
R. McInnes **Board Member**	**68 000**	**68 000**

Attendance fees	68 000	68 000
Other	0	0
E. Oliveri **Board Member**	**63 000**	**68 000**
Attendance fees	63 000	68 000
Other	0	0
C. Piwnica **Board Member**	**68 000**	**74 000**
Attendance fees	68 000	74 000
Other	0	0
Michel de Rosen **Chairman of the Board**	**-**	**31 998***
Attendance fees	0	**31 998**
Other	See section 9.9	See section 9.9
TOTAL OF ATTENDANCE FEES	**491 000**	**610 913**

* Excluding Other remuneration listed in section 9.9 of the present document.

9.8 List of functions or offices held in any French and foreign company by the Members of the Board of Directors as of 30 June 2016

MICHEL DE ROSEN

Board Member, Chairman of the Board of Directors *(since 16 September 2013)* and Chief Executive Officer *(until 29 February 2016)*

DoB: 18 February 1951 – 65 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
10 November 2009 (as Board Member and Chief Executive Officer)

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2016

Biography

Michel de Rosen graduated from the French HEC and 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, Mr. de Rosen was CEO of Pharmuka (1983-1986), CEO of Rhône-Poulenc Fibres and Polymères (1988-1993), then Chairman and CEO of Rhône Poulenc Rorer (United States, 1993-1999). From 2000 to 2008, Mr. de Rosen was CEO of the American company Viro-Pharma before returning to France in 2008 as Chairman and CEO of the company SGD. He 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, Mr. 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 CEO of the Company and of Eutelsat S.A. Since 1st March 2016, he resigned as CEO of the Company and of Eutelsat SA but is still Chairman of the Board of the Company and of Eutelsat SA. Since April 2016, he is Chairman of the Board of Directors of Pharnext and is also Member of the Board of Faurecia since 27 May 2016.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member (Chairman of the Board of Directors since 16 September 2013) of Eutelsat S.A.

Outside France:

Having expired:

In France:
- Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S. *(until 28 July 2015)*
- Chief Executive Officer of Eutelsat S.A. *(until 29 February 2016)*

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)
- Board Member and Chairman of Eutelsat Inc. (USA) *(until 29 February 2016)*
- Board Member of Eutelsat International Ltd (Cyprus*) (until 29 February 2016)*
- Board Member of Satélites Mexicanos S.A. de C.V. (Mexico) *(until 29 February 2016)*

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Pharnext (Chairman of the Board of Directors since 19 April 2016
- Board Member of Faurecia (since 27 May 2016)

Outside France:
- Board Member of ABB Ltd (Switzerland)

Having expired:

In France:

NA

Outside France:
- Board Member of Solaris Mobile Ltd (Ireland)
- Board Member of Hispasat S.A. (Spain)*(until 29 February 2016)*

LORD JOHN BIRT

Vice President, Board of Directors

DoB: 10 December 1944 – 71 years old
a British national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
10 November 2006 (as Board Member)

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA

Outside France:
NA

Having expired:

In France:

Biography

Lord Birt is a graduate of Oxford University. Lord Birt is a member of the House of Lords. He served as Director General of the BBC (1992-2000) then as Strategy Adviser to the British Prime Minister, Tony Blair (2000-2005). He was also Chairman of Waste Recycling Group (2006), Infinis Ltd (2006-2007) Maltby Capital Ltd (2007-2010) and Paypal Europe (2010-2014). He worked as an adviser to McKinsey (2000-2005) and Capgemini (2005-2010). He is currently Chairman of HEG and of CPA Global.

NA

Outside France:

NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

NA

Outside France:

- Non-executive Director of Shopvolution (United Kingdom)
- Chairman of HEG (United Kingdom)
- Chairman of CPA Global
- Member of the House of Lords

Having expired:

In France:

NA

Outside France:

- Non-executive Director of Infinis Ltd (United Kingdom)
- Chairman of Paypal Europe (Luxemburg)
- Chairman of Terra Firma Investor Advisory Board (United Kingdom)

MIRIEM BENSALAH CHAQROUN
Board Member

DoB: 14 November 1962 – 53 years old
a Moroccan national

Business address:

Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:

8 November 2012

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2016

Biography

Miriem Bensalah Chaqroun 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), member of the Al Akhawayn University Board and Director of Care International Maroc. 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 in the MENA region. Furthermore, M. Bensalah Chaqroun is a member of the ONG-US "Initiative for Global Development" (IGD-USA) Board.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current s:

In France :

NA

Outside France:

NA

Having expired:

In France :

NA

Outside France:

NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France :

- Board member of Suez Environnement Company

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
- Director of CARE International Maroc
- Member of the ONG-US “Initiative for Global Development” (IGD-USA) Board

Having expired:

In France :
NA

Outside France:
- Member of the Board of the Social Development Agency (ADS)

BPI FRANCE PARTICIPATIONS REPRESENTED BY STEPHANIE FRACHET
Board Member

DoB: 17 May 1977– 39years old
a French national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
17 February 2011 (Fonds Stratégique d’Investissement)

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2018

Biography

Bpifrance Participations (Since 12 July 2013, Formerly Fonds Stratégique D’investissement - FSI) is currently represented on the Company’s Board of Directors by Ms Stéphanie Frachet. Graduate of the ESSEC business school, S. Frachet has fifteen years of experience in finance and private equity. She was in charge of transaction services for six years at Ernst & Young and then Pricewaterhouse Coopers, then worked in auditing and financial consulting on mergers/acquisitions and LBOs. In 2007, she joined the Leverage Finance team at Société Générale, in charge of LBO operation financing and led a number of restructuring operations. In 2009, she joined the Fonds Stratégique d’Investissement (renamed Bpifrance Participations, as part of the creation of the Bpifrance Group under a process of contributions through which the Caisse des Dépôts et Consignations and the French State became joint shareholders of the BPI Group, the sole shareholder of Bpifrance Participations) where she is Investment Director. She is also, as Permanent Representative of Bpifrance, Board Member of Sarenza and Cylande and Censor of Paprec and Carso. She is an independent director of Eurosic.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France :
- Permanent representative of Bpifrance Participations, Board Member of Eutelsat S.A. (since 16 October 2015)

Outside France:
NA

Having expired:

In France :
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France :
- Permanent representative of Bpifrance Participations, Board Member of:
  - Sarenza
  - Cylande
- Permanent representative of Bpifrance Participations, censor of:
  - Paprec
  - Carso
- Board Member of Eurosic

Outside France:
NA

Having expired:

In France :
NA

Outside France:
NA

JEAN D'ARTHUYS
Board Member

DoB: 20 November 1966 – 49 years old
a French national

Business address:
Eutelsat Communications
70, rue Balard

First appointment/Co-opting:
5 novembre 2015

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

Biography

A graduate of HEC, Jean Arthuys pursued his career in the media and digital sector, primarily in the M6 Group, and in investment. Appointed head of development and strategy of the M6 Group in 1996, he became member of the Management Board in 1999. He headed the digital television activity, before becoming the CEO of Paris TV first and W9. Recognized for his experience and digital media, Jean Arthuys served a director of TPS, Sportfive and Newsweb. He was also Chairman and CEO of the football club 'Girondins de Bordeaux'. Between 2007 and 2010 he was a partner of the fund PAI Partners, responsible for media, Internet and telecommunications. In 2010, he joined the Executive Committee of the Strategic Investment Fund (*Renamed Bpifrance Participations, as part of the creation of the group Bpifrance after an intake process under which the Caisse des Dépôts et Consignations and French State became joint shareholders of BPI Group, sole shareholder of Bpifrance Participations.)* in charge of investment. Currently he is CEO of Triana, a company dedicated to luxury brand distribution and e-commerce.

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OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France :
- Board Member of Eutelsat SA (since 16 October 2015)

Outside France:
NA

Having Expired:

In France :
- Permanent representative of BpiFrance Participations, Board Member of Eutelsat Communications *(until 5 November 2015)*
- Permanent representative of BpiFrance Participations, Board Member of Eutelsat S.A. *(until 5 November 2015)*

Outside France :
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France :
- CEO of Triana
- Managing Director of Cyrano, Chairman of Triana SAS
- Board Member of Maison Lejaby SA
- Board Member of L'Exception
- Board Member of Indefilms

Outside France:
NA

Having Expired:

In France :
- Chairman of HEC Alumni
- Board Member of Indefilms (Sofica)
- Member of the Supervisory Board of ST Microelectronics
- Board Member of Talend
- Board Member of Viadeo
- Permanent representative of Bpifrance Participations
- Board Member of Soprol
- Board Member and Member of the Executive Committee of Bpifrance Participations

Outside France:
NA

ANA GARCIA FAU
Board Member

DoB: 3 November 1968 – 47 years old
a Spanish national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France :
NA.

Outside France:
NA

5 November 2015

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2019

Having Expired:

In France :

NA

Outside France :

NA

Biography

Ana García Fau a Spanish national. Graduated in Economics, Business Administration (Finance) and Law from Universidad Pontificia Comillas (ICADE-E3) in Madrid, Ana holds an MBA from Sloan, Massachusetts Institute of Technology (MIT) in Boston, USA. She began her career in management consulting at McKinsey&Co. in Madrid, and at the M&A department of Goldman Sachs in London. She built up her career at the Telefonica Group, serving as Chief Corporate Development Officer and Chief Financial Officer at TPI-Paginas Amarillas, listed directory business, from 1997 until 2006. She was responsible for the international expansion of the company, business development and strategy, holding in parallel board positions at Telfisa in Spain, Publiguías in Chile, TPI Brasil, Telinver in Argentina and TPI Peru, amongst others. In 2006 she was appointed CEO of Yell for the Spanish and LatinAmerican businesses (2006-2014), expanding her role to the U.S. Hispanic market, based in Houston, Texas. In 2013 she was appointed Chief Global Strategy Officer of hibu (former Yell Group) responsible for partnerships and the digital strategy. Since its IPO in June 2014 she serves as non executive director at Merlin Properties Socimi, the leading real state company in Spain (REIT), and is a member of its Audit & Control Committee. She also serves since April 2016 as non executive director at Technicolor in Paris, leading technology company for the media and entertainment industry. She is member of the Audit, and Nominations & Governance Committees. From June 2016 she is serving at the board of Renaleto Servicios y Gestiones SL, company owned by Cerberus Capital, that operates in the renewable energy sector, and Chair of its Audit Committee. She is currently member of the International Women Forum and the Women Corporate Directors associations, the Spanish Institute of Directors (ICA), and of the executive committee of the MIT Club of Spain. She has also served as a member of the Professional Advisory Board of ESADE Business School in Madrid (2012-2013), and of the Board of Trustees of several Foundations in Spain (2010-2016). During 2011 and 2012 she was President of the European Professional Women Network in Spain.

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France :

- Board Member of Technicolor, SA (Paris, France) (as of April 2016)

Outside France :

- Board Member of Merlin Properties Socimi, SA (Madrid, Spain) (as of June 2014)
- Board Member of Renaleto Servicios y Gestiones SL (Madrid, Spain) (as of June 2016)
- Board Member of Cape Harbour Advisors, SL (Madrid, Spain) (as of April 2016)

Having expired:

In France :

NA

Outside France :

- CEO Hibu connect, SA (exYell Publicidad, SA), (Madrid, Spain) (as of January 2014)

BERTRAND MABILLE

Board Member

DoB: 18 March 1964 – 52 years old
a French national

Business address:

Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:

10 May 2007

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2017

Biography

Bertrand Mabille 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 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

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

- Board Member of Eutelsat S.A.

Outside France:

NA

Having expired:

In France:

NA

Outside France:

NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

- Chairman and CEO of CWT France
- Executive Vice President of CWT France-Mediterranean
- Representative of Carlson Wagonlit Travel France, Chairman of Carlson Wagonlit Distribution

graduate of the *École normale supérieure* and the *École nationale supérieure des télécommunications.*

- Chairman of Carlson Wagonlit Meetings & Events
- Chairman of SETA (Forum Voyages)
- Board Member of Videodesk
- Board Member of KDS

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)

Having expired:

In France:

- Member of the Supervisory Board of Cofitel
- Chairman of the Supervisory Board of Adeuza
- Board Member of So Ouat

Outside France:

NA

ROSS MCINNES
Board Member

DoB: 8 March 1954 –62 years old
both French and Australian citizenship

Business address:

Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:

7 February 2013

Expiry date of office:

General Meeting to be held to approve the accounts for the financial year ending 30 June 2018

Biography

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, notably 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. 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. From 21 April 2011 to 23 April 2015, he was Deputy Chief Executive Officer in charge of Finance at Safran. On 1 October 2014, he was appointed as member of the Board of IMI, Plc and as Chairman of the Audit Committee with an effective date on 1 January 2015.Since 23 April 2015, he is Chairman of the Board of Safran.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

NA

Outside France:

NA

Having expired:

In France:

NA

Outside France:

NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:

- Chairman of the Board of Safran
- Board Member and Chairman of the Audit Committee of Faurecia

Outside France:

- Board Member and Chairman of the Audit Committee of IMI, Plc

Having expired:

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 of Sagem Défense Sécurité

- Board Member of Vallaroche Conseil
- Permanent Representative of Safran at the Board of Directors of Établissements Vallaroche
- Board Member of SME
- Board Member of Financière du Planier
- 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:

- 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 Limoni S.p.A. (Italy)
- Board Member of Globe Motors Inc. (USA)

ELISABETTA OLIVERI
Board Member

DoB: 25 October 1963 – 52 years old
an Italian national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
8 November 2012

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2016

Biography

Elisabetta Oliveri 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).

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA

Outside France:
NA

Having expired:

In France:
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA

Outside France:

- CEO of Gruppo Fabbri Vignola (Italy)
- Board Member, Chairwoman of the Audit Committee and Lead Independent Director of Gruppo Editoriale L'Espresso (Italy)
- Board Member, Chairwoman of the Compensation Committee and Member of the Nomination Committee of SNAM (Italy)
- Board Member and Chairwoman of the Nomination Committee of Banca Farmafactoring Spa (Italy)
- Board Member of Sagat S.p.A. (Italy)
- Founder and Board Member of the Furio Solinas Onlus Foundation (Italy)

Having expired:

In France:
NA

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)
- Board Member of Gruppo Monzino 1750 (Italy)

CAROLE PIWNICA
Board Member

DoB: 12 February 1958 – 58 years old
a Belgian national

Business address:
Eutelsat Communications
70, rue Balard
75015 Paris

First appointment/Co-opting:
9 November 2010

Expiry date of office:
General Meeting to be held to approve the accounts for the financial year ending 30 June 2016

Biography

Carole Piwnica a graduate in law from the *Université libre de Bruxelles* (Belgium), holds a Masters degree in Law from New York University. 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), Rothschild & Co (financial services) 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 The Board of Directors and the Compensation Committee and Chairperson of the "Social Responsibility" Committee of the Aviva Plc Board of Directors.

OTHER OFFICES AND FUNCTIONS HELD WITHIN THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
NA

Outside France:
NA

Having expired:

In France:
NA

Outside France:
NA

OFFICES AND FUNCTIONS HELD OUTSIDE THE EUTELSAT GROUP OVER THE PAST 5 YEARS

Current:

In France:
- Board Member of Sanofi
- Board Member of Rothschild & Co

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 I20 (United Kingdom)

Having expired:

In France:

NA

Outside France:
- 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)
- Board Member of Recycoal (United Kingdom)

9.9 Information on compensation paid to Company Directors and Corporate officers

9.9.1 Compensation philosophy

Pursuant to the Afep-Medef Code, the compensation package awarded to Corporate Officers shall be submitted to an advisory opinion by shareholders at the Annual General Meeting of Shareholders to be held on 4 November 2016.

Compensation philosophy

The Board of Directors, supported by the Company's Governance, Selection and Remuneration Committee (the Remuneration Committee since the 16th of February 2016), has defined the global philosophy governing the compensations of Executive Directors and Corporate Officers and assessed the level of achievement of the criteria previously set out.

The global philosophy of the compensation policy is to attract, retain and motivate top-ranking 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.

On the basis of these objectives, Eutelsat has implemented a global compensation policy structured around three key elements described in the table below:

	Objective	Key Features
Basic salary	- Recognise level of responsibility in a competitive talent market.	
Annual bonus	- Incentivise managers to maximise the performance in order to exceed the corporate objectives (qualitative and quantitative) of the year.	Two sets of objectives: - Quantitative objectives: revenues; EBITDA (1); net income; - Qualitative objectives: specific objectives related 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 senior executives;	- Award phantom shares linked to three-year value creation objectives: EBITDA; ROCE (2); relative TSR (3); - Requirement to hold Eutelsat Communications shares for an amount which varies according to each executive's base salary.

(1) EBITDA is defined as operating income before depreciation and amortisation, impairments and other operating income/(expenses).

(2) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).

(3) 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

Competitiveness of the compensation policy is measured primarily against comparable French companies. However, considering Eutelsat's global footprint, compensation received by its executives is also benchmarked against key European companies in the technology, media and telecommunications businesses.

Pay comparator selection

A set of specific criteria has been defined to select companies consistent with Eutelsat's key 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's specific features:

- The long-term component of compensation is strengthened compared to peers, in order to emphasise long-term objectives and to improve alignment to shareholders' interests.

- Relative positioning targeted for cash compensation: base salary around median, total cash compensation around median.

Amount and rules governing compensation paid to Rodolphe Belmer

Eutelsat's Board of Directors elected Rodolphe Belmer to succeed to Michel de Rosen as Chief executive Officer, effective as of 1st March 2016. Rodolphe Belmer joined Eutelsat on 1st December 2015 as Deputy Chief Executive Officer.

Based on a recommendation by the Governance, Selection and Remuneration Committee, the Board of Directors meeting on 16 October 2015 approved the principles governing compensation paid to Rodolphe Belmer.

The components of compensation paid to Mr Belmer have been selected in accordance with the Group's compensation policy. The fixed component has been brought into line with market practices, and the variable long-term component has been strengthened.

- In his capacity as Eutelsat Communications Chief Executive Officer, Rodolphe Belmer's annual fixed compensation stands at 650,000 euros.
- The gross annual variable compensation may reach 100% of the gross annual fixed compensation on the basis of performance-related criteria to be defined each year by the Board of Directors on the recommendation of the Compensation Committee.
- Each year, a number of free shares will be granted to Rodolphe Belmer for an amount representing 125% of his gross annual fixed compensation. Granting of shares is subject to a three-year vesting period and the achievement of performance-related conditions to be defined each year by the Board of Directors on the recommendation of the Compensation Committee.
- In case of termination of office, a non-compete commitment provides for payment of 50% of fixed compensation over an 18-month period. Under this commitment, Mr Belmer refrains from working, directly or indirectly, for any satellite operator.
- In respect of the financial year 2015-16, compensation is calculated on a pro-rata basis, in proportion to the number of days in office.

Evolution of compensation paid to Michel Azibert for fiscal year 2015-16 compared to fiscal yer 2014-15

During its meeting of 30 July 2014, on the recommendation of the Governance, Selection and Remuneration Committee, the Board of Directors decided to: i) raise the fixed salary of Mr. Azibert for financial year 2014-2015 by 5% compared to financial year 2013-2014, subsequently by 5% for financial year 2015-2016 compared to financial year 2014-2015; ii) to bring the variable compensation paid to Mr. Azibert in respect of the financial year 2014-2015 to between 0 and 105% of the fixed salary (previously between 0 and 70% of the fixed salary); iii) to change the performance criteria used to determine the variable remuneration. These criteria now also include specific quantitative targets related to Michel Azibert's position as the Group's Chief Commercial and Development Officer on top of qualitative targets and Group's quantitative targets.

This is aimed at reflecting:

i) the enlargement of Mr. Azibert's duties, Mr. Azibert having taken direct responsibility for the Group's commercial and development activities as from 23 June 2014, in addition to his office as Deputy CEO;

ii) the results of an external benchmark study of executive pay compared to the French market and the satellite sector.

9.9.2 Criteria used for defining 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 of compensation paid to corporate officers for the financial year 2015-2016 could vary from 0 to 105% of the fixed portion for Mr. de Rosen and Mr. Azibert and from 0 to 100% of the fixed portion for Mr. Belmer. It is entirely determined on the basis of performance criteria that include:

For Michel de Rosen:

- quantitative targets at Group level (for 52%), linked to revenue (for 30%), to EBITDA (for 40%) and to consolidated net income (for 30%),
- qualitative targets (for 48%).

For Rodolphe Belmer:

- quantitative targets at Group level (50%), linked to revenue (for 30%), to EBITDA (for 40%) and to consolidated net income (for 30%),
- qualitative targets (for 50%).

For Michel Azibert:

- quantitative targets at Group level (33.33%), linked to revenue (for 30%), to EBITDA (for 40%) and to consolidated net income (for 30%),
- specific quantitative targets related to the position of Group Chief Commercial and Development Officer (for 42.86%),
- qualitative targets (for 23.81%).

The weight of each criterion is summarised in the summary table below:

(as a percentage of the fixed compensation, rounded to one decimal place)	Michel de Rosen	Rodolphe Belmer	Michel Azibert
Quantitative targets at Group level	**54.6%**	**50%**	**35%**
Revenue	16.4%	15%	10.5%
EBITDA	21.8%	20%	14%
Consolidated net income	16.4%	15%	10.5%
Qualitative targets at Group level	**50.4%**	**50%**	**25%**
Specific quantitative sales targets	**-**	**-**	**45%**
TOTAL (maximum expressed as a percentage of the fixed portion)	**105%**	**100%**	**105%**

Quantitative targets at Group level

Regarding quantitative targets at Group level, the amount allocated for each criterion is:

- 112% in case of overperformance by 1.5% compared to budget;
- 100% if the budget is met;
- 60% if the disclosed financial targets are met;
- 50% in case of under-performance by 1.5% compared to financial targets;
- 0% in case of target achievement at lower levels.

The calculation is performed at constant exchange rates and on a linear basis between each threshold.

Qualitative targets

Qualitative targets relate to priority projects at strategic or operational level for the fiscal year. The criteria used to determine compensation in respect of the financial year 2016-2017 are not publicly disclosed for reasons of confidentiality.

For Michel de Rosen

The qualitative targets that were set to determine the variable compensation to be paid to Mr. de Rosen in respect of the financial year 2015-2016 were as follows:

- improve efficiency in order to optimise sales in terms both of volume and price, with special focus on the HOTBIRD neighbourhood and on unleased capacity (for 10.08% of the fixed portion, i.e. 20% of the qualitative portion);
- move forward in implementing the satellite broadband strategy, in particular by promoting strategic projects in Europe (discussions with ViaSat), Africa (Facebook and Spacecom project and dedicated satellite programme) and Russia (for 10.08% of the fixed portion, i.e. 20% of the qualitative portion);
- promote innovation for both the space and the ground segments in order to expand the satellite ecosystem while at the same time ensuring development of new opportunities for innovative programmes that are already in place such as the SmartLNB (for 10.08% of the fixed portion, i.e. 20% of the qualitative portion);
- optimise the Group's satellite resources, for example by reducing the cost per transponder for new programmes (for 5.04% of the fixed salary, i.e. 10% of the qualitative portion);
- foster development of the Group's human capital, in particular through the pursuance of an appropriate training policy and the implementation of a succession plan (for 5.04% of the fixed portion, i.e. 10% of qualitative portion);
- promote progress on a number of strategic projects and consolidate existing partnerships (for 10.08% of the fixed salary, ie 20% of the qualitative part).

For Rodolphe Belmer

Mr. Belmer having taken office as Chief Executive Officer as of 1st March 2016, the Board of Directors meeting on 16 October 2015 has decided that during the financial year 2015-2016 which represents a transitional period, the targets set for Mr. Belmer are identical to those set for Mr. de Rosen by the Board of Directors of 29 July 2015.

For Michel Azibert

Qualitative objectives that were set to determine variable compensation to be paid to Mr. Azibert in respect of the financial year 2015-2016 included:

- carrying on initiatives aimed at developing broadband internet, particularly in Africa, Russia and Europe (for 5% of the fixed salary);
- bringing about a change in strategy at the HOTBIRD orbital position (e.g. pricing policy) (for 3% of the fixed salary);
- fine-tuning the strategy for data services via the adequate combination of various types of orbital resources (regular capacity, HTS capacity, Eutelsat Quantum) (for 3% of the fixed salary);
- developing sales and business relations with the strategic customer base, such as major telecommunications operators or broadcasting platforms in emerging markets (for 3% of the fixed salary);
- continuously reinforcing the teams, specially sales forces, for instance by setting up teams in charge of broadband projects in Africa (for 3% of the fixed salary);
- carrying out some strategic projects (for 8% of the fixed salary).

Mr. Azibert's specific quantitative targets related to the position of Group Chief Commercial and Development Officer include the following:

- the level of revenue generated by Value-Added Services (for 5% of the fixed salary);
- the level of revenue generated by Eutelsat Americas (for 5% of the fixed salary);
- the level of revenue generated in some specific geographical area: Sub-Saharan Africa, Middle East and Russia (for 5% of the fixed salary);
- the level of revenue generated by the HOTBIRD position (for 5% of the fixed salary);
- the level of revenues for sales of raw capacity (excluding services) (for 15% of the fixed salary);

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

The following table summarises the compensation and stock/purchase options or free shares granted to Executive Directors and Corporate Officers during the financial years ended 30 June 2015 and 2016:

(in euros)	Financial year 2014/-2015	Financial year 2015/2016
Mr. de Rosen **Chairman of the Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)**		
Compensation (see Table 2 for details)	750,000	365,331
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	96,413
Valuation of phantom shares granted during the financial year	520,019	N/A
TOTAL	**1,270,019**	**461,744**
Mr. Belmer **Chief Executive Officer (since 1 March 2016), Deputy CEO (1 December 2015 to 1 March 2016)**		
Compensation (see Table 2 for details)	N/A	614,565
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	587,071
Valuation of phantom shares granted during the financial year	N/A	N/A
TOTAL	**N/A**	**1,201,636**
Mr. Azibert **Deputy CEO (since 5 September 2011)**		
Compensation (see Table 2 for details)	611,058	573,962

Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	262,571
Valuation of phantom shares granted during the financial year	346,104	N/A
TOTAL	**957,162**	**836,533**

Note: performance shares are valued on the basis of their book value at grant date, calculated in accordance with IFRS standards and under the assumption that a maximum number of theoretical shares are fully vested.

9.9.4 Summary of compensation paid to Executive Directors and Corporate Officers (Table 2 – AMF Recommendation)

The following table summarises the compensation paid to Executive Directors and Corporate Officers during the financial years ended 30 June 2015 and 2016 respectively:

	Financial year 2014-2015		Financial year 2015-2016	
(in euros)	Amounts payable	Amounts paid	Amounts payable	Amounts paid
Mr. de Rosen **Chairman of the Board of Directors (since 16 September 2013), Chief Executive Officer (between 10 November 2009 and 29 February 2016)**				
Fixed compensation	400,000	400,000	**333,333**	333,333[19]
Variable compensation	350,000	347,596	**0**	350,000
Attendance fees	N/A	N/A	**31,998**	N/A
Benefits in kind	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	**750,000**	**747,596**	**365,331**	**683,333**
Mr. Belmer **Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)**				
Fixed compensation	N/A	N/A	379,167	379,167
Variable compensation	N/A	N/A	235,398	N/A
Attendance fees	N/A	N/A	N/A	N/A

[19] Of which 266,667 as Chairman and CEO until 29 February 2016 and 66,667 as Chairman of the Board of Directors since 1st March 2016

Benefits in kind	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	614,565	379,167
Mr. Azibert **Deputy CEO (since 5 September 2011)**				
Fixed compensation	346,080	346,080	363,384	363,384
Variable compensation	259,560	185,937	205,160	259,560
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	**611,058**	**537,435**	573,962	628,362

9.9.5 Elements used to determine fixed and variable compensation for Full Year 2015-16

Mr. de Rosen's compensation

Fixed compensation

Fixed compensation as Chief Executive Officer of Eutelsat Communications

In his capacity as Eutelsat Communications' Chief Executive Officer, Michel de Rosen's annual fixed compensation stays unchanged at 400,000 euros. Mr. de Rosen's duties as Chief Executive Officer having ended 29 February 2016, his fixed compensation was calculated on a pro-rata basis, in proportion to the number of days in office. Accordingly, Mr. de Rosen's fixed compensation as Chairman and CEO of Eutelsat Communications for the financial year 2015-2016 stands at 266,666.72 euros.

Fixed compensation as Non-executive Chairman of the Board of Directors of Eutelsat Communications

Based on a recommendation by the Governance, Selection and Remuneration Committee, the Board of Directors has redefined and approved the components of compensation paid to Mr. Michel de Rosen.

As of 1 March 2016, the annual fixed compensation of Mr. de Rosen in his capacity as Board Chairman stands at 200,000 euros, in line with market practice. This amount is calculated on a pro-rata basis, in proportion to the number of days in office. Accordingly, fixed compensation to be paid to Mr. de Rosen as Chairman of the Board of Directors of Eutelsat Communications in respect of the financial year 2015-2016 comes out at 66,666.68 euros.

The amount of Mr. de Rosen's fixed salary as determined for the financial year ended 30 June 2016 was paid to him by Eutelsat Communications.

Attendance fees

In his capacity as Chairman and CEO of Eutelsat Communications, Mr. de Rosen had waived payment of attendance fees that would have been paid to him as a director.

The amount of attendance fees due to Mr. de Rosen in his capacity as Non-executive Chairman of the Board of Eutelsat Communications as of 1 March 2016 stands at 31,998 euros.

Variable compensation

The amount of the variable compensation paid to Mr. de Rosen came out at 350,000 euros for the financial year ended 30 June 2015 and was paid during the first quarter of the financial year ended 30 June 2016.

Based on M. de Rosen's proposal, it has been decided to allocate him no the variable compensation as Chairman of the Board and CEO from the 1st July 2015 to until 29 February 2016..

Others

Mr. Michel de Rosen was not eligible to any post-employment benefit, non-compete clause or supplementary pension scheme in his capacity as CEO and Chairman. This will continue to be the case during his office as Non-Executive Chairman of the Board of Directors.

Mr. Belmer's compensation

In respect of the financial year 2015-2016, and on the recommendation of the Governance, Selection and Remuneration Committee, the Board of Directors meeting on 16 October 2015 decided that:

- The components of compensation paid to Mr. Belmer as Deputy Chief Executive Officer (1st December 2015 to 29 February 2016) are identical to his compensation as CEO (as of 1st March 2016).
- Mr. Belmer having taken office as Deputy CEO on 1st December 2015, the fixed and variable components of his compensation were calculated on a pro-rata basis in proportion to the number of days in office as of this date.

Fixed compensation

In his capacity as Eutelsat Communications Chief Executive Officer, Rodolphe Belmer's full-year fixed compensation stands at 650,000 euros.

Calculated on a pro-rata basis as of 1 December 2015, Mr. Belmer's fixed compensation in respect of the financial year 2015-2016 comes out at 379,166.69 euros.

Variable compensation

The objectives set for Mr. Belmer in respect of the financial year 2015-2016 were identical to those set for Mr. de Rosen by the Board of Directors meeting on 29 July 2015.

Having reviewed the achievement of his targets, the variable component of Mr. Belmer's compensation as Deputy CEO and later as Chief Executive Officer in respect of the financial year 2015-2016 stood at 62% of his gross annual fixed compensation. The quantitative targets were achieved for 54.16% and the qualitative targets for 70%.

Mr. Belmer's variable compensation in respect of the financial year 2015-2016 was calculated on a *pro-rata* basis as of 1 December 2015 when Mr. Belmer took office as Deputy CEO.

Accordingly, the variable portion to be paid to Mr. Belmer in respect of the financial year 2015-2016 amounts to 235,398 euros.

The detailed calculation is presented in the table below: This variable part will be paid during the first half of the financial year ending on 30 June 2017.

(as a percentage of the fixed compensation, rounded to one decimal place)	Weight	% of achievement	% of weighted achievement	% on a pro-rata basis	Achievement (in euros) % on a pro-rata basis
Quantitative targets at Group level	50%	54.16%	27.08%	58.33%	102 690
Revenue	15%	54.34%	8.15%		30,906
EBITDA	20%	51.40%	10.28%		38,978
Consolidated net income	15%	57.68%	8.65%		32,805
Qualitative targets	50%	70.00%	35.00%		132,708
TOTAL	**100%**	**62.08%**	**62.08%**		**235,398**

Regarding the qualitative targets, the level of achievement for each target has been precisely determined, but is only made public at an aggregate level for reasons of confidentiality. The main achievements of the previous financial year include:

- The successful launches of EUTELSAT 8 West B, EUTELSAT 115 West B, EUTELSAT 36C, EUTELSAT 9B, EUTELSAT 65 West A, and EUTELSAT 117 West B satellites;
- The kick-off of two initiatives aimed at serving the African broadband market, namely the lease of the AMOS-6 Ka-band payload in partnership with Facebook and the subsequent procurement of a follow-on standalone High Throughput Satellite;
- A large number of innovation-focused initiatives such as : i) the launch, along with SES, of the "Future Video Initiative" to develop and promote next-generation video technologies, standards and formats; ii) the adoption by SIGFOX of "SmartLNB", Eutelsat's innovative satellite technology to complete its Internet of Things network infrastructure; iii) the partnership signed with Starburst Accelerator, a start-up accelerator that stimulates innovation in the aerospace industry; iv) development of a satellite solution for distributing native IP video content to mobile terminals at home and in public places; v) Eutelsat's joining of the SAT>IP Alliance, a technology enabling satellite signals to be distributed over in-home IP networks.
- Procurement of the EUTELSAT 7C and the African Broadband satellites, both using electric propulsion for in-orbit raising which helped to optimise the investment.
- Organising the succession of Michel de Rosen with Rodolphe Belmer joining the Group as his successor to the position of Chief Executive Officer as of 1 March 2016.
- Review of strategic priorities presented to the markets as of 26 June 2016.

Mr. Azibert's compensation

Fixed compensation

The total fixed compensation disclosed for Mr. Azibert during the financial year ended 30 June 2016 was paid to him by Eutelsat Communications in respect of his office as Deputy Chief Executive Officer of Eutelsat Communications and Group Chief Commercial and Development Officer. The fixed remuneration payable to Mr. Azibert for financial year 2015-2016 is 363,384 euros.

Variable compensation

The amount of the variable compensation allocated to Mr. Azibert stood at 259,560 euros for the financial year ended 30 June 2015 and was paid in the first half of the financial year ended 30 June 2016.

Having reviewed the achievement of his targets, the variable component of Mr. Azibert's remuneration in respect of the financial year 2015-2016 stands at 56.46% of his gross annual fixed compensation (as compared to 75.0% for financial year 2014-2015), i.e 205,160 euros. The quantitative targets were achieved at 54.16% of the Group level, at 44.44% for specific commercial targets and the qualitative targets for 70.0%. The detailed calculation is presented in the table below: The variable portion will be paid during the first half of the financial year ending 30 June 2017.

(as a percentage of the fixed compensation, rounded to one decimal place)	Weight	% of achievement	% of weighted achievement	Achievement (in euros)
Quantitative targets at Group level	**35%**	**54.16%**	**18.96%**	**68 891**
Revenue	10.5%	54.34%	5.71%	20 734
EBITDA	14%	51.40%	7.20%	26 149
Consolidated net income	10.5%	57.68%	6.06%	22 008
Qualitative targets	**25%**	70.00%	17.50%	63 592
Specific quantitative sales targets	**45%**	44.44%	20.00%	72 677
TOTAL	**105%**	**53.77%**	**56.46%**	**205 160**

Regarding the qualitative targets and specific quantitative sales targets, the level of achievement for each target has been precisely determined, but is only made public at an aggregate level for reasons of confidentiality. The main achievements of the past year include - in addition to most of the items already mentioned for Mr. Belmer:

- Setting up of the top management of Broadband for Africa, the company in charge of providing broadband services in Africa: appointment of a CEO, a Commercial Director, a Director of Operations, a Finance Director and a Marketing Director.
- Signing or ramp-up of agreements with major satellite telecommunications operators such as Singtel and Telekom Austria and new satellite TV platforms in emerging countries such as Star TV in Mexico and several broadcasting platforms in Sub-Saharan Africa.
- Revenue growth in Latin America, Sub-Saharan Africa and the Middle-East.

Benefits in kind

The amount of the benefits in kind for Mr. Azibert in respect of the financial year ended 30 June 2016 corresponds to the provision a company car.

9.9.6 Free Shares and Phantom shares

Stock option or stock purchase plans

The Company did not offer any stock option or stock purchase plans during the financial years ended 30 June 2015 and 2016.

En revanche, au titre d'exercices antérieurs, la filiale opérationnelle Eutelsat S.A. avait mis en place des plans d'options de souscription ou d'achat d'actions. À la date du présent document de référence, aucun des mandataires sociaux ni leurs apparentés ne détient d'option de souscription d'actions ou d'achat d'actions Eutelsat S.A.

Free Shares Allocation

Free Share Allocation Plan of 8 November 2012

On 8 November 2012, the Board of Directors approved a free share allocation plan for all employees of Eutelsat Communications Group, including Directors and Corporate Officers, representing a maximum of 347,530 shares and decided that the allocation plan should be implemented through distribution of previously repurchased shares. Definitive allocation of free shares was subject to performance-related conditions and to the condition that the beneficiaries be still employed within the Group three years as from grant date for the beneficiaries from French subsidiaries, and four years as from grant date for the beneficiaries of foreign subsidiaries. Furthermore, beneficiaries from French companies must hold their shares for a further two-year period following the vesting date.

The characteristics of this plan are as follows:

- on the one part, the grant of 200 shares per employed beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2015, including one objective linked to cumulative EBITDA (50% of the relevant portion) and another objective linked to average ROCE (the remaining 50%);

- on the other part, the grant of 205,530 shares to managers and Directors 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 financial statements.

The EBITDA, EPS and ROCE-related objectives are confidential. Concerning the criterion of TSR, the percentage of effective acquisition varies as follows:

- 0% in case of a performance lower than 10%;
- 33% in case of a performance equal to 10%;
- 67% in case of over-performance equal to 55%;
- 100% in case of a performance equal to 75%;

Under this plan and subject to the achievement of the performance objectives set by the Board of Directors, Mr. de Rosen may be entitled to a maximum of 20,900 free shares and Mr. Azibert may be entitled to a total amount of 12,900 free shares.

On 29 July 2015, the Board of Directors decided on the definitive granting of 27,562 shares to 87 employees and executives (including directors and corporate officers) of the Group, at the end of the vesting period of three years, i.e. 9 November 2015. Under this plan, 3,283 free shares were vested to Mr. de Rosen and 2,027 shares to Mr. Azibert, which represents an acquisition rate of 15.71%. Vesting of the shares occurred on 09 November 2015.

The table below shows the acquisition rate obtained for each criterion for Mr. de Rosen and Mr. Azibert:

Criteria	Weight	% of achievement	% of weighted achievement

EBITDA	25%	0%	0%
EPS	25%	0%	0%
ROCE	25%	0%	0%
TSR	25%	63%	15.71%
TOTAL ACQUISITION RATE			**15.71%**

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

Free Share Allocation Plan of 16 February 2016

Considering recent developments in French law which is more favourable to free share allocation plans, the Board of Directors has decided to change the nature of the long term incentive strategy by resuming free share allocation plans which were replaced in the last two years by phantom share plans. In terms of performance-related criteria, the free share allocation programme dated 16 February 2016 follows on from the preceding phantom share plan (plan dated 11 February 2015).

Accordingly, on 16 February 2016, the Board of Directors of the Company approved a new plan for the allocation of a maximum of 292,081 free shares to directors and corporate officers, managers and other employees of the Group (together with a reserve of 20,000 shares for possible new recruitments) and decided that the allocation plan should be implemented through the distribution of previously repurchased shares.

Vesting of free shares was subject to the achievement of performance-related conditions and to the condition that the beneficiaries be still employed within the Group during a three year period (the three financial years concerned are fiscal years 2015-2016, 2016-2017 and 2017-2018). - as from grant date for beneficiaries from French subsidiaries, and four years as from the same date for beneficiaries of foreign subsidiaries. Furthermore, beneficiaries from French companies are required to hold their shares for a further two-year period following the vesting date.

The number of phantom shares theoretically acquired is equal to 125% for Mr. Belmer (100% for Mr. Azibert) of the gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan, and provided the performance objectives set out by the Board of Directors are achieved and the beneficiaries are still with the Group,

- Mr. de Rosen could be entitled to a total of 4,700 shares corresponding, on a pro rata basis (between 1 July 2015 and 29 February 2016) to 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.
- Mr. Belmer could be entitled to a total of 28,619 shares corresponding to 125% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan. The variable long-term incentive component of compensation has been strengthened in accordance with the Group's general rules governing compensation.

- Mr. Azibert could be entitled to a total of 12,800 shares corresponding to 100% of his gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

The performance-related objectives are as follows:

- an objective based on EBITDA for one third,
- an objective based on ROCE for one third,
- for one third an objective based on relative TSR over the defined period (1 July 2015 to 30 June 2018). The relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the satellite sector (SES, Intelsat, Inmarsat).

The performance objectives are defined on the basis of the Group's consolidated financial statements.

The EBITDA and ROCE-related objectives are confidential and are based on the Group's strategic plan. Concerning the criterion of relative TSR, the percentage of effective acquisition varies as follows:

- 0% in case of a performance lower than that of the composite index defined above;
- 59.52% in case of a performance equal to that of the composite index defined above;
- 89.29% in case of over-performance by 10% as compared to the composite index defined above;
- 100% in case of over-performance by 15% as compared to the composite index defined above;

Vesting of these shares will take place as from 17 February 2019, subject to the achievement of the performance objectives.

Within three years from the date of vesting of shares and provided that the performance objectives allow for the granting of at least 50% of phantom shares, members of the Executive Committee have to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary. This percentage is 200% of the gross annual base salary for Rodolphe Belmer and 100% of the gross annual base salary for Michel Azibert.

A summary table (Table 9) shows the history of performance shares granted.

At the date of this report, no other allocation plan was carried out by the Board.

Phantom share allocation

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 directors and corporate officers, managers and other employees of the Group.

Cash bonus payment is based on the number of phantom shares vested, which is subject to both the achievement of performance conditions and to the condition that the beneficiaries be employed within the Group over the three relevant financial years (financial years 2013-2014, 2014-2015 and 2015-2016).

Under this plan and subject to the achievement of 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, Mr. de Rosen could potentially be entitled to a total of 22,999 phantom shares (figure reduced to 20,444 phantom shares after proratization to take into accounti the end of Mr de Rosen office as a CEO from 29 February 2016) and Mr. Azibert to a total of 14,578 phantom shares. The number of phantom shares theoretically acquired is equal to 130% for Mr. de Rosen (100% for Mr. Azibert) of the gross annual base salary divided by the average prices of the Eutelsat

Communications share over the last 20 trading days prior to the opening date of the plan.

The EBITDA, EPS and ROCE-related objectives are confidential. Concerning the criterion of TSR, the percentage of effective acquisition varies as follows:

- 0% in case of a performance lower than 30%;
- 67% in case of over-performance equal to 30%;
- 100% in case of a performance equal to 35%;
- 112% in case of a performance equal to 37%.

The Board of Directors meeting on 28 July 2016 decided to vest 5,724 phantom shares to Mr .de Rosen and 4,082 such shares to Mr. Azibert, representing an acquisition rate of 28%, subject to the recipients being employed with the Group as of 1 September 2016.

Cash payments related to these phantom shares will occur on 1 September 2016.

The table below shows the acquisition rate obtained for each criterion for Mr. de Rosen and Mr. Azibert:

Criteria	Weight	% of achievement	% of weighted achievement
EBITDA	25%	0 %	0 %
EPS	25%	112 %	28 %
ROCE	25%	0 %	0 %
TSR	25%	0 %	0 %
TOTAL ACQUISITION RATE			**28 %**

The performance objectives are defined on the basis of the Group's consolidated financial statements.

Within three years from the date of vesting of phantom shares (i.e. 1st September 2016) and provided that the performance objectives reached after the three years following the granting of shares allow for the granting of at least 50% of phantom shares, members of the Executive Committee are required to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary. This percentage is 200% of the gross annual base salary for Michel de Rosen and 100% of the gross annual base salary for Michel Azibert.

Phantom share allocation plan of 11 February 2015

On 11 February 2015, the Board of Directors approved a plan for the allocation of phantom shares to directors and corporate officers, managers and other 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 the three relevant financial years (financial years 2014-2015, 2015-2016 and 2016-2017).

The number of phantom shares theoretically acquired is equal to 130% for Mr. de Rosen (100% for Mr. Azibert) of the gross annual base salary divided by the average price of the Eutelsat Communications share over the last 20 trading days prior to the opening date of the plan.

Under this plan and subject to the achievement of the performance objectives (for one third an objective based on EBITDA, for one third an objective based on ROCE, and for one third a relative TSR objective over the defined period) set by the Board of Directors, Mr. de Rosen could benefit from a total of 20,775 phantom shares (figure reduced to 11 542 phantom shares after proratization to take into accounti the end of Mr de Rosen office as a CEO from 29 February 2016) and Mr. Azibert from 13,827 phantom shares. Compared to the previous plan, it has been decided:

- to exclude the EPS target, whose variation is strongly correlated to EBITDA;

- to now take into account a relative TSR (and no longer an absolute TSR) which measures relative performance and indices and competitors thereby enabling to dissociate the assessment of performance from the effects of macro-economic or market events exogenous to the Company. The relative TSR is calculated in relation to a composite index corresponding to the arithmetic average of the following four indices: SBF 120, MSCI Europe Infrastructure, MSCI Europe Telecom and a composite index of the top three listed competitors in the sector satellite (SES, Intelsat, Inmarsat).

The performance objectives are defined on the basis of the Group's consolidated financial statements.

The EBITDA and ROCE objectives are confidential. Concerning the criterion of relative TSR, the percentage of actual acquisition varies as follows:

- 0% in case of a performance lower than that of the composite index defined above;

- 67% in case of a performance equal to that of the composite index defined above;

- 100% in case of over-performance by 10% as compared to the composite index defined above;

- 112% in case of over-performance by 15% as compared to the composite index defined above.

The definitive granting of these phantom shares will take place as of 1 September 2017 subject to fulfilment of the performance conditions mentioned above.

Within three years from the date of vesting of phantom shares and provided that the performance objectives reached after the three years following the granting of shares allow for the granting of at least 50% of phantom shares, members of the Executive Committee are required to hold Eutelsat shares for an amount equivalent to a certain percentage of their salary. This percentage is 200% of the gross annual base salary for Michel de Rosen and 100% of the gross annual base salary for Michel Azibert.

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

Performance shares granted during the financial year 2015-2016

Performance shares granted during the financial year by the Board of Directors under delegated powers from the General Meeting to each Director and Corporate Officer by the issuer and by any company within the Group	Date and financial periods covered	Number of shares granted over financial year 2015-2016	Valuation of shares based on method used for the consolidated accounts	Date of payment	Definitive vesting date	Conservation period	Performance-related conditions under the plan
Mr. de Rosen **Chairman of Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)**	16 February 2016 for financial years 2015-2016, 2016-2017 and 2017-2018	4,700	96,413	2019	17/02/2019	Until 17/02/2021	33.3% of grant based on EBITDA-related target 33.3% of grant based on return on capital employed 33.3% of grant based on relative TSR objective
Mr. Belmer **Chief Executive Officer (since 1 March 2016), Deputy CEO (between 1 December 2015 and 1 March 2016)**	16 February 2016 for financial years 2015-2016, 2016-2017 and 2017-2018	28,619	587,071	2019	17/02/2019		

Mr. Azibert **Deputy CEO**	16 February 2016 for financial years 2015-2016, 2016-2017 and 2017-2018	12,800	262,571	2019	17/02/2019		
TOTAL	-	**46,119**	**946,055**				

Performance shares available to each Corporate Officer (Table 7 – AMF Recommendation)
None for financial year 2015-2016

History of performance shares granted (Table 9 – Afep-Medef Recommendation)

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4
Date of Board of Directors meeting	1 February 2010	28 July 2011	08 November 2012	16 February 2016
Total number of theoretical shares granted including	700,000 (1)	700,000 (2)	347,530 (3)	292,081
- to Directors and Corporate Officers	66,952 (1)	84,000 (2)	33,800	46,119
Michel de Rosen	66,952 (1)	52,000 (2)	20,900	4,700
Rodolphe Belmer	N/A	N/A	N/A	28,619
Michel Azibert	N/A	32,000	12,900	12,800
Date of vesting	02 February 2013	29 July 2014	09 November 2015	17 February 2019
End of holding period	02 February 2015	29 July 2016	09 November 2017	17 February 2021
Performance-related conditions (for Directors and Corporate Officers)	25% of grant based on EBITDA-related target 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	25% of grant based on EBITDA-related target 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	25% of grant based on EBITDA-related target 25% of grant based on return on capital employed (ROCE) 25% of grant based on the Company's net earnings per share And 25% of grant based on TSR objective	33.3% of grant based on EBITDA-related target 33.3% of grant based on return on capital employed (ROCE) 33.3% of grant based on relative TSR objective
Number of shares acquired at 30 June 2016	536,091	132,230	27,562	-
Cumulated number of cancelled or outdated shares	163,909	567,770	319,968	-
Performance shares remaining at financial year-end	-	-	-	295,866

(1) On 30 July 2012, at the end of the three-year acquisition period, the Board of Directors decided to vest 536,091 shares to 486 employees and key managers (including directors and corporate officers) of Eutelsat Group. Under this plan, 55,617 shares were vested to Mr. de Rosen on 2 February 2013.

(2) On 30 July 2014, at the end of the three-year acquisition period, the Board of Directors decided to vest 133,484 shares to 559 employees and key managers (including directors and corporate officers) of Eutelsat Group. Under this plan, 5,431 shares were vested to Mr. de Rosen, and 3,287 to Mr. Azibert.

(3) On 29 July 2015, at the end of the three-year acquisition period, the Board of Directors decided to vest 27,562 shares to 87 employees and key managers (including directors and corporate officers) of Eutelsat Group. Under this plan, 3,283 shares were vested to Mr. de Rosen, and 2,027 to Mr. Azibert.

9.9.7 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

Directors and corporate officers do not receive any supplementary pension or termination benefit from the Company.

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
Mr. de Rosen **Chairman of Board of Directors (since 16 September 2013), Chief Executive Officer (10 November 2009 to 29 February 2016)** Appointed on: 10 November 2009 End of office: General Meeting adopting the 2015-2016 accounts		X (1)		X		X		X
Mr. Azibert **Deputy CEO** Appointed on: 05 September 2011		X (2)		X		X		X
Mr. Belmer **Chief Executive Officer (since 1st March 2016), Deputy CEO (between 1st December 2015 and 1st March 2016)**		X (3)		X		X	X (4)	

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

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

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

(4) In case of termination of office, a non-compete commitment provides for payment of 50% of fixed compensation over an 18-month period.

9.9.8 Shareholding in the Company capital BY administrative and Management members

Number of Eutelsat Communications S.A. shares held	30 June 2015	30 June 2016
Rodolphe Belmer Chief Executive Officer (since 1 March 2016)	-	0
Michel de Rosen Board Member; Chairman of the Board of Directors	112,059	116,464
Bertrand Mabille Board Member	2,000	2,200
Bpifrance Participations Board Member, represented by Mrs Stéphanie Frachet	61,564,251	61,564,251
Ross McInnes Board Member	2,000	2 000
Lord John Birt Board Member	2,101	2 101
Ana García Fau Administrateur	-	2 000
Carole Piwnica Board Member	2,000	2 000
Miriem Bensalah Chaqroun	2,000	2 000

Board Member		
Elisabetta Oliveri Board Member	2,000	2 000
Michel Azibert Deputy Chief Executive Officer	25,036	28,115
Jean d'Arthuys Board Member (since 6 November 2015)	-	0

9.10 Information about the Company's share capital

9.10.1 Information on the composition of the share capital

	At 30 June 2016		At 30 June 2015		At 30 June 2014	
Shareholder	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage	Number of shares and voting rights held	Percentage
(Bpifrance Participations since (12 July 2013, ex *Fonds Stratégique d'Investissement* : *FSI*)	61,564,251	26.45%	59,081,638	26.03%	56,399,660	25.62%
Fonds Stratégique de Participations (FSP)	17,464,145	7.50%				
China Investment Corporation (CIC)	15,526,530	6.67%	15,526,530	6.84%	15,541,767	7.06%
Entreprise des Postes et Telecoms (Luxembourg)	2,581,760	1.11 %	2,492,728	1.10 %	2,395,886	1.09 %
Ministry of sea, transport and infrastructure (Croatie)	1,038,242	0.45%	1 038 242	0,46%	1 038 242	0,47%
Radio Televizijia Slovenia	810,000	0.35 %	1,022,000	0.45 %	1,212,000	0.55 %
Other minority shareholders [(1)]	2,132,183	0.92%	2,047,358	0.90%	2,138,835	0.97%
Employees and senior managers	1,623,997	0.70%	1,711,898	0.75%	1,866,768	0.85%
Free float[(2)]	130,033,527	56.85%	144,051,944	63.47%	139,520,824	63.38%
TOTAL	**232,774,635**	**100%**	**226,972,338**	**100%**	**220,113,982**	**100%**

(1) *This category includes a number of Eutelsat Communications minority shareholders including the Croatian Restructuring and Sale Center (ex Ministry for the Sea, Transportation and Infrastructure), Turksat Satellite Communications and the national telecommunication companies of Bosnia-Herzegovina and Albania*

(2) *Of which 107,886 treasury shares as of 30 June 2016*

9.10.2 Information concerning thresholds crossed or changes in the control of the Company

Crossing of disclosure thresholds	
14 June 2016	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Covéa Finance, which owns 2,344,225 shares representing 1;01% of the Company's share capital
17 mai 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Lazard Asset Management LLC, which owns 16,981,858 shares representing 7;30% of the Company's share capital
20 mai 2016	Notification of the downward crossing of the 1 %, threshold in terms of Company capital and voting rights, by Crédit Suisse Group AG which owns 2,315,409 shares representing 0.99% of the Company's share capital
7 April 2016	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Lazard Asset Management LLC, which owns 10,780,714 shares representing 4.63% of the Company's share capital
30 March 206	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Lazard Asset Management LLC, which owns 11,740,554 shares representing 5.04% of the Company's share capital
29 March 2016	Notification of the downward crossing of the 2% threshold in terms of Company capital and voting rights, by Norges Bank Investment Management, which owns 4,628,774 shares representing 1.98% of the Company's share capital
8 March 2016	Notification of the upward crossing of the 7% threshold in terms of Company capital and voting rights, by FSP (*Fonds Stratégique de Participations*), which owns 16,374,145 shares representing 7.03% of the Company's share capital
10 February 2016	Notification of the upward crossing of the 6% threshold in terms of Company capital and voting rights, by FSP (*Fonds Stratégique de Participations*), which owns 14,018,174 shares representing 6.02% of the Company's share capital
29 January 2016	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,459,266 shares representing 4.92% of the Company's share capital
28 January 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,690,857 shares representing 5.02% of the Company's share capital
27 January 2016	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,608,793 shares representing 4.99% of the Company's share capital
22 January 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,643,706 shares representing 5.00% of the Company's share capital
21 January 2016	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,628,900 shares representing 4.99% of the Company's share capital
18 January 2016	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by FSP (*Fonds Stratégique de Participations*), which owns 12,119,032 shares representing 5.21% of the Company's share capital

18 December 2015	Notification of the upward crossing of the 4% threshold in terms of Company capital and voting rights, by FSP (*Fonds Stratégique de Participations*), which owns 9,528,257 shares representing 4.09% of the Company's share capital
11 December 2015	Notification of the upward crossing of the 3% threshold in terms of Company capital and voting rights, by FSP (*Fonds Stratégique de Participations*), which owns 7,574,088 shares representing 3.25% of the Company's share capital
30 November 2015	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights, by Amundi, which owns 1,552,081 shares representing 0.68% of the Company's share capital
27 November 2015	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights, by FSP (*Fonds Stratégique de Participations*), which owns 4,913,088 shares representing 2.16% of the Company's share capital
19 November 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,638,830 shares representing 5.13% of the Company's share capital
18 November 2015	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,334,545 shares representing 4.99% of the Company's share capital
16 November 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,478,748 shares representing 5.06% of the Company's share capital.
4 November 2015	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,332,128 shares representing 4.99% of the Company's share capital
3 November 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,548,292 shares representing 5.09% of the Company's share capital.
2 November 2015	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,330,260 shares representing 4.99% of the Company's share capital
29 October 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,366,864 shares representing 5.01% of the Company's share capital.
28 October 2015	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,250,413 shares representing 4.96% of the Company's share capital
27 October 2015	Notification of the upward crossing of the 5% threshold in terms of Company capital and voting rights, by Blackrock Inc., which owns 11,502,084 shares representing 5.07% of the Company's share capital.
31 July 2015	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights, by Cohen & Steers Inc., which owns 2,489,258 shares (2,241,320 voting rights) representing 1.10% of the Company's share capital.

9.10.3 Restrictions on the transfer of shares or securities giving access to the Company's capital

As of 30 June 2016, there is no restriction on the transfer of shares or securities giving access to the Company's capital, with the exception of the restrictions or bans on acquiring/transferring our securities, as specified in the Share Dealing Code relating to insider information.

This Share Dealing Code is applicable to members of the management bodies or committees of companies within the Group and to certain employees of divisions and departments deemed to be "sensitive" and liable to obtain or have access to confidential information during the exercise of their functions or responsibilities whether on a permanent or ad hoc basis. It can therefore be applicable to all employees.

The Share Dealing Code also defines closed periods, during which transactions in the Company's shares are prohibited (except in a limited number of specific cases) even in the absence of confidential information. The duration of closed periods is 30 days before the publication of annual and half-year results and 15 days before the quarterly releases in line with the AMF recommendation no.2010-07 relating to the prevention of insider trading.

On 22 June 2011, the Board of Directors also decided to establish a Compliance Committee with three members: the Chief Financial Officers, the Legal Counsel and the Director of Human Resources in line with the aforementioned AMF guideline. The Board expressly provided that the consultation of this Committee would be discretionary, reiterating that the decision whether or not to trade in the Company's shares would remain in any event the responsibility of the relevant individual.

9.10.4 Operations affecting the share capital during the year

9.10.4.1 Capital increase as a result of the free allocation of shares

No capital increases following the granting of free shares took place during the financial year.

9.10.4.2 Concerning stock options or stock-purchase plans

The Company did not offer any stock option or stock purchase plans during the financial year ended 30 June 2016.

9.10.4.3 Concerning the exercise of the option to reinvest the dividend in shares

At the Eutelsat Communications General Meeting held on 5 November 2015, shareholders approved payment of a dividend of €1.09 per share for the financial year ended 30 June 2015, and the option for shareholders to receive the entire part of the dividend either in cash or in new shares (scrip dividend) of the Company. 61% of the rights were exercised in favour of the scrip dividend. The 5,802,297 new shares were issued and delivered on 10 December 2015. They carry rights to any distribution decided after their issuing and rank *pari passu* with existing shares from the issue date. The new shares were listed on Euronext Paris on 10 December 2015. The share issue will have the effect of increasing Eutelsat Communications' share capital as of 10 December 2015 to 232,774,635 ordinary shares with a par value of 1 euro each.

9.10.4.4 Concerning other securities granting access to the share capital

Free share plans are described in section 9.9 of the present report.
There are no other securities granting access to the share capital at the date of this report.

9.10.4.5 Concerning the additional acquisition of Eutelsat S.A. shares

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from Corporate Officers and Directors and executives who made commitments to sell their shares to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market.

The Group consequently provides a semi-annual liquidity "window" after publication of the half-year and annual results.

Eutelsat Communications made a proposal, via its Eutelsat Communications Finances subsidiary, to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans and to beneficiaries of the stock purchase plans of March and April 2004 to purchase the shares they acquired under such plans. This liquidity offer opened on 23 November 2015 and closed on 4 December 2015. Final settlement of the transaction took place on 11 December 2015. In respect of this transaction, 36,899 shares had been repurchased at a unit price of 7.49 euros per Eutelsat S.A. share.

Furthermore, the Company made a second liquidity offer, via its Eutelsat Communications Finances S.A.S. subsidiary, and offered all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans (with the exception of managing employees who granted commitments to sell shares) and beneficiaries of the stock purchase plans of March and April 2004, to purchase their shares. This liquidity offer opened on 20 May 2016 and the subscription period closed on 5 June 2016. Final settlement of the transaction took place on 9 June 2016. In respect of this transaction, 204,372 shares had been repurchased at a unit price of 6.26 euros per Eutelsat S.A. share.

10 CORPORATE ENVIRONMENTAL, SOCIAL AND SOCIETAL RESPONSABILITY

During financial year 2015-2016, Eutelsat's management continued its efforts to promote awareness of social, environmental and societal issues within the Group. In compliance with Decree no. 2012-557 of 24 April 2012 on transparency requirements for companies in relation to social, environmental and societal information, associated with the application of Article 225 of Law no. 2010-788 dated 12 July 2010 and Article 12 of Law no. 2012-387 dated 22 March 2012 which amended Article L. 225-102-1 of the French Commercial Code, the Group collected information in the areas listed below to address the items that are relevant for its activity among the 42 sections defined by the law:

- social;
- environmental;
- societal.

The effort is spearheaded by a cross-sectional committee, known as the Sustainability Committee, which is supported by the Chief Financial Officer and the Director of Human Resources. The committee is composed of Group representatives from the following departments: Finance, Human Resources, Legal Affairs, Technology, Operations, Purchasing, General Services, Internal Audit, Risk Management, Corporate Communications and Institutional Relations. The Sustainability Committee is coordinated by the Investor Relations Department.

The sustainability report provides a response to all 42 sections defined by the French "Grenelle II" Act, which are dealt with in three sections: social, environmental and societal, thereby offering a balanced view of the critical sustainability issues facing the Group.

Satmex (which now operates under the commercial name Eutelsat Americas), whose acquisition was finalized in early January 2014, was included in the scope of consolidation for the first time. For easier comparison, pro forma information reflecting Eutelsat Americas' contribution has been included for the previous financial year for certain indicators.

In addition, during financial year 2015-2016, the Group signed the "Collective for Space Care" charter which brings together the space industry and partners who share the spirit of responsibility as derived from international treaties and principles on space, in keeping with space legislation and in accordance with the best practices arising therefrom. The aim is to promote the safety of persons and goods, ensure the health of populations in all space operations, protect the earth and space environments and strengthen the prevention of risks associated with launch and in-orbit operations.

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

- 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.

To illustrate these three areas, Group Management has defined for each, the following key performance indicators of CSR policy:

Maintaining the space around the earth uncongested and clean:

- Number of satellites arrived at end of life re-orbited and passivated: 16 at 31 December 2015. 94%;success rate
- Number of repositionings of satellites in geostationary orbit: 95 at December 31, 2015. 100% success rate.

Engage in in efforts to bridge the "digital divide":

- Number of Internet Broadband customers on KA-SAT at 30 June 2016: 181 000;
- Amount of HTS capacity dedicated to high-speed Internet services at 30 June 2016: 127 Gbps;
- Number of free channels broadcast on the Group's fleet at December 31, 2015: 2249.

Building a multinational corporate culture that reflects a diversity of cultures and ideas

- Proportion of employees hired during the year for Eutelsat SA of a nationality other than French: 26%;
- Number of nationalities represented on the Group Board of Directors: 6;

- Number of nationalities represented on the Group Management Committee: 8:

The main axes of the CSR policy are outlined below:

Maintaining the space around the earth uncongested and clean

With the proliferation of telecommunications satellites populating the space around the earth, the management of satellites having reached the end of their useful lives has become an increasingly important issue, especially as it relates to the substantially growing amount of space debris, particularly in lower orbits.

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

- A responsible fleet management policy;
- Compliance with the French Space Act;
- Willingness to share Eutelsat's policies and best practices at industry level.

Each of these items is detailed in Section 10.2.1.1 "Impact of satellites and launch services on the environment" of this 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 in access to information and communication technologies (ICTs), more specifically to 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 the reach of terrestrial telecommunication networks.

Operated on the EUTELSAT KA-SAT 9A satellite covering Europe and Mediterranean Basin, the Tooway system is an accessible and cost-effective solution for users who want to take advantage of broadband internet without additional delays and irrespective of their location. As of 30 June 2016, 181 000 Tooway terminals were activated.

Since the launch of the service, bit-rates offered by Tooway have increased for entry-level services: from download speeds of 6 Mbps and upload speeds of 4 Mbps 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 currently.

IP Easy is another public service-oriented solution delivering Internet speeds of up to 8 Mbps with the help of a one-meter diameter antenna and a modem. Using capacity on the EUTELSAT 16A, EUTELSAT 10A and EUTELSAT 70 B satellites across Africa and Asia, the IP Easy service has strengthened its coverage of Latin America with the entry into service of EUTELSAT 8 West B in October 2015. A wide variety of bundles, with monthly volumes ranging from one to 25 Gbps, are offered to customers such as Corporates, SMEs, NGOs, schools or public administrations. The service continues its expansion in new territories: for example in November 2015 Bluewave selected the IP Easy service for satellite broadband in Myanmar

During financial year 2015-2016 Eutelsat significantly strengthened its HTS resources in Ka-band to provide Satellite Broadband access with:

- The launch and entry into service of EUTELSAT 36C in December 2015, to cover Russia
- The launch and entry into service of EUTELSAT 65 West A in May 2016, bringing new capacity over Brazil and other Latin American countries.

Thanks to the entry into service of these additional 48 Gbps of HTS capacity (94 Gbps were operated until then), tens of thousands of end-users will have access to Broadband Internet in areas where there is no alternative infrastructure.

Finally during last fiscal year, two major steps were taken to serve the African Broadband market:

- First, the lease of Ka-band capacity on Spacecom's AMOS-6 satellite (to be launched in 2016) in partnership with Facebook. In the framework of a multi-year agreement, the two companies will operate the HTS Ka-band payload on this satellite, representing circa 18 Gbps of capacity;
- Second, the procuremenet of a new-generation High Throughput Satellite from Thales Alenia Space (TAS) with exceptional operational flexibility. To be launched in 2019, this all-electric satellite will bring enhanced coverage and will offer capacity of at least 75 Gbps;

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

By enabling priority Internet access to some public interest sites, 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 Internet connection within unequalled deployment timeframes across the territory and without the geographical constraints associated with mountainous areas.

In this context, the *'Plan France Très Haut Débit'* in France provides for the financing by the State and Local Collectivities of equipment permitting Internet access via satellite. A particular effort is concentrated on equipping schools in order to give them digital access both in France and internationally. As such the government's « Connected Schools » initiative aims at facilitating internet access for a potential 8,000 establishments, in which Eutelsat's partner suppliers and Internet service providers are heavily involved.

In the same spirit, Eutelsat Americas supplies capacity for several social connectivity programmes, notably in Mexico and Colombia, and is one of the sector leaders in this type of initiative, whose aim is to connect rural communities and give them access to a broader range of services (schools, hospitals, libraries etc.).

Elsewhere, Eutelsat plays an active role at the heart of a consortium recently charged by the European Commission to study the potential as well as the requisite conditions for a programme to support the roll out of high-speed Internet via satellite to rural schools (project « BROSS »).

In another domain, the pilot scheme « Connected Agriculture » undertaken alongside FNSEA, Orange and NordNet was successfully completed at the end of 2015. It enabled 18 farms, the majority not eligible for ADSL, to test and benefit from the functionalities of a high-speed Internet connection via satellite for one year. The results of the scheme confirmed the suitability of this solution to the digital requirements of farmers.

The effectiveness of satellite is also evident in the area of Healthcare, where it enables teleconsultation, thereby linking via Internet isolated treatment centers with university hospitals. It is one of the options in the fight against medical isolation adopted at the beginning of 2015 by a consortium of social services in the Champagne-Ardenne region.

Since the launch of KA-SAT in 2011, Eutelsat has been training antennae installers, drawing on both professionals and job-seekers (1,000 in total in France). In certain regions, this policy is conducted in partnership with local chambers of commerce and industry or within the framework of a national convention with the industrial federations of public initiative networks (Drôme and Cantal, for instance). In 2016 the first edition of a photographic competition aimed at identifying « the most attractive installation » took place, with entries from over 200 accredited Tooway installers throughout Europe. Elsewhere Eutelsat is developing a didactic tool-box aimed at facilitating the installation of dishes by professionals as well individuals.

Eutelsat also participates in programmes aimed at the resilience of crisis communications. In France, Eutelsat participates in exercises undertaken by the *'Haut Comité Français pour la Défense Civile'* (HCFDC).

The last such operation took place in May 2016, as part of the annual training exercise of the institution, organized in Calvi (Corsica) involving the security managers of large groups, in partnership with the SDIS 2B, the Civil Security (UIISC 5), RAID, GIGN and the second foreign regiment of the foreign Legion paratroopers. The HCFDC selected the Tooway Connectivity solution to connect the Calvi PC to the main server managing all operations, as well as to transmit live video of the exercise based on three different situations: hostage-taking, earthquake and evacuation of nationals in hostile territories..

Elsewhere, in the framework of the Global Humanity Summit organised by the UN at the end of 2015, Eutelsat signed, along with other satellite operators, a crisis Connectivity charter, enabling the supply of emergency telecommunications access in the case of humanitarian crises, natural disasters and wars. Eutelsat will provide satellite capacity, equipment and the know-how of its teams.

Finally, EUTELAT remains active in the field of humanitarian emergencies, alongside charities such as Télécoms sans Frontières or NetHope, via several initiatives described in section three of the present document.

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

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

At 31st December 2015, the Group broadcast 2,249 free-to-air channels available without subscription on its fleet of satellites (out of a total of 6,000 channels), a rise of 128 units (+6%) over 12 months, to more than one billion viewers mainly in Europe, Africa and the Middle-East.

In France, the FRANSAT platform broadcasts 26 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. This is the only free satellite TNT multi-channel offer referenced by the French Audiovisual Council (Conseil Supérieur de l'Audiovisuel). It is especially suited to homes beyond the reach of terrestrial networks. More than two million homes are equipped to receive FRANSAT. FRANSAT is also the preferred conduit for local channels for broadcasting to a wider public audience.

For retirement homes and other communities, small communal cabled networks situated in DTT white zones and small and remote terrestrial transmitters, FRANSAT provides "*FRANSAT PRO",* a collective, satellite-delivered free-of-charge DTT solution. The FRANSAT service is regularly upgraded for an ever-enhanced viewer experience: eg high definition, the "FRANSAT Connect" portal for browsing the programme guide, interactive services accessible online, etc.

During 2015 FRANSAT accompanied the widespread transition in France of DTT channels to the MPEG4-HD standard. The bouquet also pioneered live retransmission in UHD, with, for example, the live streaming on its demo channel, FRANSAT UHD, of the ballet "Le Corsaire" in partnership with Arte, and the live broadcast for the fourth consecutive year the finals of the Roland Garros tennis tournament, in collaboration with France Télévisions.

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 in In Sub-Saharan Africa, where already half the channels broadcast via a satellite are transmitted via Eutelsat satellites. For example in 2015, the satellite EUTELSAT 3B was selected by the radio broadcasting authority of Zimbabwe to transmit 12 free channels to 48 transmitters of terrestrial digital television to enable the population to benefit from improved image quality and a broader choice of programs.

Building a multinational corporate environment that reflects a diversity of cultures and ideas

The activities of Eutelsat S.A (Eutelsat Communications' main operating subsidiary) were originally carried out by the European Telecommunications Satellite Organisation, an inte-rgovernmental organisation (IGO) founded by several countries in Western Europe. As a former IGO, Eutelsat's corporate culture is characterized by a strong international dimension.

At the end of 2015, Eutelsat S.A staff included 30 nationalities from all five continents. In total, 30% of Eutelsat S.A employees held a nationality other than French in 2015 (unchanged compared to 2014). In addition, as of 31 December 2015, the Group had 360 employees in total (39% of its total staff) outside France.

The same diversity exists:

- within the executive management: eight nationalities are represented on the Group Management Committee;

- within governance bodies: six nationalities are represented on the Board of Directors;
- in recruitment:
  - 26% of employees recruited in 2015 by Eutelsat S.A held a nationality other than French (26% in 2014);
  - 20% of interns hired in 2015 by Eutelsat S.A are of a nationality other than French (20% in 2014);
  - In subsidiaries outside France, local recruitment is the standard practice.

The Group is committed to maintaining and encouraging this multinational diversity. Main initiatives include:
- Common training courses for several countries as well as trade seminars organised abroad;
- Mobility of French employees in the Group's international subsidiaries, Dubai, Singapore, Poland, Mexico and the US;
- Use of English as a working language and for drafting internal documents to facilitate sharing of information;
- Specific initiatives designed to strengthen the multinational component of the Group, such as "Lunch & Learn" sessions organised in several sites to foster exchanges in English between Group employees in a relaxed atmosphere.

10.1 Social Information

10.1.1 Employment

All data for the year relates to the Group or Eutelsat S.A. and its subsidiaries.

The Group's subsidiaries in France, Italy and Mexico account for nearly 90% of the workforce.

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, enabling an assessment of the Company's labour profile. The social audit report is prepared with reference to the calendar year. Each year, the Company's Work Council issues an opinion on the 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 Commercial Code.

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

During calendar year 2015, the Group including Satmex had an average of 925 employees, representing a 4% decline relative to the previous year. The female headcount ratio stood at 31%.

Breakdown of headcount by gender

	Average headcount in the calendar year	
	2014	**2015**
Male	676	638
Female	287	287
TOTAL	**964**	**925**

The average seniority of group employees is a new indicator; for 2015 it stood at 9.66 years.

For Eutelsat S.A. the average seniority was 11.85 years in 2015 (11.65 in 2014 and 10.8 in 2013).

Considering the changes in the Group's scope of activity and its development strategy in Latin America, the breakdown of employees by geographic area is now presented in the following categories: France, Americas and Other. The Group's subsidiaries in France, Italy and Mexico account for nearly 90% of the Group's employees.

Breakdown of employees by region (Group)

	31 December 2014	%	31 December 2015	%
France	548	57	565	61
Americas	184	19	139	15
Other	232	24	221	24
Total	**964**	**100%**	**925**	**100%**

Breakdown of other employees vs managers by gender (Group)

As a % of the total employees as of:	31 December 2014	31 December 2015
MALE:	**70**	**69**
Managers	43	49
Employees	27	20
FEMALE:	**30**	**31**
Managers	15	18
Employees	15	13

Feminization rate stook at 31% at Group level

Breakdown of employees by age (Group)

The breakdown of employees by age is the following:

	31 December 2014	31 December 2015
< 25	2%	2%
25-40	44%	46%
41-60	51%	48%
>60	2%	4%
Total	100%	100%

10.1.1.2 Recruitments and departures (Group)

In 2015, at Group level, 78 people were hired and there were a total of 62 departures.

The consolidated the group indicator distinguishing these movements by gender is as follows.

As of 31 December 2015, at Group level:

12 months ended	31 December 2014	31 December 2015
Recruitments	79	78
Of which % male	nc	62%
Of which % female	nc	38%
Departures	92	62
Of which % male	nc	66%
Of which % female	nc	34%
Balnnce	**(13)**	**16**

During calendar year 2015, Eutelsat S.A. recruited 51 people (34 during FY 2014), of which 45% were women (35% in 2014) and 55% were men (65% in 2014). Details of recruitments by type of contract can be found in the table below:

Number of permanent and fixed-term contracts for Eutelsat S.A. for calendar year 2015		Female	Male	Total
Other employees	Fixed-term	5	2	7
	Permanent	0	2	2
Managers	Fixed-term	7	7	14
	Permanent	11	17	28
Total		**23**	**28**	**51**
		45 %	55 %	-

Number of permanent and fixed-term contracts for Eutelsat S.A. for calendar year 2014		Female	Male	Total
Other employees	Fixed-term	2	1	3
	Permanent	0	3	3
Managers	Fixed-term	6	3	9
	Permanent	4	15	19
Total		**12**	**22**	**34**
		35%	*65%*	-

10.1.1.3 Compensation

Long-term Incentive Programme (“LTIP”)

Eutelsat Communications seeks to enable all employees to share in the Group’s overall performance. To this end a Long Term Incentive Program for all employees and managers (including Corporate Officers) of the Group has been put in place.

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

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

- the 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 locked-up 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 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 would also allow 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 level of incentive payment per employee beneficiary:

(in euros)	2013-2014	2014-2015	2015-2016
Average amount of the incentive payment	1,461	2,426	

For financial year 2015-2016, the final amount is not available at the date of the document

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)	2013-2014	2014-2015	2015-2016*
Amount of the special profit-sharing reserve*	6,312,431	6,100,000	na

** provision for 2015-2016 not available*

Eutelsat SA employees receive Profit and outcomes-related Participations. Employees can save up to 5,000 euros per year in the PEE to receive a maximum additional employer contribution of 1,900 euros in 2015. The maximum employer contribution was raised to 2,170 euros in 2016.

Wages

The average gross annual salary for employees of Eutelsat S.A., Skylogic and and Eutelsat Americas (which in total account for more than 90% of the Group's workforce) amounted to 79,167 euros in 2015.

This indicator was consolidated by gender for the year 2015. The average gross annual salary for male employees amounted to 88,290 euros, and to 59,000 euros for females.

Total gross wages amounted to almost 66 million euros in 2015 against 100 million euros in 2014, also reflecting a change in the method of calculation.

10.1.2 Work organisation

10.1.2.1 Work time organisation

Eutelsat complies with International Labour Office (ILO) rules. Moreover, Group management ensures that all of its subsidiaries, both in France and abroad, are in compliance with local labor laws, including those relating to working time.

In France, representing 61% of employees, management adheres to the statutory 35-hour week for non-management employees representing 14% of the workforce. For those employees whose working time is counted in hours, Eutelsat ensures compliance with the statutory 35 hours.

However, the vast majority (86%) of employees occupying a management position, have a package of 212 working days per year, allowing a more flexible organization of schedules, depending on their responsibilities. Appropriate measures are taken to ensure that all employees have sufficient time to rest. Employees receive six weeks of paid leave. Managers also enjoy 13 days of RTT (Reduction of Working Time).

Several agreements have been signed with employee representatives, addressing the theme of working time. Eutelsat is implementing salary continuation for a various types of absence (eg: illness, maternity, paternity leave).

Employees of other Group subsidiaries (excluding France), which represent 39% of the workforce, all adhere to a working week of 40 hours, these subsidiaries have implemented a policy of paid leave in accordance with labor laws and regulations in jurisdictions in which Eutelsat operates.

10.1.2.2 Absenteeism

The indicator described below has been calculated for the first time for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A), which in aggregate account for more than 90% of the total workforce. The indicator is presented in numbers of days.

Consolidated absenteeism stood at 3.87 days in 2015.

Type of absenteeism	Calendar year 2014	Calendar year 2015
Long-term absence*	2170	242
Maternity	1666	3657
Paternity	170	245
Work-related accidents	64	61
Total	**4070**	**4205**

**Temporary absence exceeding 30 days*

10.1.3 Labour relations

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

Eutelsat attaches great importance to social dialogue and to maintaining a good social climate, by promoting an ongoing dialogue between management and staff representatives.

Through its principal subsidiary, Eutelsat S.A., the Group fully respects the 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. Meetings are organized on a regular basis with the employee representatives: health and safety committee (*CHSCT - Comité d'Hygiène, de sécurité et des conditions de travail*), Works Council, staff or trade union representatives. The company Intranet, where the company-level agreement is available for review, is also a communications tool on these matters. In addition, meetings are organized in connection with the annual and half-year results in order to describe the highlights for the year or half-year and present the results to employees.

A dynamic of co-construction is implemented with all stakeholders, notably via joint working groups on key issues such as quality of work life.

Initiatives are also taken at the level of the other entities.

Skylogic respects the ILO conventions' measures of freedom of association and effective recognition of the right of collective bargaining, freedom and protection of trade unions. Skylogic also applies the Italian “Workers' Status” and the rules of the Italian collective bargaining agreement for the commercial and tertiary sectors.

As of 31 December 2015, 13 Skylogic employees were registered with Filcams CGIL, the national Federation of Trade Unions for tertiary sector employees. Two trade union representatives are responsible for maintaining negotiations and creating a dialogue between trade unions, employees and the employer. In particular, the Italian collective bargaining agreement for the commercial and the tertiary sectors specifies that each employee is entitled to a 10-hour annual leave to participate in trade union assemblies and that representatives are entitled to 12 hours per month and 1.5 hours per employee per year to fulfil their obligations and address issues affecting employees. There are no union representatives for Skylogic Méditerrannée.

At Eutelsat Americas, meetings are organized on a quarterly basis to inform employees of business developments and objectives. In addition, each month, 15 employees are given the opportunity to meet and exchange views with the Managing Director of the entity. There is also an annual survey from "Top Companies" to gather information about employee conditions and satisfaction. The company also negotiates deals with shops, restaurants, health services, etc. in order to obtain more benefits for the employees

At Eutelsat America Corp. Senior management supports an open door culture. Several policies in the Employee Handbook describe open door and escalation policies. The Chief Executive Officer holds regular ‘all-hands’ team meetings throughout the year with open discussion. The Consulting Human Resources Director is available to all staff for consultation.

Eutelsat Eurasia: Team meetings are scheduled when requested, and frequent team lunches or dinners are held.

Eutelsat Do Brasil and Eutelsat Latam Corp: Annual dialogue with Chief Executive Officer of the region

Euletsat GmbH: Dialogue between management and employees takes place within the different business lines.

10.1.3.2 Assessment of collective agreements

The collective agreements of Eutelsat S.A. are published on the intranet. The company's focus on corporate responsibility is evidenced through the following undertakings:

- ‘Second part of career’ interviews are conducted annually with employees to take stock of their experiences and skills and fulfil their mobility aspirations.

- As part of the agreement on the ‘Generation Contract’, the definition of ‘Senior’ employee has been raised from 55 to 57 years. It replaces the agreements signed 2009 and 2012.

- Opportunity of a part-time career at the end of employment while maintaining pension contributions at the full rate.

- Tutoring for young employees.

Regarding gender equality and the ‘Generation Contract', a review of measures is carried out each year and presented to staff representatives.

Objective of continuous improvement

Management seeks to maintain a productive dialogue for the well-being of its employees in all countries, and especially remain in compliance with local practices where there are concentrations of employees. Furthermore, the Group Human Resources Department makes every effort to harmonise the practices from one country to another in order to ensure equal treatment of all its employees, regardless of the country in which they work.

10.1.4 Health and safety

10.1.4.1 Health and safety conditions

Eutelsat S.A. guarantees health care and retirement to all employees, notably through the health insurance and pension schemes, as well as a supplementary pension.

Eutelsat SA employees undergo a medical examination at least every two years. Employees above 50 years of age are offered a complete medical check-up every three years. Specializing in the field of medical prevention, the medical center performs health checks with the aim of avoiding dysfunctions caused by occupational diseases. It also offers lifestyle advice aimed at minimizing the negative impacts associated with factors such as unappropriate food, sleep, stress. Special monitoring measures are in place for controllers with a medical examination every six months.

Teleports: Access to sites is regulated and related procedures are described in various documents available to staff.

The Unique Risk Assessment Document (DUERP) is updated annually by the Headquarters security services and at the Rambouillet Teleport. It contains, amongst others, processes for dealing with psycho-social risks, which is also available on the intranet. The ‘Rehalto' helpline allows at-risk employees to alert the Human Ressources and request a consultation with a psychologist.

With respect to strain at work, Eutelsat S.A. complies with regulations and declares the number of employees exposed to strain according to the legal criteria specified in the DUER. The company is below the level of employees triggering a compulsory agreement on strain.

A survey on the occupational quality of life was performed in 2013. A joint working group with representatives of the employees, the Health and Security Committee (CHSCT), managers and HR representatives is currentlyworking on new procedures for ICT and teleworking.

The headquarters of the company located rue Balard in Paris and its Teleport at Rambouillet are compliant with the safeguard provisions of t people and goods issued by the Labor Code. In addition, these sites have homogeneous safety procedures that contribute to ensuring a level of safety and security while enabling the work of all staff and service providers. The management of the access to the building, security, video surveillance and the protection of security systems are an integral part of our security policy and are overseen by a dedicated manager.

A special process exists regarding staff travel abroad, with graded levels of approval depending on country risk assessment, and membership of a foreign support service. Employees receive general training on travel risks with additional training as required for specific countries at risk.

Skylogic meets the requirements of Italian law on health and safety at work: this includes suppoting occupational therapies, making available additional expertise for the management of occupational hazards, establishing a professional risk assessment document including third-party assessment of risk levels, regular meetings with social partners and staff representatives for safety and health and organizing regular medical checks for all personnel.

Eutelsat Do Brasil performs monitoring and monthly reporting on safety and health at work.

Employee safety at Eutelsat teleports

To protect Eutelsat employees from potential unwanted exposure to electromagnetic waves, the Company takes the following 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 taking corrective action in case of shortcomings (such as an excess to 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.

At Eutelsat Americas access to the facilities in Iztapalapa and Hermosillo is strictly controlled through access cards, CCTV and 24-hour security personnel. Moreover, employees are located far from antennas, limiting their exposure to electromagnetic waves. Antennae are also placed behind fences for additional caution.

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

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

The powers and duties of the Health and Safety Committee (CHSCT) are accordingly complied with. In addition, the premises are fitted-out to ensure quality of everyday life and improve working conditions.

By way of illustration, two floors at the Ponant Building (Paris XV) have been occupied since November 2015 by Eutelsat employees. For medical matters, Eutelsat has engaged two inter-company medical service providers in charge of health at the workplace and which provide on-site services.

Some employees are approved to undertake antennae installation. To cover potential risks of accidents, Eutelsat SA contributes a higher rate to the URSSAF.

With the exception of the teleports located in France, Italy, Mexico and Madeira, the Group's business is carried out in office buildings located in city centers. Therefore potential work-related accidents are limited.

Specific measures are also in place in other Group subsidiaries, in accordance with local regulations.

Eutelsat Americas: Health and Safety Commissioners within the company are in contact with the Ministry of Labor and Social Welfare, the Department of Civil Protection of the Federal District, which regulates safety issues on-site, the Federal or Local Boards of Conciliation and Arbitration (Relationship Work).

Skylogic S.pa: The Health and Safety at Work Representative (HSWR) represents employees in the context of all health and work place issues. The minimum number of the representatives is one HSWR for companies or production units with up to 200 employees (Skylogic S.p.A.'s case). For the Skylogic premises, however, two HSWR have been elected.

Skylogic Hellas: As per local law, in order to guarantee appropriate health and safety conditions, a "Health and Safety Technician" has been appointed.

10.1.4.3 Frequency and seriousness of accidents at work and occupational diseases

This indicator is presented for the first time on a consolidated level for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A), which in aggregate account for more than 90% of the total workforce.

During calendar years 2014 and 2015, few accidents were reported.

For Eutelsat S.A. (which accounts for 61% of the Group workforce), work accidents were all related to commuting or professional trips. No cases of occupational diseases were reported.

Workplace accidents in days lost	2014	2015
Number of accidents without work stoppage authorisation	3	4
Number of accidents with work stoppage authorisation	6	5
Total number of accidents	**9**	**9**

10.1.5 Training

10.1.5.1 Implementation of training policies

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

Several types of training were provided at Eutelsat SA's French offices in relation to the following topics:

- Technical aspects of satellite communications or data processing systems;
- Management, such as in relation to psycho-social risks;
- Commercial performance;
- Project management;
- Modern languages;
- Personal development;
- Support functions;
- Health and safety.

In addition Eutelsat has made available an on-line MOOC on Telecommunications via Satellites.

For Skylogic employees, training sessions were organised on the following topics:

- Management: management skills, team and task management;
- General skills: communication, languages, team work;
- Specific and technical skills: ITIL, PRINCE2, Health and Safety, update on employment law, Microsoft Office Excel...

For Eutelsat Americas employees, in addition to technical sessions on satellites, training sessions were organised in the following areas: leadership, communication, customer service, corporate culture.

10.1.5.2 Total number of training hours

This indicator is presented on a consolidated level for the four main entities (Eutelsat S.A., Eutelsat America Corp., Eutelsat Americas, Skylogic S.p.A), which in the aggregate account for more than 90% of the total headcount. Last year it was presented for Eutelsat S.A. and Skylogic S.p.A only. For comparison purposes, pro forma data have been presented for financial year 2014.

Details of training in the four most significant entities (91% of Group employees)

	2014			2015		
	Men	Women	Total	Men	Women	Total
Eutelsat S.A.	9,977	3,396	13,373	8,700	3,094	11,794
Skylogic S.P.A.	1,760	743	2,503	1,673	392	2,065
Eutelsat Americas*	690	360	1,050	588	420	1008
Eutelsat America Corp.	208	48	256	252	54	306
Total	**12,635**	**4,547**	**17,182**	**11, 213**	**3,960**	**15,173**

** the acquisition of Satmex, which now operates under the name Eutelsat Americas, was finalized in January 2014.*

At Eutelsat S.A., the amount dedicated to training as a percentage of total wages was 3.7% in 2015 (up from 3.4% in 2014).

10.1.6 Equal opportunity and non-discrimination

Description of skills development policy

In the French entities, annual performance interviews take place in June via the company's HRIS (Human Resources Information System). A professional development interview also takes place once a year, either in parallel with the performance review or separately. These interviews are designed support employees in their desire for mobility and skills development. Staff reviews are also held every year in September to identify mobility opportunities or possible career developments and anticipate attendant supporting measures for teams.

At Skylogic a new regular performance and career development review procedure was implemented in January 2015, aligninged to the Eutelsat Group "Long-term Incentive Programme", always in compliance with the Italian Labour Law and the National Collective Bargaining Agreement applied.

The other subsidiaries have also implemented annual reviews of performance evaluation.

Eutelsat encourages internal mobility via the following actions:

In France:

- A job marketplace exists within the HRIS
- the annual performance evaluation process provides an opportunity for employees to discuss career aspirations with management. Evaluations are sent to human resources to review motivation and feasibility;
- interviews for the Second Stage of Careers (age 45+ years) are conducted annually to envisage career development and support mobility;
- as part of the GPEC (Future Management of Jobs and Skills) business mapping, each employee can discover, via the company intranet, the different business areas within the Company and the skills needed to perform in them;
- In case of employee mobility requiring relocation, the company supports school fees. Mobility decisions are made with a view to being compatible with the school calendar.

Due to its small size, Eutelsat America Corp has a fairly flat organizational structure. However, this does provide staff the opportunity to work cross functionally thereby expanding their knowledge and skill base; staff may also pursue upward opportunities at the parent company and its subsidiaries. Additionally, in the event a new position is created or established within the organization, Eutelsat America Corp would first look internally for a qualified candidate who has the skills to move into the position.

No specific measures are applied at Skylogic. By signing the employment contract, the employee gives his availability to be transferred, if necessary, to one of the sites of the Eutelsat/Skylogic Group (in Italy or abroad).

10.1.6.1 Gender equality

In 2014, Management established an action plan in favour of professional equality and relating to access to employment, career development, compensation and the reconciliation of work and family responsibilities. Objectives were determined for each of these items. This action plan was presented to the Work Council in December 2014 and took effect on 1st January 2015. The professional equality commission will meet at least once a year to monitor this action plan.

Over the past five years Eutelsat has conducted two studies on equal treatment in cooperation with the equal opportunities commission, the first in 2010-11 and the second in 2013-14. A specific budget has been allocated to recommended salary adjustments. Paternity leave is also favoured and since 2009 Eutelsat has been topping-up the indemnities paid by Social Security to fathers, in order to maintain remuneration levels.

Eut'Elles'Sat, a network designed to promote the career development of female employees within the Eutelsat Group, was created with the support of management. Its primary objective is to facilitate networking between the women of Eutelsat and to propose events and exchanges on the promotion of awareness-raising on the situation of women at the workplace.

Eutelsat America Corp has a well-established Equal Employment Opportunity (EEO) policy and as an Equal Opportunity Employer, bases pay, hiring and promotion decisions on skills, knowledge and performance.

Eutelsat Americas provides equal opportunity in employment for all persons, and prohibits unlawful discrimination and harassment in all aspects of employment because of age, color, disability, family responsibilities, gender identity or expression, marital status, national origin, personal appearance, political affiliation, race, religion, sex, sexual orientation, status or any factor prohibited by law.

At Skylogic no clear obligations for gender equal opportunity and non-discrimination are applied, as per the National Collective Bargaining Agreement "Terziario Confcommercio" and the "Statuto dei Lavoratori". However, upon express request and according to Italian Labour Legislation, Skylogic grants a reduction in working hours to female employees with children under the age of three (within the 3% of the total number of the employees). During 2015, two employees benefited from a part-time post-maternity leave agreement.

10.1.6.2 Employment and integration of disabled people

Eutelsat S.A. employs four disabled persons.

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 SA cooperates with ESATs (French organisations promoting work rehabilitation of the disabled) for specific services such as flower-planting or assistance in office functions.

Eutelsat America Corp complies with all provisions of the Americans with Disabilities Act (ADA) and the subsequent amendments (ADAA). This also is directly tied to its EEO policy. As a GSA Schedule contractor, EAC is also subject to goals for hiring disabled veterans as contractors.

Eutelsat Americas has one disabled employee. Facilities are friendly for disabled persons and include travelators, specially equipped bathroomsand an absence of stairs, enabling free movement.

To comply with the current Italian law on "Employment and integration of disabled people", Skylogic employees four disabled persons, representing 2.94% of its workfroce. Under law, companies with more than 50 employees must either hire 7% of disabled persons or, if they can't reach such percentage, sign a Public-Local Agreement and pay a yearly fee. Skylogic has implemented the second option.

10.1.6.3 Fighting discrimination and encouraging diversity

Because of its history, there is a great diversity of nationalities within Eutelsat SA. A total of 30 nationalities were represented in 2015 with 30% of Eutelsat SA employees having a nationality other than French (cf above "*Building a multinational corporate environment that reflects a diversity of cultures and ideas*" for more details)

The diversity of nationalities is considered an asset for the company. To preserve and promote this multicultural culture, several actions are carried out such as joint training in several countries and mobility of French employees in the Group internationally.

Following on from the ‘Senior Agreement’, the company has negotiated and is now implementing an agreement on the ‘Generation Contract’. The company was also a signatory of the Diversity Charter in 2008.

In addition to its non-discriminatory hiring, promotion and pay practices, Eutelsat America Corp has a zero-tolerance policy regarding discrimination and harassment in any form. The Employee Handbook defines steps staff should take and the reporting/investigative methodology if any staff member believes they have been harassed or discriminated against.

Eutelsat Americas advertises vacancies in all universities, private and state. Gender is not taken into account when creating a profile for positions. There is no difference in salaries offered to men or women.

As of 31 December 2015 Skylogic had 10 foreign employees from seven different countries and representing 7% of the workforce.

10.1.7 Promotion and enforcement of the fundamental conventions of the international labour organisation (ILO)

As of 31 December 2015, all Eutelsat subsidiaries were compliant with the ILO in countries where these conventions are applicable.

10.1.7.1 Respect for 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, outside company premises, and without using the Group's corporate image to support their personal convictions. These rules are applied with due regard for the individual freedom of expression for employees and their representatives.

10.1.7.2 Elimination of discrimination in the employment and job policies

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. has set up an action plan aimed at promoting professional equality.

Regarding older employees, an agreement was signed in 2013 for application of the “Generation Contract” (*contrat de génération*) for Eutelsat S.A. employees. The generation contract is a mechanism that combines the sustainable integration of young people with specific measures in favour of the employment of older workers and the passing-on of know-how and skills.

In addition, under the three-year profit-sharing agreement signed in December 2011, the Company’s labour partners addressed the issue of parental leave for part-time employees and opted not to take into account the reduced work time for employees on parental leave.

10.1.7.3 Elimination of forced labour

All subsidiaries are in conformity with the principles outlined in the ILO Conventions

10.1.7.4 Effective abolition of child labour

All subsidiaries are in conformity with the principles outlined in the ILO Conventions

10.2 Environmental information

The Company's services cover the transmission of radio signals from its fleet to earth for reception to 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 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.

10.2.1 Global environmental policy

10.2.1.1 Impact of satellites and launch services on the environment

Eutelsat actively manages its fleet in partnership with manufacturers and launchers of satellites.

Satellite manufacturers

Eutelsat, either directly or via its subsidiaries, has contracts with four of the world's major satellite manufacturers: Airbus Defence and Space (Airbus DS), Boeing Satellite Systems (BSS), Space Systems Loral (SSL) and Thales Alenia Space (TAS). Each of these manufacturers has policies on minimizing their environmental impact and ensuring sustainability

Airbus DS is committed to minimising the environmental footprint of its activities as well as ensuring compliance with all applicable legal requirements. In addition to the ISO14001 certification of its environmental management system it also has ISO50001 certification for its energy management systems for its sites in the United Kingdom, Toulouse (France) and Germany. Airbus DS is committed to the development of sustainable business through eco-efficiency. This includes the "Eco-Space" project, aimed at the development of "eco-designed" products by 2020 in order to minimise their environmental and health impacts."

BSS, a subsidiary of Boeing, shares the Group's objective of stabilizing greenhouse gas emissions, water consumption and waste production between 2012 and 2107. One of its objectives is also to see to it that hazardous waste production be stabilized at 2012 levels on a revenue adjusted basis.

SSL meets 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. SSL pays particular attention to reducing its hazardous waste production, and despite increased manufacturing activity the company has successfully eliminated approximately 12% more of its hazardous waste than last year. 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 conducted an environmental protection policy since 2007 and is working on taking into account environmental aspects in all of its business activities. In addition to the ISO14001 certification for most of the Group's facilities, in 2015 TAS obtained ISO 50001 certification for its sites in France. Its Environmental Management System has achieved reductions in the use of natural resources, greenhouse gas emissions and the production of hazardous waste. The Group is extending its approach to all its suppliers requiring them to align their policies and internal processes with all the principles that Thales is committed to respecting.

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 Space Exploration Technologies (SpaceX).

Arianespace uses the Ariane 5 ECA rocket to launch Eutelsat's satellites. The main combustion products from this launcher 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/CO2 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 limited. Arianespace continues its efforts to protect the environment in all aspects of the activities conducted in its launch site in Kourou, French Guiana. The launch facility's environmental management system and energy management system have ISO 14001 and ISO 50001 certification respectively.

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 CO2 generated by the pre-lift-off exhaust is approximately 0.5 tonne 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 CO2 emission from the propulsion system could be up to 7 tonnes.

SpaceX launches geostationary satellites using a Falcon 9 rocket from the Cape Canaveral air force base in the United States. A study of the environmental impact of the operations conducted from this launch facility has shown that the launch of the Falcon 9 rocket using kerosene/liquid oxygen had no material environmental impact. In addition, the environmental impact study conducted by the US Federal Aviation Authority in respect of the new launch facility currently in the process of being developed by SpaceX in Texas shows that the CO2 emissions generated by the launch of a Falcon 9 rocket are limited to 387 tonnes.

To put the above-mentioned emissions into perspective, a round trip transatlantic flight generates approximately 400 tonnes of CO2, more than the launch on any of the rockets described as above.

Space debris

Today's telecommunications satellites have a useful life of approximately 15 years.

With the proliferation of telecommunications satellites populating space around the earth, the issue concerning 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 orbit. 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 its extensive operational experience with recommendations from the international community in this field.

Since 08 July 2005, Eutelsat has been 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 Act on space operations.

At 31st December 2015 Eutelsat had undertaken the reorbiting and passivation of 16 satellites hyaving reached their end of useful life, with a 94% success rate. All 16 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 53% since the implementation of the IADC guidelines in 1997, reaching 72% in 2013.

Furthermore, 95 GEO satellite repositioning manoeuvres were performed by Eutelsat at 31st December 2015. All were successfully conducted in compliance with regulations governing collision risks and space debris generation. To mitigate collision risk, Eutelsat moves its satellites out of the geostationary corridor (+/- 40 km above 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, underscores the need for a responsible approach to fleet management. The Act 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 Act 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 organized throughout Europe on space debris management. More specifically, the Company plays an active part in two key events organized 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 organized by the Long-term Sustainability of Outer Space Activities Working Group which is an initiative under the UNCOPUOS Scientific and Technical Sub-committee.

10.2.1.2 Employee information and training in regard to environmental protection

A formalised Group-wide Code of Business Practice and Ethics was finalised and issued during financial year 2013-2014 and a copy was made available to each Eutelsat employee. It is also accessible from the intranet.

The charter includes a definition of the Group's values and particularly addresses the subject of its commitments to the environment in orbit and on Earth. It also addresses the Group's commitments towards its customers and partners, in particular concerning the fight against corruption and respect for free competition.

At the end of 2014, the Group distributed to all employees of a detailed information note on its policy against corruption (legal elements and warning system) by email and on the intranet.

In addition, a presentation was made by the legal department at the COMEX and to all business at the annual business seminar in July 2015. In mid-2015, to enhance the impact of this presentation, the legal team was made responsible for sensitizing all sales staff individually or in small groups.

Finally a draft provision of e-learning on the same subject is under study

10.2.1.3 Means used for preventing environmental risks and pollution

Reception via satellite dishes

The World Health Organization (WHO) issued the following statement 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).

10.2.1.4 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.

10.2.2 Pollution and waste management

10.2.2.1 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 the geostationary orbit 35,786 kilometres (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 kilometres 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.

Furthermore, the activity of teleports and offices does not represent a material risk that could cause serious prejudice to the environment.

See previous Section 10.2.1.1 for information from satellite manufacturers and launch service suppliers regarding their environmental policies.

10.2.2.2 Measures taken to prevent, recycle and eliminate waste

Waste management

The Group has committed to observe "best practices" in terms of managing waste generated in its offices. Eutelsat continued to pursue a rigorous programme of reducing consumption and waste recycling at its Paris offices in 2015

- The replacement of printers with multifunction copiers with badges, reducing paper consumption, now FSC or EU / Ecolabel certified.
- Separation of waste: paper, glass, industrial waste via dedicated collection vehicles;
- Installation of bins for the collection of paper in offices and corridors;
- Removal of waste daily;
- Confidential Document Destruction;
- Paper recycling.

Similarly, Eutelsat Americas recycles certain materials, such as paper, cardboard, cans and plastic bottles. The dematerialization of some internal processes has helped reduce paper consumption in 2015. In addition, organic and inorganic waste is also sorted, electric batteries and medicine are collected separately, and obsolete computer equipment is given to associations or destroyed by specialist companies. In 2015 it started to monitor all waste production for the three facilities. The proportion of waste recycled is measured against three types of waste: inorganic, organic and recycled.

Paper consumption

Consumption - Tonnes of paper	2014	2015
Eutelsat S.A. head office	29.52	26.01
Eutelsat Americas	2,346	1,699

Waste production and recycling

Waste - in tonnes	2014	% recycled	2015	% recycled
Eutelsat S.A.*	57	51	66	49
Teleport Rambouillet *	13	nd	18	nd
Eutelsat Americas	2.34	100	32.35	21

** For Eutelsat SA and Rambouillet, quantities extrapolated from Q1 2016 reporting.*

10.2.2.3 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 prevention systems in order to reduce noise produced by antennae and air-conditioning systems. Periodical checks are carried out 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 prevention systems to reduce noise produced by antennae and air-conditioning systems. Periodical checks are performed once a year (the latest in June 2014) to verify noise status and 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 the potential electromagnetic impact;
- the introduction of a system to identify non-operating antennae;
- periodic checks of electromagnetic pollution are performed by ARPA (Regional Agency for Environment Protection) and Politecnico di Torino. The next check is scheduled for 2016;
- the continuous monitoring of antenna alignment by the ARPA and the City of Turin through online access to the teleport systems.

In the Mexican teleports, noise nuisances are limited by isolating all noisy equipment on the site. In addition, trees have been planted to contribute to the insulation and to reduce the visual impact of the antennae.

10.2.3 Sustainable use of resources

10.2.3.1 Water consumption and supply in relation to local constraints

For calendar year 2015, the Company published its water consumption at its headquarters in Paris, its teleport in Rambouillet (France), in Turin (Italy) and at Eutelsat Americas. There are no local constraints in terms of water supply.

Water consumption (in cubic meters)	**Calendar year 2014**	**Calendar year 2015**
Headquarters Paris (France)	5,062	5,015
Teleport Rambouillet (France)	1,705	1,917
Teleport Turin (Italy)	1,261	1,829
Eutelsat Americas	1,869	1,914

The headquarters in Paris use water for the air conditioning systems, which results in higher levels of water consumption during the summer months. The increased consumption in Rambouillet reflects a leakage which is currently under analysis.

In Italy the increase in consumption was due to losses from a defective pipe, since repaired. Solutions are being considered for watering trees to reduce consumption and reduce the risk of leaks.

For Eutelsat Americas, the indicated consumption corresponds to the teleports Iztapalapa and Hermosillo; consumption at the headquarters is not subject to monitoring. Water consumption is minimized, with no watering of green spaces in Iztapalapa, and very few in Hermosillo (in the desert), where the local government applies restrictions.

10.2.3.2 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, with the exception of paper (which is addressed in the section 10.2.2.2 of this document).

10.2.3.3 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

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

Concerning current energy consumption:

- focus on de-icing including anticipation of weather conditions and implementation underway of systems for free cooling, based on fresh air from outside the building;
- Studies on the use of windmill power have continued. Neighbourhood consultations are under way to assess the potential impact of windmills;
- A prototype of a passive de-icing system for antennae up to 3.8 meters has been installed and the system will be progressively deployed. This avoids the use of energy (electricity or others) for heating the antennas in winter.

In Italy in 2015 an energy audit of the Centallo and Cebrosa sites was conducted. The measures taken to reduce power consumption include UPS Retro-fitting (Uninterruptible Power Supply), an uninterruptible power supply using a modular approach, cables larger section, a monitoring of consumption.

For headquarters offices, as part of energy purchases, "green committees" are organized with energy suppliers, the owner of the premises and the service provider to find ways to reduce electricity consumption eg by using a Building Management System, and relamping with low consumption lamps.

Overall, at constant scope, the consumption of the Group's main facilities was virtually stable in 2015 compared to 2014 (18.5 million kilowatts/hour) mainly due gains at headquarters.

Electrical and fuel consumption at some of Eutelsat's installations

Electricity Consumption (in kilowatts)	12 months to 30 June 2014	12 months to 31 December 2015
Headquarters (Paris, France)	3 737 446	3 271 124
Teleport Rambouillet (France)	8 042 725	8 325 057
Skylogic (all sites)	4 012 880	4 041 934
Eutelsat Americas (all sites)	2 786 745	2 855 526

Purchases of diesel fuel (in cubic metres)	12 months to 31 December 2014	12 months to 31 December 2015
Headquartes (Paris, France)	0.1	0.4
Teleport Rambouillet France	10	11
Eutelsat Americas all sites	7	9
Teleport Turin	0,3	1

The increase in diesel purchases in Turin is due to storage for an electrical generator and at Eutelsat Americas, to a new substation in Hermosillo.

10.2.3.4 Land use

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

10.2.4 Climate change

10.2.4.1 Greenhouse gas emissions

The Group published its greenhouse gas assessment for 2013, which was performed by SGS. Another one will be performed by the end of calendar year 2017.

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 (headquarters," Cristal" tower and teleport in Rambouillet).

Greenhouse gas emissions amounted to 1,144 teqCO_2 (and 6t CO_2 biomass) 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 10.2.3.3 "Energy consumption, measures adopted to improve energy efficiency and usage of renewable energies" of this document.

10.2.4.2 Adaptation to the consequences of climate change

During 2012, the Group's Information Systems Department began a significant project to rationalize, on a Group-wide basis, its IT systems and processes. The main actions conducted or pursued in 2014 and 2015 include:

- The creation of a product catalogue for servers and individual workstations, which promotes "low consumption" and eco-friendly computer equipment ("green-IT" philosophy). The creation of "Blade"-type machines that consume less energy and use unit electric systems;
- Personal computers are set to enter into standby after 20 minutes of inactivity;
- Photocopiers have been changed, the new machines operate with a badge and reduce wastage of paper prints;
- A proposal has been made to replace the workstations by a hybrid station that consumes less energy than a standard station; and
- Efforts to rationalize the engine rooms in order to reduce the volume of the servers and the number of machines.

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

Efforts have also been made to limit the impact of the company car fleet. The company car policy provides that the rate of CO_2 must be limited to 135g/km. The average emission rate for the holding's fleet is 131g/km. In addition, for several years now Eutelsat Americas has also put in place energy savings measures. The headquarters offices have been designed to take advantage of the sunlight. Light bulbs have gradually been replaced by low energy light bulbs and motion detection sensors are also used to reduce energy consumption. Generally, all non-critical equipment is turned off or put into standby mode when not in use.

For the teleport in Rambouillet, actions taken to reduce electricity consumption for the teleport are described in the Section 10.2.3.3 "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.

10.2.5 Protection of biodiversity

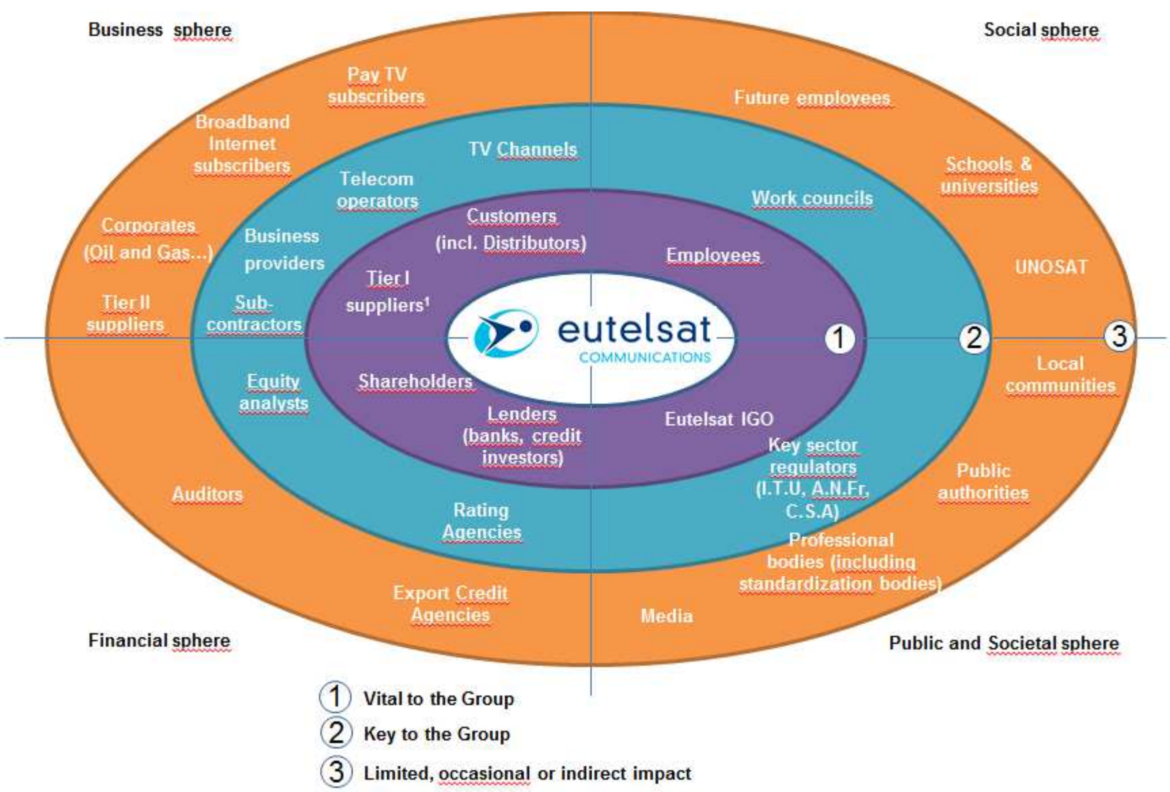
10.2.5.1 Measures taken to preserve or develop biodiversity

To avoid possible interference of the Rambouillet teleport operations in bird populations, the teleport occasionally uses falconers to prevent migratory bird populations near the teleport pass during certain periods of the year. Besides, the biggest part of the land owned by Eutelsat on the Rambouillet teleport site is not used by the Company and leased to farmers, with the project to shift production to organic crops.

At the Eutelsat Americas teleport sites, fumigation operations are undertaken for pest control purposes on a regular basis, using eco-friendly products.

10.3 Information relative to societal commitments in favour of sustainable development

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



[1] Tier 1 suppliers include mainly satellite manufacturers, launchers, insurers, technology providers, suppliers of ground equipment

10.3.1 Territorial impact of the group's activities on employment and regional development

10.3.1.1 Impact on employment and regional development

The teleport in Rambouillet offers some benefits to the local community in terms of employment and regional development, as the Company uses local service providers for some of its 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.

Similarly, the Group's teleports in Mexico have a positive impact on local communities in that they promote local suppliers. Local businesses are called upon for gardening, maintenance, servicing or office supplied. In addition, support for the local community is provided through a number of activities including: reforestation and grants to local NGOs and other organizations

10.3.1.2 Impact on neighbouring populations

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

Relations with stakeholders, in particular social integration associations, educational institutions, environmental defence groups, consumer associations and local populations

10.3.2.1 Dialogue conditions with stakeholders

Our satellites' global coverage gives the 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;
- the promotion of science and technology in schools.

EUTELSAT IGO in phase with the Space environment

Actions are taken by Eutelsat S.A., encourage regular dialogue between the European Telecommunications Satellite Organization EUTELSAT, an intergovernmental organization (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)[20]. In this capacity, the Executive Secretary participates in the Working Group on the Long-term Sustainability of Space Activities[21], which is working on the production of guidelines on the long-term sustainability of outer space activities and reviewing the regulatory framework for appropriate application guidelines for the space sector. A consensus has been found on one third of the proposed guidelines and it is hoped that a further third will be agreed shortly, while the remaining third of the proposed guidelines are subject to much discussion. 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 S.A., of progress made in this area. [The Executive Secretary participated in the fifty-third meeting of the Scientific and Technical Subcommittee in February 2016 and in the fifty-fifth Legal Subcommittee in April 2016, in addition to the annual UNCOPUOS meeting in June 2016.]

The Executive Secretary of EUTELSAT IGO is also one of the founding members of the Broadband Commission for Digital Development. When it was created in 2010 by the Secretary General of the ITU (International Telecommunications Union) and the Director General of the UNESCO, it had as its objective the achievement of the UN Millennium Development Goals, and ailed to identify broadband as potentially one of the most effective ways to achieve universal access to information and safeguard everyone's right to communicate. It was agreed in 2015 that the Commission would continue its work in facilitating

[20] http://www.unoosa.org/oosa/en/ourwork/copuos/index.html
[21] http://www.unoosa.org/oosa/en/ourwork/topics/long-term-sustainability-of-outer-space-activities.html

broadband access for the entire world and would be known as the Broadband Commission for Sustainable Development22. The Executive Secretary attended the twelfth meeting of the Broadband Commission in September 2015 in New York, prior to which a report to the UN Secretary General, entitled “The State of Broadband 2015”23 was released. This contains a contribution, in the form of a featured insight, from the Executive Secretary in conjunction with the Director General of the International Telecommunications Satellite Organization. Commissioners noted the importance of broadband technology for each country in enabling them to achieve the 17 Sustainable Development Goals as adopted by the UN in September 2015, which aim end poverty, protect the planet and ensure prosperity for all, with specific targets to be achieved over the next 15 years[24].

EUTELSAT IGO participates in the Advisory Board of the “Smart Sustainable Development Model” (SSDM) initiative of the ITU Development Director[25]. This aims to establish an innovative framework for the mobilization of key resources and actors (national, local governments, civil society, business and academia) to incorporate new and existing infrastructure to optimally prepare, mitigate, prevent and respond to unforeseen disasters. In his role as Chairman of the Task Force on Advocacy and Global Dialogue, the Executive Secretary, with the assistance of the External Relations Manager, compiled a detailed report for presentation to the meeting of the SSDM Advisory Board in October 2015 in Budapest, for inclusion into a consolidated report, which marks the end of the first cycle of the work of the Advisory Board. The Advisory Board met in January 2016 [and agreed to continue its activities in particular promoting the benefits of satellite technology for sustainable development.]

The Executive Secretary also participated as a speaker in a session on the role of ICT in Smart Sustainable Development as part of the programme of ITU Telecom World 2015.

Working in the field of humanitarian emergency relief

Eutelsat is a founding signatory of the Charter of the United Nations Crisis Connectivity, integrated with actions carried out by the World Food Programme. This initiated charter which was signed late 2015 by ESOA (EMEA Satellite Operator's Association), the GVF (Global VSAT Forum) and several satellite operators with the support of the Emergency Telecommunications Cluster (ETC) under the World Food Programme (WFP) and the UN Office for the Coordination of Humanitarian Affairs aims to provide governments and NGOs immediate and resilient Connectivity in case of major humanitarian crisis, within 24 hours, and on four continents. It defines the framework for coordination and response between stakeholders to maximize the terms and response times to the telecommunications needs in emergency situations.The principle commitments of the Charter include:

- Pre-planned, predictable and scalable satellite-based solutions, deployable within 24 hours of a disaster and adaptable to the unique nature of each operation.
- Satellite equipment pre-positioned in Dubai at the UN Humanitarian Response Depot for deployment within 24 hours to disaster areas; transport within disaster areas; and importation and licensing.
- Reserved bandwidth on inter-linking satellite coverages, ensuring prioritization of humanitarian internet traffic.
- In-country capacity-building by charter signatories for the response community, including humanitarian agencies, governments and national civil society.
- All provided at no cost to the humanitarian operation.

As part of this Charter and together with other satellite operators and integrators, Eutelsat took part, in June 2016 in Dubai in the first technical training session of humanitarian personnel required to ensure the provision of communications to the staff deployed on emergency operations, and also to those affected.

Eutelsat has also had a partnership with Télécoms Sans Frontières since 2007. Through this partnership Eutelsat allows international NGOs to set up within a few hours a crisis center equipped with high speed data exchange, for images and voice communications. Greece, Macedonia, Serbia and Syria were part of Telecoms Sans Frontières intervention areas in

22 http://www.broadbandcommission.org/
23 http://www.broadbandcommission.org/Documents/reports/bb-annualreport2015.pdf
24 http://www.un.org/sustainabledevelopment/sustainable-development-goals/
25 http://www.itu.int/en/ITU-D/Initiatives/SSDM/Pages/default.aspx

2015.

In Greece and the Balkans, the Tooway antennae installed in coordination with the United Nations High Commissioner for Refugees helped thousands of people arriving in reception centers in the region to access the Internet, and so stay in touch with loved-ones. More than 323,000 terminals have so far been connected to Tooway equipment provided by Eutelsat.

Similarly, the Group has supported NetHope since 2004. Since 2015, fifteen Tooway terminals have been available in several refugee reception centers in Greece. In 2014, as part of the fight against the Ebola epidemic in West Africa, the partnership enabled humanitarian organizations to rely on reliable resources to communicate through the provision of satellite Connectivity solutions essential for the transit of critical medical data.

Eutelsat is working with spacel partners on different programs aimed at putting innovative satellite technology at the disposal of civil defense organizations. The satellite EUTELSAT 9B, launched in January 2016, carried the first node of the European data relay system deployed by the European Space Agency (ESA) and Airbus Defence and Space: EDRS-A, an open spatial information highway. Thanks to the acceleration of the flow of information between low-orbit satellites and their ground stations, it will improve the reaction time necessary to manage a wide range of operations such as natural disasters monitoring, emergency operations, and coastal and maritime surveillance.

Supporting digital development in rural areas

Please refer to the Section 10 "Serving specific requirements by addressing the challenges of public policies with regard to digital inclusion" at the beginning of this report.

Support for teaching science, a major challenge for development

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

In Africa, Eutelsat has been holding a competition since 2011 with broadcaster, MultiChoice Africa, inviting young people aged between 14 and 19 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 fifth DStv Eutelsat Star Awards received more than 2,000 essay and poster entries. Chaired by astronaut Paolo Nespoli from the European Space Agency, the international jury met in Nairobi (Kenya) to select this year's winners: Ayawen Asuinura from Ghana (Best Essay) won a trip to Paris and to French Guiana where he will watch a live satellite launch. Mallon Marume of Zimbabwe (Best Poster) was invited by Eutelsat to travel to France in 2016 to visit the satellite control centre. He also visited the premises of an international television channel and a satellite construction plant in Toulouse.

Elsewhere, in 2015, Eutelsat initiated a partnership with the charity, Renovatio, whose VerBem ('See Well') program targets the poorest regions in Brazil. The Group's support permitted the distribution of 700 pairs of reading glasses developed by the association. 'One Dollar Glasses', opening up opportunities for vision-impaired children and adults in the school and professional environments.

L'"*Arrondi Solidaire*"–Solidarity in favour of 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 initiatives such as "*l'Arrondi Solidaire*", where Eutelsat was the first French company to offer this programme in 2010, enabling 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…).

10.3.3 Outsourcing and relationships with suppliers

10.3.3.1 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. The Section 10.2.1.1 of this report addresses Eutelsat's relationships with these main suppliers specifically as it relates to environmental implications.

As for the purchasing policy of products and services for use in offices, the Purchasing Department in the headquarters in Paris ensures that key suppliers have implemented a policy that addresses the issues social and environmental: a purchasing charter is in force with the platform of IT purchases and other suppliers. Tenders request the commitment to respect a code of ethics. The purchase contracts allways contain clauses stipulating the obligation of compliance with regulations, undeclared personal employment ban, etc. The tender procedure concerns all amounts exceeding 100,000 euros.

For product suppliers, the description of the products is in principle attached or provided on request. Eutelsat promotes the use of environmentally-friendly products.

10.3.3.2 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 Eutelsat with satellites that are compliant with the French Government's Space Act, each of these manufacturers has policies on minimizing their environmental impact and ensuring sustainability. See Section 10.2.1.1 "Impact of satellites and launch services on the environment".

10.3.4 Fairness in practices

10.3.4.1 Measures taken to prevent corruption

The fight against corruption is part of the Group's commitments to customers and business partners. The Group's code of business practice and ethics states that "in conducting its business, Eutelsat does not allow any corrupt practices".

Over the past years, the Group has formalized anti-corruption procedures in the framework of a continuous improvement process. The main steps taken under, the leadership of the Company Secretary and the Director of Internal Audit Control include:

- an "Ethics Code", affirming the Group's commitments against corruption, distributed to all employees and made available on the Group's corporate website www.eutelsat.com;
- an audit performed by an external body to assess risk;
- a Handbook of Procedures describing procedures implemented in order to avoid corruption;
- guidelines for the selection and monitoring of sales agents and consultants, in particular in countries that are considered higher-risk;
- a committee to ensure the adherence to existing anti-corruption rules, composed of the Group General Counsel, the Chief Commercial Officer, the Director of Commercial Development and Marketing and the Director of Human Resources.
- training for greater awareness of risk of corruption for some employees, especially sales teams;

- a whistleblowing system under the responsibility of the Secretary General and General Counsel to encourage employees to report any behavior or fact likely to constitute acts of corruption and could, as such, seriously affect the activity or the image of the Group or liability. It complements other existing reporting channels (with the hierarchy or staff representatives).
- a due diligence process for the recruitment of intermediaries.

During the financial year, the progress achieved in the field of anti-corruption procedures as well as potential improvements were presented to Executive Committee, the Audit Committee and the Board of Directors of Eutelsat Communications

During financial year 2015-2016, the Group pursued its improvement efforts with including actions aiming at the establishment of a platform for e-learning for employees touched by this issue. The possibility of undertaking an ex-post audit of the policies and anti-corruption procedures is also being evaluated.

Other measures taken in favour of human rights

Since 2009, Eutelsat has seen a substantial increase in the number and duration 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 those of 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

Eutelsat innovates to improve the ability of its fleet to adapt to intentional jamming. In July 2015, Eutelsat ordered the first "EUTELSAT QUANTUM" satellite, a software-defined class of satellites offering unprecedented flexibility. The new design will notably enable the complete electronic synthesis of 'receive' and 'transmit' coverages in the Ku-band, including on-board jamming detection and mitigationIn addition, Eutelsat conducts ongoing monitoring of intentional interference; especially tracking the origin of interference, when channel broadcast disruption can be identified.

Such 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 the intentional interference activity are pinpointed.

Moreover, following the initiatives that Eutelsat has actively contributed to, the Radio-communication Bureau of the ITU recommended the implementation of a series of measures in order to strengthen the regulation on the issue of interference. Its key proposal was to be able to mobilize 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.

Faced with the hitherto limited tools and measures available to ITU to address and reduce deliberate jamming operations which have heavily targeted Eutelsat satellites in recent years, France had also initiated a draft resolution on the issue which was discussed at CEPT before being submitted as a Common European Proposal at the ITU's Plenipotentiary Conference held in October/November 2014.

With the help of several countries and the collective involvement of the satellite industry and its customer base, as well as international television channels (EBU, BBC, BBG, etc.), the Conference adopted the Resolution COM5/2 on transparency and confidence-building measures in outer space activities.

The resolution strengthens the resources used by ITU to avoid harmful interference, which include greater sharing of best practices, ITU's newly granted ability to draw on a network of independent monitoring stations to confirm cases of deliberate jamming including interference geolocation, and the setting up by ITU of a database for identifying such cases.

Lastly, Eutelsat has contributed and will continue to contribute to the development of regulations by supporting 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.

10.4 Methodology and scope

In compliance with Decree no. 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 Law no. 2010-788 dated 12 July 2010 and Article 12 of Law no. 2012-387 dated 22 March 2012 that amended Article L. 225-102-1 of the French *Code of Commerce*, the Group gathered information to address the elements that are relevant for its activity among the 42 items defined by the law.

10.4.1 Methodology

Each of the Eutelsat Communications Group operating subsidiaries provided certain information necessary to draft this report. The section on "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 Italian and Mexican subsidiaries and teleports located in Rambouillet (France), Turin (Italy) and Mexico as they have a limited environmental impact. "Societal information" was gathered mainly from the operating Company, Eutelsat S.A. but reflect a Group-wide picture.

In addition, a cross-reference table with items of the GRI (Global Reporting Initiative) is attached as a schedule to this report. The indicators have also been defined, whenever possible, in a manner consistent with the GRI standard.

The Group's Sustainability Committee meets at least twice per year, and serves as the conduit for feeding information used to prepare this report. This committee is made up of 15 members from several departments throughout the Group and includes members from subsidiaries situated outside of France. Two senior sponsors, the Group CFO and the Head of Human Resources, ensure that information on sustainability issues is communicated to the Group's Board of Directors.

10.4.2 Scope

As the Group's operating subsidiary, Eutelsat S.A. constitutes the vast majority of employees (circa 61%). 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 5.1 « the Group's simplified organizational chart» of this document. When information reported comes exclusively from a specific subsidiary, this has been made clear. The timeframe of quantitative information in this report reflects the calendar year 2014 (1 January 2014 to 31 December 2014), unless otherwise stated.

Location of GRI elements – G4			
		Page	Section
1	**Strategy et analysis**		
1.1	Statement from the most senior decision-maker of the organization		-
1.2	Description of key impacts, risks and opportunities		12, 2
2	**Organizational profile**	6	introduction
2.1	Name of organization	1, 6	introduction
2.2	Primary brands, products and/or services		3
2.3	Operational structure of the organization		5
2.4	Location of the organization's headquarters	1	introduction
2.5	Number of countries where the organization operates		5
2.6	Nature of ownership and legal form	75,1	9, intro
2.7	Markets served		2
2.8	Scale of the reporting organization		10.1.1
2.9	Significant changes during the reporting period [...]		1.2
2.1	Awards received during the reporting period		-
3	**Report parameters**	1	
3.1	Reporting period for the information provided		Introduction, 6
3.2	Date of the most recent previous report (if any)		-
3.3	Reporting cycle		6
3.4	Person to contact		-
3.5	Process for defining report content		10.4
3.6	Report scope and boundary		10.4

3.7	State any specific limitations on the scope [...]		10.4
3.8	Basis for reporting on joint ventures		10.4
3.9	Data measurement techniques and the bases of calculations [...]		10.4
3.1	Explanation of the effects of any re-statements [...]		10.4
3.11	Significant changes		1.2
3.12	Table identifying the location of the GRI Standard Disclosures		10.4.2
3.13	Policy and current practice with regard to seeking external assurance for the report		Appendix 7
4	**Governance, commitments and engagement**		
4.1	Governance structure of the organization		9, appendix 5
4.2	Indicate if the Chairman of the Board of Directors is also an executive officer		9
4.3	[...] indicate the number of independent and/or Non-Executive Board members		9, appendix 5
4.4	Mechanisms [...] recommendations or direction to the Board of Directors		9, appendix 5
4.5	Linkage between compensation [...] and the organization's performance		9.9.4
4.6	Processes in place for the Board of Directors to ensure conflicts of interest are avoided		appendix 5
4.7	Process for determining the [...] qualifications and expertise [...]		appendix 5
4.8	[...] statements of mission or values, Codes of Conduct and principles [...]		appendix 5
4.9	Procedures of the Board of Directors for overseeing [...]		appendix 5
4.1	Processes for evaluating the Board of Directors' own performance [...]		appendix 5
4.11	How the precautionary approach is addressed by the organization		N/A
4.12	Externally developed [...] charters, principles or other initiatives [...]		10
4.13	Memberships in associations [...]		10
4.14	List of stakeholder groups engaged by the organization		10.1.3
4.15	Basis for identification and selection of stakeholders with whom to engage		N/A
4.16	Approaches to stakeholder engagement, including frequency of engagement [...]		10.3
4.17	Key topics and concerns that have been raised through stakeholder engagement [...]		10.3

11 OTHER INFORMATION PRESENTED

11.1 Research and Development

The Group spent 13.3 million euros on research and development during the financial period ended 30 June 2016, including 7.4 million euros development costs recorded as intangible assets.

11.2 Table of results for the last five financial periods

As required by article R. 225-102 of the *Code de commerce*, a table showing the Company's results over each of the last five financial periods (see appendix 3) has been attached to this report.

11.3 Non-deductible charges and expenditures laid down in article 39.4 of the General Tax Code for the year ended 30 June 2016

Non-deductible charges and expenditures of 8.2 thousand euros were reported by the Company for the year ended 30 June 2016 and the associated income tax expense (and additional contributions) was 3.1 thousand euros.

11.4 Agreements covered by Article L.225-38 of the Code de commerce

Pursuant to article 225-38 of the French *Code de commerce*, the following agreements authorised by the Board of Directors remained in force during the financial year:

- A re-invoicing agreement in the event of the acquisition of shares in the market by Eutelsat Communications, as part of the implementation of Free Share Grant plans of the company Eutelsat Communications for the benefit of the employees and management of the Eutelsat Group;
- A tax consolidation agreement dated 2 July 2007.

11.5 Acquisition of shares by the Company

The Company did not purchase any of its own shares during the fiscal year ended 30 June 2016. The Company owned 107,886 of its own shares at 30 June 2016.

The Company also entered into a liquidity agreement with Exane BNP PARIBAS which, as of 30 June 2016, had acquired a total of 211,560 shares in the name of and on behalf of the Company, amounting to a total of 3.6 million euros.

11.6 Employee participation in the share capital of the Company

Further information is given in the special report by the Board of Directors drawn up in application of the provisions of Article L.225-177 and L.225-197-1 of the Code de Commerce.

Senior managers and employees hold 0.70% of the Company's capital. The shares they hold result from i) the stock warrants subscribed for by certain managers and corporate officers (*mandataires sociaux*) during the financial years 2005-2006, ii) a capital increase reserved for employees at the time of the Company's IPO, iii) the offer to exchange shares in October 2007, iv) the Board's policy to allocate free shares; v) the acquisition of shares by Senior managers on the market.

11.7 shares owned by Company management ("mandataires sociaux")

At 30 June 2016, Michel de Rosen, Chairman of the Board, Rodolphe Belmer, Chief Executive Officer, and Michel Azibert Deputy Chief Executive Officer owned respectively 116,464, 0 and 28,115 shares of the Company.

11.8 Dividend policy and allocation of results

The dividend payout policy is set by the Board of Directors after analysis, in particular, of the Group's results and financial position.

As for the last three financial years, Eutelsat Communications undertook the distribution of:

- an amount of 1.08 euros per share fully subtracted from the distributable profit in respect of the financial year ended 30 June 2013;
- an amount of 1.03 euros per share subtracted from the distributable profit in respect of the financial year ended 30 June 2014, with the option for shareholders to receive the entire part of the dividend either in cash or in new shares (scrip dividend) of the Company. 66% of the rights were exercised in favour of the scrip dividend. As a consequence 6,858,356 new shares will be issued and delivered on 11 December 2014.
- an amount of 1.09 euros per share subtracted from the distributable profit in respect of the financial year ended 30 June 2015, with the option for shareholders to receive the entire part of the dividend either in cash or in new shares (scrip dividend) of the Company. 61% of the rights were exercised in favour of the scrip dividend. As a consequence 5,802,297 new shares will be issued and delivered on 10 December 2015.

	Income eligible for tax reduction *(in euros)*		Income not eligible for the 40% tax reduction(1) *(in euros)*
	Dividend	Other distributable income	
2012 - 2013	237,723,100.56 (i.e. 1.08 per share)	-	-
2013 - 2014	226,717,401.46 (i.e. 1.03 per share)	-	-
2014-2015	247,399,848.42 (i.e. 1.09 per share)	-	-
l) Reduction provided by Article 158-3-2° of the French General Tax Code.			

On 28 July 2016, the Board of Directors agreed to submit for approval at the 4 November 2016 Annual Meeting of Shareholders a dividend of €1.10 per share for the financial year ended 30 June 2016. This represents a pay-out ratio of 73% of Group share of net income, reflecting its commitment to shareholder remuneration.

This amount will be taken in full from profit available for distribution.

The dividend will be paid fully in cash.

The Group is comitted to serve a stable to progressive dividend policy to shareholders.

11.9 Delegations of authority and financial authorisations granted to the Board of Directors by General Meetings of Shareholders

The table below summarises the delegations of power and authorisations granted to the Board by the General Meetings of Shareholders on 5 November 2015 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** (13th resolution - OGM of 5 November 2015).	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 5 November 2015.

	Operation concerned	Maximum nominal amount	Duration of authorisation and expiry date
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** (16th resolution OGM of 5 November 2015), **b - without preferential subscription rights for shareholders in the case of a public offering** (17thd resolution OGM of 5 November 2015), **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** (18 th resolution OGM of 5 November 2015), **d - without preferential subscription rights for shareholders in the event of a public exchange offer initiated by the Company** (21st resolution OGM of 5 November 2015), **e - without preferential subscription rights for shareholders to remunerate contributions in kind within the limit of 10% of the Company's share capital except public exchange offer initiated by the Company** (22nd resolution OGM of 5 November 2015);	a.) 44 million euros (chargeable to the total common ceiling for the 16th to 18th and21th to 22nd resolutions of the OGM of 5 November 2015); b), c), d) and e) 22 million euros (chargeable to the total common sub-ceiling for the 17th and 18th and 21tst to 24th resolutions of the OGM of 5 November 2053); e) 10% of share capital	Maximum duration of 26 months as from the OGM of 5 November 2015.
	(ii) to increase the share capital through the incorporating of reserves, profits, premiums or other sums whose capitalisation is admitted (15th resolution OGM of 5 November 2015);	44 million euros (separate ceiling).	Maximum duration of 26 months as from the OGM of 5 November 2015.
	(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** (23rd resolution OGM of 5 November 2015).	a) 22 million euros (chargeable to the total common sub-ceiling for the 17 th and 18 th, and 21st to 24th resolutions of the OGM of 5 November 2015);	Maximum duration of 26 months as from the OGM of 5 November 2015.
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 resolutions 16th to 18th** (20th resolution OGM of 5 November 2015).	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 5 November 2015.
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 (24 th resolution OGM of 5 November 2015);	2 million euros (chargeable to the sub-ceiling common to the 17th and 18th and 21st to 24th resolutions of the OGM of 5 November 2015).	26 months as from the OGM of 5 November 2015.
	(ii) to reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme (14th resolution OGM of 5 November 2015).	10% of the share capital by periods of 24 months.	A maximum of 18 months as from the OGM of 5 November 2015.

During financial year ended 30 June 2016, the Board of Directors used the authorisation granted by the 13th resolution of the OGM of 5 November 2015 in the framework of the implementation of a liquidity contract for the secondary market.

11.10 Post closing events

On 12 July 2016, Eutelsat initiated the process of divesting its stake in Hispasat by exercising the put option granted in 2008 by Hispasat's majority shareholder, the Abertis Group. Eutelsat holds a 33.69% stake in Hispasat through its subsidiary Eutelsat Services und Beteiligungen GmbH. Under the terms of the put option agreement, the value of the Hispasat stake will be determined by an independent expert. The transaction will proceed subject to Spanish government consent

12 THE GROUP'S RISKS FACTORS

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

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

Group risks may be divided into three categories:

– operational risks;

– risk relating to changes in the satellite communications market;

- financial risks and other 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.

12.1 Operational risks

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

The Group plans to launch four new satellites (EUTELSAT 172B, EUTELSAT 7C, EUTELSAT QUANTUM and a Satellite dedicated to Broadband Internet in Subsaharan Africa) before the end of calendar year 2019. The purpose of these satellites is to ensure the continuity of service provided by some existing satellites, increase resources in certain orbital positions, consolidate and develop the Group's service offering and step up the level of security at certain orbital positions.

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

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

12.1.2 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 timeframe set out by the Group.

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 thus currently intends to use three different launch service providers:

Arianespace, International Launch Services and Space X Exploration Technologies Corp.

12.1.3 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.

The satellites under procurement as of 30 June 2016 were procured from the following manufacturers: Airbus Defence and Space, Thales Alenia Space and Space Systems Loral Inc.

As of 30 June 2016, future payments on satellite construction launch and financing contracts amounted to 802 million euros. These future payments are spread over four 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 2015 and 30 June 2016:

	As of 30 June	
(in millions of euros)	2015	2016
2016	74	-
2017	38	79
2018	27	46
2019	19	56
2020 and beyond(*)	80	32
2020 and beyond		65
TOTAL	**238**	**278**
(*) For the period presented as of the financial year closed on 30 June 2015		

As of 30 June 2016, payments to suppliers pursuant to the Law on Modernising the Economy were as follows (based on corporate accounts):

(in thousands of euros)	Under 30 days	Between 30 and 60 days	Over 60 days	Total
Payables due	6,205		124,546	130,750
Payables to come	273,400			273,400

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.

12.1.4 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.

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

Satellites 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.

In-orbit insurance takes into account not only the net book value of the satellites but also the revenues generated by those with the highest contribution. 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, image losses or, to a certain extent, losses 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 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.

12.1.6 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 covers the launch of its satellites through a launch-plus-one-year after entry into service insurance.

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.

12.2 Risks relating to the change in the telecommunications market

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

Available satellite capacity is currently lower than demand at certain orbital positions and/or in some frequency bands. This situation, which could persist, results from a mismatch between the 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 of or all the capacity they lease from the Group to other satellite operators that do have capacity available, which could have a significant negative impact on the Group's business, financial position and results.

Furthermore, due to 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, financial situation and results.

12.2.2 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.

A consolidation among satellite TV broadcast platform operators and/or cable operators and could 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 or by improved image quality, 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 broadband Internet 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 or distribution issues. 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 failure of one of its satellite.

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 could be 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.

12.2.3 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 a very large number of 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. In particular, the Group has been impacted, in recent months, by a more difficult economic environment currently affecting certain Latin American countries as three expansion satellites covering these regions (EUTELSAT 117 West B, EUTELSAT 115 West B and EUTELSAT 65 West A) have entered or are expected to enter into service between October 2015 and the end of the first half of calendar year 2017.

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 respect, the standard contracts entered into with customers provide for suspension or interruption of services in the event of payment default.

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

In fiscal year 2015-2016, the Group continued to be impacted by the tough economic environment in certain areas for certain applications. As a consequence, customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic downturn are monitored closely.

As of 30 June 2016, the net book value of provisions for bad debt was 71.3 million euros (60.1 million euros as of 30 June 2015). Unrecoverable losses stood respectively at 16.4 million euros and 4.7 million euro as of 30 June 2016 and 30 June 2015.

Moreover, the Group considers that healthy receivables are not really a risk, apart from the possibility of customers located in geographical areas deemed to be potentially the most exposed to the impact of the economic crisis.

12.2.4 A substantial percentage of the Group's revenue is generated by Government Services, which depend heavily on the global political and economic context

Over the last few years, the Group has generated some of its revenues (13 % of the Group's revenues for the financial year ended 30 June 2016) in the Government Services market segment. This segment includes the direct or indirect supply of services to governments, especially in the United States, generally on the basis of one-year capacity allotment agreements. Obtaining and/or renewing capacity allotment agreements for this segment depends to a great extent on the international political and economic context. As a result, the Group cannot be certain that it will be capable of continuing to generate a comparable level of revenues from the Government 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.

12.2.5 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 2016, the Group's 10 largest customers represented 42.5 % of its 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 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.

12.2.6 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.

Futhermore, distributors which resell resources to end-users might overestimate market demand and be unable to resell capacity they committed to. In this case they could either return capacity to the Group or resell this unused capacity to Group direct customers at lower prices. This could have a significant negative impact on the Group's business, financial situation and results.

In addition, the Group's consumer broadband activity includes building a base of individual subscribers to Internet services served via a network of distributors and re-sellers, thus using a business-to-business-to-consumer model. This business model, which is relatively new for the Group compared to heritage activities does not rely on a backlog as other applications do and the success of the distribution model, especially in certain areas, still has to be validated. As of 30 June 2016, around 181,000 terminals were activated on the KA-SAT satellite, including terminals for small and medium-size companies.

12.2.7 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 might 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.
In addition, competition from High-Throughput Satellites or constellations targeting mostly Data applications (circa 16% of Group revenues) is expected to bring a significant amount of new capacity at a lower cost per Gigabit. This could lead to oversupply situation and higher than expected pricing pressure for Data Applications and 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 Internet access but also for TV broadcasting services (TV on IP, 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.

12.2.8 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.

12.3 Financial risks and other risks

12.3.1 The Group has a high level of debt

As of 30 June 2016, the Group's consolidated net debt was 4,007 million euros. Its main components are described in section 6.4.1 of this document.

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.

As of 30 June 2016, the breakdown of Group's financing sources was the following: 12% bank, 67% bond debt, 5% export-credit agencies and16% financial leases.

12.3.2 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-/ Stable Outlook and Eutelsat S.A.'s debt rated BBB/Stable 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.

During financial year 2015-2016:

- After having first upgraded the outlook of its ratings from Stable to Positive in October 2015, Moody's then returned to a Stable outlook in June 2016.
- Standard & Poor's upgraded the outlook from Negative to Stable.

Ratings are unchanged since the events mentioned above.

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.

12.3.3 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 2016, the Company had a high level of debt with 600 million euros in bank borrowings drawn under the Refinancing Agreement. These borrowings do not carry guarantees from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its principal operating subsidiary, Eutelsat S.A., could be seriously affected by 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.

12.3.4 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, 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 2016, the discounted value of the Trust's pension liabilities amounted to 241.2 million euros in Eutelsat Communications' consolidated financial statements, and the fair value of its assets was 139.3 million euros. 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 was 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.

12.3.5 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, which represented 34% of revenues in the financial year ended 30 June 2016. 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 EUR/USD exchange rate risks.

The Group is also exposed to EUR/USD exchange rate risks because some purchases of satellites and launch services are denominated in U.S. dollars. These contracts involve significant amounts, generally in excess of US$50 million, whose payment may be phased over time. As of 30 June 2016, the Group owed phased payments totalling 20 million U.S. dollars during the financial year 2016-2017, mainly regarding two 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. For example; in fiscal year ended 30 June 2015, the general economic environment in Russia, and in particular the sharp fall in the value of the rouble has put pressure on Eutelsat's Russian customers with euro-denominated contracts. For these reasons, Eutelsat had to accept to renegociate with its Russian clients with the aim of alleviating some contract term.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.

In order to hedge the risks of fluctuating foreign exchange rates, the Group may carry 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.

Moreover, the Group's clients located in emerging countries may encounter difficulties in obtaining euros or U.S. dollars, especially because of currency controls or may face a strong decrease of the euro-equivalent of revenues generated in local currency. 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, the Group owns Satélites Mexicanos, which 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 swaps for a notional amount of 500 million euros to hedge its net investment in Satmex.

Please refer to the note 26.1 of the notes to the consolidated financial accounts for more information.

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Eutelsat Communications Group

“Société anonyme” with a capital of 232,774,635 euros
Registered office: 70, rue Balard 75015 Paris
481 043 040 R.C.S. Paris

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 June 2016

consolidated balance sheet

(in millions of euros)	Note	30 June 2015	30 June 2016
ASSETS			
Non-current assets			
Goodwill	5	1,165.0	1,166.3
Intangible assets	5	809.5	751.9
Satellites and other property and equipment	6	3,458.7	4,305.4
Construction in progress	6	1,104.0	694.2
Investments in associates	7	282.2	-
Non-current financial assets	8,14	11.9	10.1
Deferred tax assets	21	23.8	8.5
Total non-current assets		**6,855.1**	**6.936.3**
Current assets			
Inventories	9	0.9	2.8
Accounts receivable	10	309.3	406.4
Other current assets	11	40.0	37.8
Current tax receivable		3.7	11.8
Current financial assets	12,14	29.5	31.3
Cash and cash equivalents	13	420.3	1,153.8
Assets held for sale	7	-	301.9
Total current assets		**803.8**	**1,945.8**
Total assets		**7,658.9**	**8,882.1**

(in millions of euros)	Note	30 June 2015	30 June 2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	15	227.0	232.8
Additional paid-in capital		594.1	738.1
Reserves and retained earnings		1,651.8	1,682.7
Non-controlling interests		61.1	81.2
Total shareholders' equity		**2,533.9**	**2,734.8**
Non-current liabilities			
Non-current financial debt	16,18	3,663.3	3,302.4
Other non-current financial liabilities	17,18	597.6	1,053.9
Non-current asset payables		-	15.5
Other non-current payables and deferred revenues[1]	20.1	87.6	140.6
Non-current provisions	22	109.2	128.4
Deferred tax liabilities	21	297.4	270.6
Total non-current liabilities		**4,755.1**	**4,911.3**
Current liabilities			
Current financial debt	16,18	64.5	927.3
Other current financial liabilities	17,18	39.9	49.0
Accounts payable	18	69.0	66.7
Fixed assets payable		21.6	35.8
Taxes payable		11.9	3.5
Other current payables and deferred revenues[1]	20.2	141.0	135.7
Current provisions	22	22.0	18.0
Total current liabilities		**369.9**	**1,236.0**
Total liabilities and shareholders' equity		**7,658.9**	**8,882.1**

[1] Some reclassifications have been made to the consolidated accounts for the financial year ended 30 June 2015 with a view to aligning them in the presentation of the consolidated accounts for the financial year ended 30 June 2016.

Consolidated income statement

(in millions of euros, except per share data)	Note	30 June 2015	30 June 2016
Revenues from operations	23.2	**1,476.4**	**1,529.0**
Operating costs		(104.7)	(106.3)
Selling, general and administrative expenses⁾		(240.0)	(258.1)
Depreciation and amortisation	5,6	(466.5)	(500.6)
Other operating income and expenses		(3.7)	(2.0)
Operating income		**661.5**	**662.0**
Cost of debt		(137.9)	(115.1)
Financial income		3.3	3.2

Other financial items		18.6	(11.2)
Financial result	**24**	**(116.0)**	**(123.0)**
Income from associates	7	18.8	23.5
Net income before tax		**564.3**	**562.6**
Income tax expense	21	(194.1)	(199.8)
Net income		**370.2**	**362.8**
Attributable to the Group		355.2	348.5
Attributable to non-controlling interests		15.0	14.3
Earnings per share attributable to Eutelsat Communications' shareholders	**25**		
Basic and diluted earnings per share in euro (*)		1,590	1,516

(*) There are no dilutive instruments as of 30 June 2015 and 30 June 2016.

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	30 June 2015	30 June 2016
Net income		**370.2**	**362.8**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	15.5	179.1	(22.4)
Tax effect	15.5	41.2	7.1
Changes in fair value of hedging instruments (1)	15.4	9.1	(57.1)
Tax effect	21.2	(3.4)	19.7
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits		(16.7)	(20.7)
Tax effect	21.2	7.6	7.1
Total of other items of gain or loss on comprehensive income		**216.7**	**(66.2)**
Total comprehensive income		**587.0**	**296.5**
Attributable to the Group		564.2	284.7
Attributable to non-controlling interests (2)		22.8	11.8

(1) Covers only cash-flow hedges. Net foreign investment hegdes are recorded as translation adjustments.

(2) The portion attributable to non-controlling interests breaks down as follows:

- *Net result for 15 million euros as of 30 June 2015 and 14.3 million euros as of 30 June 2016;*
- *Other recyclable items of gain or loss on comprehensive income for 8.1 million euros as of 30 June 2015 and (2.0) million euros as of 30 June 2016;*
- *Other non-recyclable items of gain or loss on comprehensive income for (0.3) million euros as of 30 June 2015 and (0.5) million euros as of 30 June 2016.*

Consolidated statement of cash flows

(in millions of euros)	Note	30 June 2015	30 June 2016
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		370.2	362.8
Income from equity investments	7	(18.8)	(23.5)
Tax and interest expense, other operating items		297.3	283.0
Depreciation, amortisation and provisions		496.9	513.5
Deferred taxes	21.1	13.6	20.0
Changes in accounts receivable		14.6	(115.5)
Changes in other assets		(2.4)	(2.1)
Changes in accounts payable		(6.4)	(2.2)
Changes in other debt		2.3	52.1
Taxes paid		(132.7)	(192.4)
Net cash flows from operating activities		**1,034.6**	**895.7**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets	5,6	(456.7)	(390.2)
Acquisition of control		-	-
Sale of entities		-	4.6
Dividends received from associates and other items	7	4.5	1.5
Net cash flows from investing activities		**(452,2)**	**(384.1)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(87.4)	(109.6)
Movements in treasury shares		-	-
Increase in debt	16	600.1	501.3
Repayment of debt	16	(806.5)	(19.4)
Repayment in respect of performance incentives and long-term leases		(21.1)	(10.2)
Loan set-up fees		(3.6)	(2.1)
Interest and other fees paid		(159.7)	(139.3)
Interest received		3.9	5.3
Other changes		(0.4)	(1.4)
Net cash flows from financing activities		**(474.7)**	**224.6**
Impact of exchange rate on cash and cash equivalents		19.5	(2.6)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**127.2**	**733.6**
Cash and cash equivalents, beginning of period		**293.0**	**420.3**
Cash and cash equivalents, end of period		**420.3**	**1,153.8**
Cash reconciliation			
Cash	13	420.3	1.153.8
Overdraft included under debt	16.1	-	
Cash and cash equivalents per cash flow statement		**420.3**	**1,153.8**

CONSOLIDATED statement of changes in shareholders' EQUITY

(in millions of euros, except share data)	Common stock			Reserves and retained earnings	Share-holders' equity Group share	Non-controlling interests	Total
	Number	Amount	Additio-nal paid in capital				
As of 30 June 2014	**220,113,982**	**220.1**	**453.2**	**1,309.7**	**1,983.0**	**47.7**	**2,030.7**
Net income for the period	-	-	-	355.2	355.2	15.0	370.2
Other items of gain or loss on comprehensive income	-	-	-	209.0	209.0	7.8	216.7
Total comprehensive income	-	-	-	564.2	564.2	22.8	587.0
Treasury stock	-	-	-	2.4	2.4	-	2.4
Distributions	6,858,356	6.9	140.8	(225.7)	(78.0)	(9.5)	(87.5)
Benefits for employees upon exercising options and free shares granted	-	-	-	1.1	1.1	0.1	1.2
Liquidity offer and others	-	-	-	0.1	0.1	0.1	0.2
As of 30 June 2015	**226,972,338**	**227.0**	**594.0**	**1,651.8**	**2,472.8**	**61.1**	**2,533.9**
Net income for the period	-	-	-	348.5	348.5	14.3	362.8
Other items of gain or loss on comprehensive income	-	-	-	(63.8)	(63.8)	(2.5)	(66.2)
Total comprehensive income	-	-	-	284.7	284.7	11.8	296.5
Treasury stock	-	-	-	(3.6)	(3.6)	-	(3.6)
Distributions	5,802,297	5.8	144.0	(247.2)	(97.4)	(12.5)	(109.9)
Benefits for employees upon exercising options and free shares granted	-	-	-	0.1	0.1	-	0.1
Transactions with non-controlling interests and others	-	-	-	(3.2)	(3.2)	20.8	17.6
As of 30 June 2016	**232,774,635**	**232.8**	**738.0**	**1,682.7**	**2,653.5**	**81.2**	**2,734.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE.1 KEY EVENTS DURING THE FINANCIAL PERIOD

- Following their successful launches on 01 March 2015, 20 August 2015, 24 December 2015, 29 January 2016 and 09 March 2016 respectively, the EUTELSAT 115WB, EUTELSAT 8WB, EUTELSAT 36C, EUTELSAT 9B and EUTELSAT 65WA satellites entered operational service.

- The EUTELSAT 117WB satellite was successfully launched on 15 June 2016 by a Falcon 9 rocket. It is due to enter service during the financial year 2016-2017.

- Alterna'TV was sold by the Group in April 2016.

- In June 2016, the Group raised 500 million euros through the issuance of a new 5-year bond (see Note 16 - *Financial debt*).

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 2016, the Group operates via Eutelsat S.A. and its subsidiaries 39 satellites in geostationary orbit (including five 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 2016 have been prepared under the responsibility of the Board of Directors, which adopted them at its meeting of 28 July 2016.

They will be submitted for approval to the Ordinary General Meeting of Shareholders to be held on 04 November 2016.

NOTE.3 BASIS OF PREPARATION OF FINANCIAL INFORMATION

3.1 COMPLIANCE WITH IFRSs

The financial statements at 30 June 2016 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 01 July 2015, the Group has applied the following standards and interpretations which have been adopted by the European Union.

- 2010 amendments to IAS 27 “Separate Financial Statements” and IAS 28 "Investments in Associates and Joint-Ventures";

- IFRS annual improvements:

  - (2010-2012 cycle): IFRS 2 "Definition of Vesting Conditions", IFRS 13 "Short-term Receivables and Payables", IAS 24 "Key Management Personnel";

  - (2011-2013 cycle): IFRS 13 "Scope of paragraph 52 (portfolio exception)".

Applying these standards, amendments and interpretations had no significant impact on the Group's financial statements.

Furthermore, no standard, interpretation or amendment has been applied in advance by the Group. 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 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 16 "Leases";
- Improvements to IFRSs (2012-2014 cycle).

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

In preparing the Group's consolidated financial statements, Management is required to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

Judgements

In preparing the financial statements for the period ended 30 June 2016, Management has exercised judgement, particularly with regard to the recoverable amounts of assets, contingent liabilities, provisions, customer risk assessment and the functional currency used by the consolidated entities.

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 presentation currency used to issue financial statements is the euro.

3.7 CHANGE IN GROUP STRUCTURE

Alterna TV

On 7 April 2016, the Group announced the sale of Alterna'TV, a Eutelsat Americas subsidiary based in Miami-and specialised in content distribution. The terms of the transaction are confidential.

NOTE.4 SIGNIFICANT ACCOUNTING POLICIES

4.1 CONSOLIDATION METHOD

As required under IFRS 10, companies in which the Group holds directly or indirectly more than 50% of voting rights at general meetings of shareholders, at meetings of boards of directors or in any equivalent governing bodies, giving it the power to direct their operational and financial policies, are generally deemed to be controlled and consolidated under the full consolidation method. To determine control, Eutelsat Communications carries out an in-depth analysis of the established governance arrangements and of the rights held by other shareholders. Where necessary, an analysis is performed in relation to instruments held by the Group or by third parties that, if exercised, could alter the type of influence exerted by each party.

An analysis is performed if a specific event takes place that may affect the level of control exerted by the Group, (e.g. change in an entity's ownership structure or governance, exercise of a dilutive financial instrument, etc.).

A subsidiary's income and expenses are included in the Group s consolidated financial statements from the date the Group gains control until the date when the Group loses control of the subsidiary. The portion of equity ownership that is directly or indirectly attributable to the Group is recorded as non-controlling interests.

Changes in the proportion of equity held in subsidiaries that do not result in change of control are accounted for as equity transactions, or transactions entered into with shareholders in their capacity as such.

Gains or losses arising from these transactions are recognised, net of tax, within equity. Consequently, they have no impact on the Group's consolidated income statement.

In accordance with IFRS 11, the Group's joint arrangements fall into two categories:

- joint ventures: these are joint arrangements whereby the parties (called "joint venturers") that have joint control of the arrangement have rights to the net assets of the arrangement. Each joint venturer is required to recognise its right to the net asset of the arrangement using the equity method in accordance with IAS 28;

- joint operations: these are joint arrangements in which the parties (called "joint operators") that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement. Each joint operator records 100% of the assets/liabilities, expenses/revenues relating to its interest in the joint operation, as well as the portion of assets held jointly.

Associates are defined as entities over which the Group exerts significant influence. They are consolidated using the equity method, in accordance with IAS 28. Significant influence is presumed where more than 20% of the shares are held by the Group.

The equity method is a method of accounting by which an investment in an associate or a joint venture is initially recorded at acquisition cost and subsequently adjusted to reflect the Group's share of income and other items of comprehensive income of the associate or the joint venturer. Net income from equity investments is included in the Group's consolidated income statement.

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, Accordingly,

- 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 after 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 loss of 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 transaction.

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 “Translation adjustment” within shareholders' equity.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.109 U.S. dollar for 1 euro and the average exchange rate for the period is 1.108 U.S. dollar 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 “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 13.3 million euros on research and development during the financial period ended 30 June 2016, including development costs amounting to 7.4 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 in the functional currency of the acquired entity 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 adverse developments that call into question the recoverable amount of goodwill.

4.7 SATELLITE 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 expenses are directly attributable to the satellite as the Group assesses the likelihood of their payment. Satellite performance incentives are settled at the same time as the price of the satellite, i.e. prior to its entry into operational service.

However, for payments made after the satellite's entry into service, future outflows of resources are recognised as an asset offsetting a liability equal to the net present value of the expected payments. Accordingly, the future expenditure is included in the cost of the satellite.

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 the remaining useful life.

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

Depreciation and amortisation – Amortisation is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation includes, where appropriate, the residual value of each asset or group of assets, starting from the date when the asset enters into operational use.

The useful lives of the main categories of fixed assets are as follows:

Satellites	10 – 22 years
Traffic monitoring equipment	5 – 10 years
Computer equipment	2 – 5 years
Leasehold arrangements and 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, a depreciation test is performed and depreciation is charged for the remaining years 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 incidental 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 the "Customer Contracts & Relationships" asset, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of 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 higher 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 if no market price is available), 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 selling costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm's length transaction between knowledgeable, willing parties, less the costs relating to the 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 2016, each satellite and "Customer Contracts and Relationships", grouped by orbital position (after taking into account the technical and economic interdependencies of their cash flows), were identified as CGUs. The Group's investment in Hispasat was also considered as an independent CGU.

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 for an indefinite period of time. These investments are classified as financial assets under "Non-current financial assets."

They are subsequently revalued at fair value, with 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 measured are measured at their acquisition cost.

- Loans and receivables

Loans and receivables are mainly composed of employee loans, guarantee deposits and accounts receivable, which generally have a maturity of less than 12 months.

Accounts receivable are recorded initially at their nominal value, on account of the insignificant impact of discounting. Accounts receivable are subsequently recognised at cost less provisions for bad debts, as appropriate, booked as a result of the irrecoverable nature of the amounts in question.

Other loans and receivables are measured at amortised cost, using the effective interest rate method.

4.10.2. Financial Liabilities

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

4.10.3. 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 risk; (c) for hedges of forecast transactions, the forecast transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect reported income; (d) the effectiveness of the hedge should be capable of reliable measurement; and (e) the effectiveness of the hedge is assessed on an ongoing basis and determined to be highly effective throughout the period for which the hedge was designated.

These criteria are applied where the Group uses 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, whereas changes in the 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 profit or loss. Reclassified gains and losses are recorded under profit and loss, 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 active markets (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities that are not listed on an active market is determined by the Group using appropriate valuation methods and assumptions reflecting market conditions at balance sheet date.

The fair values of derivative instruments include counterparty risk.

4.10.7 Firm or conditional commitments to purchase non-controlling interests

Under the IFRS 10 "*Consolidated 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 performed, provided that a contract exists and the price is fixed or determinable, and provided that, as of the date it is reported in the accounts, it is probable that the debt will be recovered.

Deferred revenues include unearned balances of amounts received in advance from customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant transponder 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 litigations, 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 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 an underlying pool of AA-rated corporate bonds with maturities in line with those of the schemes being valued.

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, whereas actuarial gains and losses are recognised in equity.

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 S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat. This defined-benefit pension scheme was 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					
Gross value as of 30 June 2014	**1,103.9**	**1,070.3**	**40.8**	**170.3**	**2,385.3**
Acquisition of control	3.8	-	-	-	3.8
Acquisitions	-	-	-	24.3	24.3
Transfers	-	-	-	21.0	21.0
Foreign-exchange variation	57.3	39.1	-	6.8	103.2
Disposals and scrapping of assets	-	-	-	(2.3)	(2.3)
Gross value as of 30 June 2015	**1,165.0**	**1,109.4**	**40.8**	**220.1**	**2,535.3**
Acquisitions	-	-	-	11.0	11.0
Transfers	-	-	-	6.8	6.8
Foreign-exchange variation	1.2	0.8	-	4.0	6.5
Disposals	-	(3.3)	-	-	(3.3)
Gross value as of 30 June 2016	**1,166.3**	**1,107.0**	**40.8**	**242.1**	**2,556.2**
Depreciation and amortisation					
Accumulated depreciation as of 30 June 2014	**-**	**(421.2)**	**-**	**(61.4)**	**(482.6)**
Depreciation and amortisation	-	(56.2)	-	(20.3)	(76.5)
Reversals (disposals)	-	-	-	1.6	1.6
Foreign-exchange variation	-	(3.2)	-	(0.3)	(3.5)
Transfers	-	-	-	0.2	0.2
Accumulated depreciation as of 30 June 2015	**-**	**(480.6)**	**-**	**(80.2)**	**(560.8)**
Depreciation and amortisation	-	(57.4)	-	(23.1)	(80.5)
Reversals (disposals)	-	3.3	-	-	3.3
Impairment	-	-	-	-	-
Foreign-exchange variation	-	-	-	-	-
Accumulated depreciation as of 30 June 2016	**-**	**(534.7)**	**-**	**(103.3)**	**(638.0)**
Net value as of 30 June 2014	1,103.9	649.1	40.8	108.9	1,902.7
Net value as of 30 June 2015	**1,165.0**	**628.8**	**40.8**	**139.9**	**1,974.5**
Net value as of 30 June 2016	**1,166.3**	**572.0**	**40.8**	**139.1**	**1,918.2**

The decline in Eutelsat Communications S.A.'s share price observed during the second half of the financial year 2015-2016 lead Management to review the annual impairment test of goodwill carried out at 31 December 2015 and monitored only at Eutelsat's operating segment level.

As of 30 June 2016, the recoverable value as measured by analysing the implicit market value (fair value) of Eutelsat S.A. based on the stock price of Eutelsat Communications S.A. (and taking into account this company s debt) did not lead to reconsider the amount shown on the balance sheet.

The share price would have to drop by at least 31% for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

NOTE.6 SATELLITES, OTHER PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

"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 tangibles	Construction in progress	Total
Gross assets				
Gross value as of 30 June 2014	**4,968.4**	**339.8**	**847.8**	**6,156.0**
Acquisitions	300.3	31.3	408.2	739.8
Disposals and scrapping of assets	(371.5)	(6.3)	-	(377.8)
Foreign-exchange variation	111.0	1.8	92.1	204.9
Transfers	219.5	3.3	(244.0)	(21.2)
Gross value as of 30 June 2015	**5,227.7**	**369.9**	**1,104.0**	**6,701.7**
Acquisitions	460.0	25.9	380.7	866.6
Disposals	-	(3.0)	(0.2)	(3.2)
Scrapping of assets	(100.7)	(3.9)	-	(104.6)
Foreign-exchange variation	12.1	-	(11.3)	0.8
Transfers	759.0	10.1	(779.1)	(10.0)
Gross value as of 30 June 2016	**6,358.1**	**399.0**	**694.2**	**7,451.3**
Depreciation and amortisation				
Accumulated depreciation as of 30 June 2014	**(1,868.7)**	**(207.5)**	**-**	**(2,076.1)**
Depreciation and amortisation	(349.0)	(40.2)	-	(389.2)
Reversals (disposals and scrapping of assets)	336.9	5.1	-	342.0
Impairment	(0.8)	-	-	(0.8)
Foreign-exchange variation	(14.1)	(0.5)	-	(14.6)
Transfers	(6.4)	6.3	-	(0.1)
Accumulated depreciation as of 30 June 2015	**(1,902.1)**	**(236.8)**	**-**	**(2,138.9)**
Depreciation and amortisation	(375.1)	(45.3)	-	(420.4)
Reversals (disposals)	-	0.2	-	0.2
Reversals (scrapping of assets)	100.2	3.9	-	104.1
Reclassification	2.3	1.1	-	3.4
Foreign-exchange variation	(0.4)	-	-	(0.4)
Accumulated depreciation as of 30 June 2016	**(2,175.1)**	**(276.6)**	**-**	**(2,451.7)**
Net value as of 30 June 2014	3,099.8	132.3	847.8	4,079.9
Net value as of 30 June 2015	3,325.6	133.1	1,104.0	4,562.7
Net value as of 30 June 2016	**4,183.0**	**122.4**	**694.2**	**4,999.6**

(1) Including satellites under finance leases:

(in millions of euros)	
Gross value	856.2
Net value as of 30 June 2016	794.3

This item refers to five 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		
Express AT1	206.9	18 transponders	Agreement covering the satellite's remaining useful life, starting May 2014 and amended in 2015
Express AT2	93.5	8 transponders	Agreement covering the satellite's remaining useful life, starting July 2014
Express AM6	57.7	5 transponders	Agreement dated April 2015 covering the satellite's remaining useful life
EUTELSAT 36C (1)	401.8	53 Ku transponders /18 Ka beams	Agreement covering the satellite's remaining useful life, starting February 2016
Astra 2G	96.3	8 transponders	Agreement dated January 2014 covering the satellite's remaining useful life

(1) A portion of the satellite is classified as assets under construction for 76.5 million euros as of 30 June 2016.

The satellite-related transfer as of 30 June 2015 corresponds to the entry into operational service of the EUTELSAT 3B satellite launched during the financial year.

The EUTELSAT 48C and EUTELSAT 16B satellites were fully depreciated and de-orbited during the financial year ended 30 June 2015. The EUTELSAT 3A and SESAT 2 satellites leased under finance lease agreements have left the Group's fleet.

Satellite-related transfers at 30 June 2016 correspond to the entry into operational service of the EUTELSAT 8WB, EUTELSAT 9B and EUTELSAT 65WA satellites launched during the financial year and the EUTELSAT 115WB launched during the year 2014-2015.

The EUTELSAT 33B and EUTELSAT 115WA satellites were fully depreciated and de-orbited during the financial year ended 30 June 2016. The Telstar 12 satellite leased under a finance lease agreement left the Group's fleet.

SATELLITES UNDER CONSTRUCTION

The satellites listed as below are currently under construction and should be brought into service during the financial years as indicated.

Projects	Expected year of launch
EUTELSAT 172B	2017-2018
QUANTUM and EUTELSAT 7C	2018-2019
BROADBAND4AFRICA	2019-2020

NOTE.7 INVESTMENTS IN ASSOCIATES

As of 30 June 2015 and 30 June 2016, the "Investments in associates" item breaks down as follows:

(in millions of euros)	30 June 2015	30 June 2016
Hispasat	282.2	-
Total	**282.2**	**-**

As of 30 June 2015 and 30 June 2016, 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.

As of 30 June 2016, following the announcement made by Eutelsat Communications Group (see Note 31 – *Subsequent Events*), the value of the Group's interest in Hispasat was reclassified as assets held for sale.

Change in the carrying amount of Hispasat in the Group's financial statements

(in millions of euros)	30 June 2015	30 June 2016
Value of the equity investment at beginning of period	**271.9**	282.2
Share of income	18.8	23.5
Impact of income and expenses directly recognised under equity and dividends (1)	(8.5)	(3.8)
Value of the equity investment at end of period	**282.2**	**301.9**

(1) Distribution of Hispasat dividends totalled 9.1 million euros (Group share representing 3.1 million euros) and 12.5 million euros (Group share representing 4.2 million) during the financial years ended 31 December 2014 and 31 December 2015 respectively.

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat Group:

(in millions of euros)	30 June 2015	30 June 2016
Goodwill	15.2	15.2
Intangible rights (1)	33.7	33.7
Service agreement (2)	0.1	0.1
Investment in Hisdesat	6.1	6.1
Sub-total	**55.1**	**55.1**
Hispasat net assets	227.1	246.8
Total	**282.2**	**301.9**

(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 Hispasat Group:

(in millions of euros)	31 December 2014	31 December 2015
Non-current assets	951.5	1,105.3
Current assets	284.0	131.5
Non-current liabilities	395.7	365.6
Current liabilities	179.0	163.0
Total net assets	**660.8**	**708.3**
Operating income	199.7	218.5
Net income	**46.9**	**63.4**
Other items of comprehensive income	(4.2)	(6.6)
Total comprehensive income	**42.7**	**56.8**

At 30 June 2015 and 30 June 2016, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from Hispasat, after amortisation of the intangible assets identified for the financial periods 2014-2015 and 2015-2016.

NOTE.8 NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are primarily made up of long-term loans, investments and advances.

These mainly consist of loans to social welfare bodies and guarantee deposits paid for renting Eutelsat S.A. premises in Paris.

NOTE.9 INVENTORIES

Gross and net inventories amount to 1.8 million euros and 0.9 million euros as of 30 June 2015, and 3.6 million euros and 2.8 million euros as of 30 June 2016. They mainly comprise receive antennas 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 2015, the net value of these receivables was 309.3 million euros. The corresponding impairment charge stood at 60.1 million euros.

As of 30 June 2016, the net value of these receivables was 406.4 million euros. The corresponding impairment charge stood at 71.3 million euros.

Accounts receivable as of 30 June 2015 and 30 June 2016 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 2016 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 2015-2016, 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 with the potentially highest exposure to the financial crisis.

The amount of bad debt represents 4.7 million euros and 16.4 million euros as of 30 June 2015 and 30 June 2016 respectively.

10.1 CHANGE IN IMPAIRMENT OF RECEIVABLE

(in millions of euros)	Total
Value at 30 June 2014	**46.1**
Allowance	37.7
Reversals (used)	(4.7)
Reversals (unused)	(19.0)
Value at 30 June 2015	**60.1**
Allowance	54.3
Reversals (used)	(16.4)
Reversals (unused)	(26.7)
Value at 30 June 2016	71.3

10.2 ANALYSIS OF ACCOUNTS RECEIVABLE (MATURED AND UNMATURED)

(in millions of euros)	30 June 2015	30 June 2016
Non-matured receivables	177.4	179.6
Matured and impaired receivables	191.9	298.0
Between 0 and 30 days	106.8	146.7
Between 30 and 90 days	26.3	30.0
More than 90 days	58.8	121.3
Impairment	(60.1)	(71.3)
Total	**309.3**	**406.4**

10.3 GUARANTEES AND COMMITMENTS RECEIVED, WHICH MITIGATE CREDIT RISK

	30 June 2015		30 June 2016	
(in millions of euros)	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	66.8	26.3	80.1	31.9
Bank guarantees	65.6	60.5	86.7	61.4
Guarantees from the parent company	14.4	14.4	15.9	15.9
Total	**146.9**	**101.2**	**182.8**	**109.2**

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 2015	30 June 2016
Prepaid expenses	17.5	23.0
Tax and employee-related receivable	22.5	14.8
Total	**40.0**	**37.8**

NOTE.12 CURRENT FINANCIAL ASSETS

(in millions of euros)	30 June 2015	30 June 2016
Hedging instruments (1)	2.4	-
Other receivables	27.1	31.3
Total	**29.5**	**31.3**

(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 2015	30 June 2016
Cash	204.9	316.4
Cash equivalents	215.4	837.3
Total	**420.3**	**1,153.8**

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 as of 30 June 2015				Fair value as of 30 June 2015
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through income statement	
Assets						
Non-current financial assets						
Long-term loans and advances	Receivables	11.9	11.9	-	-	11.9
Current financial assets						
Accounts receivable	Receivables	309.3	309.3	-	-	309.3
Other receivables	Receivables	27.1	27.1	-	-	27.1
Financial instruments (1)						
Qualified as cash-flow hedges	N/A	2.4	-	2.4	-	2,4
No hedging	Held for trading purposes	-	-	-	-	-
Cash and cash equivalents						
Cash	N/A	204.9	204.9	-	-	204.9
Cash equivalent (2)	Fair value	215.4	-	-	215.4	215.4
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).

(in millions of euros)	Category of financial instruments	Net carrying amount as of 30 June 2016				
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through income statement	Fair value as of 30 June 2016
Assets						
Non-current financial assets						
Long-term loans and advances	Receivables	10.1	10.1	-	-	10.1
Current financial assets						
Accounts receivable	Receivables	406.4	406.4	-	-	406.4
Other receivables	Receivables	31.3	31.3	-	-	31.3
Financial instruments [1]						
Qualified as cash-flow hedges	N/A	-	-	-	-	-
No hedging	Held for trading purposes		-	-	-	-
Cash and cash equivalents						
Cash	N/A	316.4	316.4	-	-	316.4
Cash equivalent [2]	Fair value	837.4	-	-	837.4	837.4
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 values.

NOTE.15 SHAREHOLDERS' EQUITY

15.1 SHAREHOLDERS' EQUITY

As of 30 June 2016, the share capital of Eutelsat Communications S.A. comprised 232,774,635 ordinary shares with a par value of 1 euro per share. As of the same date, the Group held 211,560 treasury shares amounting to 3.6 million euros under a liquidity agreement. As of 30 June 2015, the Group was holding 53,000 such shares for an aggregate amount of 1.6 million euros. Furthermore, under the free share allocation plans (see below), the Group holds 108,655 equity shares amounting to 2.3 million euros. The aggregate amount of treasury stock is deducted from shareholders' equity.

15.2 DIVIDENDS

On 05 November 2015, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.09 euro per share, i.e. a total of 247.2 million euros, partly settled through the issuance of new shares..

The dividend distribution resulted in:

- - The issuance of 5,802,297 new shares (increasing the number of shares from 226,972,338 to 232,774,635) with a par value of 1 euro per share, with the following impact on equity:
- - Increase in the share capital from 227.0 million euros to 232.8 million euros;
- - Increase in the legal reserve by 0.6 million euros, from 22.7 million euros to 23.3 million euros;
- - Increase in the share premium account from 560.7 million euros to 704.8 million euros.
- - Cash settlements totalling 96.1 million euros.

The amount of the distribution for the financial year ended 30 June 2016, which is being proposed to the General Meeting of 04 November 2016, is 256.2 million euros, i.e. 1.10 euro per share.

15.3 SHARE-BASED COMPENSATION

There are currently five share-based plans implemented by the Group, in July 2011, November 2012, February 2014, February 2015 and February 2016 respectively.

Under the five plans, the expense (excluding employer's contributions) recognised for the financial period ended 30 June 2016 was (1.5) million euros, compared to 6.7 million euros for the financial period ended 30 June 2015 (four plans).

Under the two first plans and for a portion of the plan initiated in February 2016, the expense was recognised within equity. However, under the 2014 and 2015 plans and for a portion of the plan initiated in February 2016, the expense was recorded as a liability (as it was settled in cash). The Board of Directors meeting on 13 February 2014 and 11 February 2015 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 levels reached by performance-related objectives, provided the recipient is still working with the Group at the end of the vesting period.

These plans concern employees and managers with different performance-related objectives as presented in the table below:

Conditions	July 2011 Plan	Nov 2012 Plan	February 2014 Plan	February 2015 Plan	February 2016 Plan
Vesting period	July 2011 – July 2014 (1)	November 2012 - November 2015 (2)	February 2014 - June 2016	February 2015- June 2017	February 2016 - February 2019 (3)
Settled in	Shares	Shares	Cash	Cash	Shares and cash
Lock-up period	July 2014- July 2016 (4)	November 2015 - November 2017 (4)	Not applicable	Not applicable	February 2019 - February 2021 (4)
Maximum number of attributable shares at inception	700,000	347,530	448,585	436,639	482.211
Number of recipients	619	712	781	759	805
Features of "Employees" plan					
Number of shares per recipient	600	200	300	300	300
Performance-related targets observed during the vesting period	Cumulative EBITDA for 50% Average ROCE for 50%	Cumulative EBITDA for 50% Average ROCE for 50%	Cumulative EBITDA for 50% Average ROCE 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	327,140	205,530	214,885	208,939	241.581
Performance-related targets observed during the vesting period	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%	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS for 25% TSR for 25%	Cumulative EBITDA for 1/3 Average ROCE for 1/3 Relative TSR for 1/3	Cumulative EBITDA for 1/3 Average ROCE for 1/3 Relative TSR for 1/3
Share price used as taxation basis for calculating social contributions and employer's charges					
- "Employees" and "Managers" Plan (excluding TSR)	€26.77	€19.73	€17.39	€21.14	€20.01-€22.13
- “Managers” Plan (TSR)	€7.48	€6.88	€0.0	€7.82	€17.28-€19.02

Expense/(income) over the period (in millions of euros) (4)	0.2	0.1	(1.3)	(0.6)	0.1
Aggregate valuation of plan as of 30/06/2016 (in millions of euros) (5)	4.1	0.3	4.0	2.0	1.2

(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) For foreign subsidiaries, the grant period covers February 2016 to February 2020.
(4) There is no lock-up period for foreign subsidiaries.
(5) Excluding employer's contribution

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.

During the financial year 2015-2016, the Group acquired 241,171 Eutelsat S.A. shares from Eutelsat S.A. employees under a liquidity agreement implemented in December 2015 and June 2016. The cost of acquiring such shares amounted to 1.6 million euros.

15.4 CHANGE IN THE REVALUATION SURPLUS OF FINANCIAL INSTRUMENTS

All financial instruments that have an impact on the revaluation reserve are hedges for their effective portion.

(in millions of euros)	Total
Balance at 30 June 2015	**5.7**
Changes in fair value within equity that can be reclassified to income	(40.7)
Transfer to income statement [1]	2.7
Balance at 30 June 2016	**(32.3)**

(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 0.7 million euros.

15.5 TRANSLATION RESERVE

(in millions of euros)	Total
Balance at 30 June 2015	**227.4**
Change over the period	(15.0)
Balance at 30 June 2016	**212.4**

The revaluation reserve of financial instruments does not include the Hispasat portion, whose change amounts to (0.3) million euros.

The revaluation reserve includes the value of the Cross Currency Swap used to hedge currency exposure of a net investment in a foreign operation (see Note 26.1 - *Foreign-exchange risk*).

The main currency generating translation differences is the dollar.

NOTE.16 FINANCIAL DEBT

As of 30 June 2015 and 30 June 2016, the aggregate amount of bank debt is denominated in euros, with the exception of the export credit facility which is denominated in US dollars.

16.1 FINANCIAL INFORMATION AS OF 30 JUNE 2015 AND 30 JUNE 2016

(in millions of euros)	Rate	30 June 2015	30 June 2016	Maturity
Term loan 2021	Variable	600.0	600.0	31 March 2021
Bond 2017 (1)	4.125%	850.0	-	27 March 2017
Bond 2019 (1)	5.000%	800.0	800.0	14 January 2019
Bond 2020 (1)	2.625%	930.0	930.0	13 January 2020
Bond 2021 (1)	1.125%	-	500.0	23 June 2021
Bond 2022 (1)	3.125%	300.0	300.0	10 October 2022
US EXIM export credit	1.710%	38.7	31.8	15 November 2021
ONDD-guaranteed export credit	Variable	176.0	166.0	17 May 2024
Other	Variable	0.1	0.9	30 June 2018
Sub-total of debt (non-current portion)		3,694.9	3,328.7	
Loan set-up fees and premiums		(31.6)	(26.5)	
Total of debt (non-current portion)		**3,663.3**	**3,302.4**	

Bond 2017 (1)	4.125%	-	850.0	27 March 2017
US EXIM export credit & ONDD		18.0	30.8	
Bank overdrafts		-	-	
Accrued interest not yet due		46.4	46.7	
Total debt (current portion)		**64.5**	**927.5**	

(1) Fair values are detailed below:

(in millions of euros)	30 June 2015	30 June 2016
Bond 2017	904.1	875.1
Bond 2019	916.0	891.7
Bond 2020	990.4	989.0
Bond 2021	-	499.5
Bond 2022	330.9	337.8

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 2016.

The Group also has 650 million euros available under its various active lines of undrawn revolving credit as of 30 June 2016.

16.2 CHANGE IN STRUCTURE

In June 2016, the Group issued a 5-year Eurobond amounting to 500 million euros on the Luxembourg Stock Exchange regulated market, with maturity date of 23 June 2021. This bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 1.125% per annum, issued at 99.894%, and redeemable at maturity at 100% of its principal amount.

Together with other sources of cash on its balance sheet, the bonds will enable Eutelsat to redeem at maturity the outstanding bonds issued on 26 March 2010 for a total principal amount of 850 million euros, bearing interest on its principal amount at a fixed rate of 4.125%.

As provided for under the agreement, the maturity of the term loan was extended for one year, ie from March 2020 to March 2021

16.3 DEBT MATURITY ANALYSIS

At 30 June 2016, 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	600.0	-	600.0	-
US EXIM export credit	38.9	7.1	28.3	3.5
ONDD-guaranteed export credit	189.8	23.7	94.9	71.2
Bond 2017	850.0	850.0	-	-
Bond 2019	800.0	-	800.0	-
Bond 2020	930.0	-	930.0	-
Bond 2021	500.0	-	500.0	-
Bond 2022	300.0	-	-	300.0
Other	0.9	-	0.9	-
Total	**4,209.6**	**880.8**	**2,954.1**	**374.7**

16.4 COMPLIANCE WITH BANKING COVENANTS

The new bond is linked to the same type of financial covenant as those existing on other agreements (the total net debt to EBITDA ratio must remain less than or equal to 4.0 to 1). The banking covenants on other financing facilities in place as of 30 June 2016, which require that the total net debt to EBITDA ratio remains less than or equal to 3.75 to 1, have not changed since their inception. As of 30 June 2016, 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 - *Other 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 2015	30 June 2016
Derivative instruments [1]	108.4	174.3
Performance incentives	1.2	0.7
Finance leases	434.6	831.1
Other liabilities	93.3	96.8
Total	**637.5**	**1,102.9**
- incl. current portion	*39.9*	*49.0*
- incl. non-current portion	*597.6*	*1,053.9*

(1) See Note 26 – Financial Instruments.

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 EUTELSAT 36C satellite (see Note 6 – *Satellites, other property and equipment and construction in progress*).

Amounts shown for finance leases include accrued interest totalling 0.7 million euros as of 30 June 2015 and 8.1 million euros as of 30 June 2016.

“Other liabilities” mainly comprise 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 as of 30 June 2015				Fair value as of 30 June 2015
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	
LIABILITIES						
Financial debt						
Floating rate loans	At amortised cost	776.9	776.9			776.9
Bond	At amortised cost	2,860.1	2,860.1			3,141.4
Fixed rate loans	At amortised cost	44.2	44.2			44.2
Bank overdrafts	N/A	-	-			-
Other financial liabilities						
Non-current	At amortised cost	493.1	493.1			493.1
Current	At amortised cost	35.9	35.9			35.9
Derivative instruments [(1)]						
Qualified as hedges		108.4		108.4		108.4

No hedging		-		-	-
Accounts payable	At amortised cost	69.0	69.0		69.0
Fixed assets payable	At amortised cost	21.6	21.6		21.6

(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 as of 30 June 2016				Fair value as of 30 June 2016
		Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
LIABILITIES						
Financial debt						
Floating rate loans	At amortised cost	781.6	781.6			781.6
Bond	At amortised cost	3,363.8	3,363.8			3,593.1
Fixed rate loans	At amortised cost	37.6	37.6			37.6
Bank overdrafts	N/A	-	-			-
Other financial liabilities						
Non-current	At amortised cost	880.5	880.5			880.5
Current	At amortised cost	48.0	48.0			48.0
Derivative instruments [1]						
Qualified as hedges		173.3		173.3		173.3
No hedging		1.0			1.0	1.0

Accounts payable	At amortised cost	66.7	66.7		66.7
Fixed assets payable	At amortised cost	51.3	51.3		51.3

(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 in June 2014 for a fixed-term nine-year period starting on 1 July 2014. The rent expense amounted to 4.0 million euros for the financial years ended 30 June 2015 and 30 June 2016 respectively. Future payments with respect to the lease agreement are detailed in the following table:

(in millions of euros)	Total	Less than 1 year	Between 1 and 5 years	Exceeding 5 years
Future payments for operating leases	28.2	4.0	16.1	8.1

19.2 FINANCE LEASES

The Group operates five satellites under finance leases. None of the finance leases contains a purchase option at the expiry of the lease term. The last finance lease contract expires in 2031.

Financial expenses for satellites operated under finance leases amounted to 9.9 million euros as of 30 June 2015 and 13.6 million euros as of 30 June 2016.

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	944.7	162.0	309.2	473.3
Total	**944.7**	**162.0**	**309.2**	**473.3**

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 2015 and 30 June 2016:

(in millions of euros)	30 June 2015	30 June 2016
Deferred revenues	77.8	80.0
Tax liabilities	16.9	10.2
Liabilities for social contributions (1)	46.3	45.5
Total	**141.0**	**135.7**

(1) *Including the liability related to the liquidity offer of 5.7 million euros as of 30 June 2015 and 2.3 million euros as of 30 June 2016.*

Deferred revenues mainly include prepayments made by clients for the provision of telecommunication and frequency coordination services.

NOTE.21 INCOME TAX

The Company Eutelsat S.A. which is included in the tax consolidation group headed by Eutelsat Communications is subject to a tax audit for financial years ended 30 June 2012, 2013 and 2014. Eutelsat S.A. has received a tax adjustment notification amounting to 3.4 million euros at balance sheet date, for which a provision has been recorded.

21.1 INCOME-STATEMENT TAX BALANCES

The “Income tax" expense comprises current and deferred tax expenses of consolidated entities.

The Group’s income tax expense is as follows:

(in millions of euros)	30 June 2015	30 June 2016
Current tax expense	(180.5)	(179.8)
Deferred tax income (expense)	(13.6)	(20.0)
Total income tax expense	**(194.1)**	**(199.8)**

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 2015	30 June 2016
Income before tax and income from equity investments	545.5	539.1
Standard French corporate tax rate	38.0%	38.0%
Theoretical income-tax expense	(207.3)	(204.8)
Differences in corporate tax rates	13.8	22.1
Use of tax losses	18.7	6.4
Deferred tax recognised for the period	-	5.6
Other permanent diffrences	(19.3)	(29.1)
Corporate tax expense in the income statement	**(194.1)**	**(199.8)**
Actual corporate tax rate	*35.6%*	*37.1%*

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 2015 and 30 June 2016 were as follows:

(in millions of euros)	30 June 2015	Change in scope of consolidation	Net income for the period	Recognised in equity	30 June 2016
Deferred tax assets					
Financial Instruments	36.4	(0.1)	(5.3)	27.1	58.1
Loss carry-forwards	59.1	(2.4)	(36.1)	-	20.6
Bad-debt provisions	23.1	-	1.3	-	24.4
Financial guarantee granted to the pension fund	26.7	-	0.7	7.5	34.8
Provisions for risks and expenses	7.4	(1.5)	(3.9)	1.9	3.9
Accrued liabilities	10.4	-	(1.6)	-	8.8
Pension provision	6.2	-	0.3	(0.3)	6.2
Sub-total (a)	**169.3**	**(4.0)**	**(44.6)**	**36.2**	**156.8**
Deferred tax liabilities					
Intangible assets	(165.4)	(1.4)	25.7	-	(141.1)

Tangible assets	(266.1)	-	(7.2)	-	(273.3)
Capitalised interest	(1.7)	-	(0.5)	-	(2.2)
Finance leases	(0.4)	-	0.7	-	0.3
Performance incentives and capitalised salaries	(7.6)	-	5.9	-	(1.6)
Other	(1.7)	0.7	-	-	(1.0)
Sub-total (b)	**442.9**	**(0.7)**	**(24.6)**	**-**	**(418.9)**
Total = (a) + (b)	**(273.6)**	**(4.7)**	**(20.0)**	**36.2**	**(262.1)**
Reflected as follows in the financial statements:					
Deferred tax assets	23.8				8.5
Deferred tax liabilities	(297.4)				(270.6)
Total	**(273.6)**				**(262.1)**

Deferred tax assets and liabilities break down as follows:

(in millions of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	-	(1.7)
Due after one year	8.5	(268.9)
Total	**8.5**	**(270.6)**

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, on the occasion 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 accounting treatment at fair value of “Customer contracts and relationships” and other intangible assets in the context of the acquisition of Satmex.

- the accelerated depreciation of satellites.

21.3 TAX LOSSES

The timeline for recovery of deferred tax assets on carry-forward losses is presented in the table below:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Timelines of activated tax loss carryforwards	81.3	-	50.6	-	30.7
Total	**81.3**	**-**	**50.6**	**-**	**30.7**

Furthermore, the Group has a stock of unrecognised tax loss carryforwards amounting to 52.1 million euros as of 30 June 2016, with the following maturity dates:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years	Undefined
Maturities of unrecognised tax loss carryforwards	52.1	-	-	-	52.1
Total	**52.1**	**-**	**-**	**-**	**52.1**

NOTE.22 PROVISIONS

(in millions of euros)	30 June 2015	Allowance	Reversal		Recognised in equity	30 June 2016
			Used	Unused		
Financial guarantee granted to a pension fund	78.2	2.0	-	-	21.7	101.9
Retirement indemnities	18.0	1.5	(0.6)	-	(1.0)	17.9
Post-employment benefits (1)	13.0	0.5	(0.1)	(4.8)	-	8.6
Total post-employment benefits	**109.2**	**4.0**	**(0.7)**	**(4.8)**	**20.7**	**128.4**
Litigation (2)	13.2	6.0	(4.5)	(3.6)	-	11.1
Other	8.8	6.2	(7.3)	(0.8)	-	6.9
Total provisions	**131.2**	**16.2**	**(12.5)**	**(9.2)**	**20.7**	**146.4**
- incl. non-current portion	109.2					128.4
- incl. current portion	22.0					18.0

(1) The other post-employment benefits mainly relate to end-of-contract indemnity payments in various subsidiaries.

(2) Litigation recorded at end of period covers commercial, employee-related and tax litigation.

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 compensate for future under-funding of the plan.

The actuarial valuation performed on 30 June 2015 and 30 June 2016 used the following assumptions:

	30 June 2015	30 June 2016
Discount rate	2.54%	1.75%
Expected rate of return on assets	2.54%	1.75%
Rate for pension increases	2.50%	2.25%
Inflation rate	2.00%	1.75%
Overall expenses (as a % of assets)	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	61 years	62 years

A 50 base point decrease in discount rates would result in an increase in commitments totalling 23.6 million euros.

A 50 base point decrease in prospective yield rates would result in a decline in assets and in the expected fund yield by 0.7 million euros.

As of 30 June 2015 and 30 June 2016, the position was as follows:

Comparative summary

	30 June				
(in millions of euros)	2012	2013	2014	2015	2016
Present value of obligations wholly or partly funded	202.7	225.3	217.4	231.8	241.2
Fair values of plan assets	(155.0)	(159.9)	(154.1)	(153.6)	(139.3)
Net financing requirement	**47.7**	65.4	63.3	78.2	
Actuarial differences: gains/(losses) and other	(32.4)	-	-	-	-
Net (asset)/liability recognised in the balance sheet	**15.3**	**65.4**	**63.3**	**78.2**	**101.9**

Reconciliation between the present value of obligations at beginning and end of period:

(in millions of euros)	30 June 2015	30 June 2016
Present value of the obligations at beginning of period	**217.4**	**231.8**
Finance cost	5.9	5.8
Actuarial differences related to financial assumptions: (gains)/losses [1]	13.0	9.8
Benefits paid	(4.5)	(6.2)
Present value of the obligations at end of period	**231.8**	**241.2**

[1] Differences resulting mainly from changes in rates

Reconciliation between the fair value of plan assets at beginning and end of period:

(in millions of euros)	30 June 2015	30 June 2016
Fair value of plan assets at beginning of period	**154.1**	**153.6**
Expected return on plan assets	4.2	3.8
Actuarial differences: gains/(losses)	(1.8)	(11.9)
Contributions paid	1.6	-
Benefits paid	(4.5)	(6.2)
Fair value of plan assets at end of period	**153.6**	**139.3**

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 2.4 million euros and (8.1) million euros as of 30 June 2015 and 30 June 2016 respectively.

Net expense (net gains) recognised in the income statement

(in millions of euros)	30 June 2015	30 June 2016
Service cost for the period	-	-
Financial cost	5.9	5.8
Expected return on plan assets	(4.2)	(3.8)
Net expense (net gains) recognised in the income statement	**1.7**	**2.0**

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 of assets and obligations recognised in the balance sheet

(in millions of euros)	30 June 2015	30 June 2016
Provision at beginning of period	**63.3**	**78.2**
Net expense (net gains) recognised in the income statement	1.7	2.0
Actuarial differences: (gains)/losses	14.8	21.7
Contributions paid	(1.6)	-
Provisions at end of period	**78.2**	**101.9**

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 2015 and 30 June 2016 were based on the following assumptions:

	30 June 2015	30 June 2016
Discount rate	2.25%	1.45%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	1.75%
Mortality table	TH/TF00-02	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 2015-2016.

Age (years)	2015 Turnover	2016 Turnover
25	7.72	11.52
30	5.42	8.09
35	3.69	5.50
40	2.38	3.55
45	1.40	2.09
50	0.66	0.98
55	0.10	0.14
60	0.00	0.00

As of 30 June 2015 and 2016, the position was as follows:

Comparative summary

	30 June				
(in millions of euros)	2012	2013	2014	2015	2016
Present value of obligations not financed	9.3	12.4	15.1	18.0	18.0
Past-service cost (amortised)	1.0	-	-	-	(0.1)
Actuarial differences: gains/(losses)	(2.3)	-	-	-	-
Liability recognised on balance sheet	**8.0**	**12.4**	**15.1**	**18.0**	**17.9**

Reconciliation between the present value of obligations at beginning and end of period:

(in millions of euros)	30 June 2015	30 June 2016
Present value of the obligations at beginning of period	**15.1**	**18.0**
Service cost for the period	1.0	1.2
Finance cost	0.4	0.4
Actuarial differences related to financial assumptions: (gains)/losses	1.9	(0.6)
Actuarial differences related to demographic assumptions: (gains)/losses	-	(0.4)
Termination indemnities paid	(0.4)	(0.7)
Present value of the obligations at end of period	**18.0**	**17.9**

Net expense recognised in the income statement

(in millions of euros)	30 June 2015	30 June 2016
Service cost for the period	1.0	1.2
Finance cost	0.4	0.4
Net expense recognised in the income statement	**1.4**	**1.6**

History of experience and changes in assumptions

(in millions of euros)	30 June 2016
History of experience regarding the value of obligations: (gains)/losses	1.7
Impact of changes in assumptions	(2.3)
History of experience and changes in assumptions	**(0.6)**

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 7.1 million euros and 8.3 million euros at 30 June 2015 and 30 June 2016 respectively.

c) Supplementary schemes

The Group also has a supplementary defined-contribution funded plan for its employees 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 1.9 million euros.

NOTE.23 SEGMENT INFORMATION

Having performed an analysis and with respect to IFRS 8, 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 purpose. 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 Chief Executive Officer, the Deputy Chief Executive Officer and to 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 2015	30 June 2016
Total revenues	**1,476.4**	**1,529.0**
Total operating costs	(344.7)	(364.4)
EBITDA	**1,131.7**	**1,164.6**
Depreciation and amortisation:	(466.5)	(500.6)
Other operating income (expenses), net	(3.7)	(2.0)
Operating income	**661.5**	**662.0**
Total interest	(137.9)	(115.1)
Income tax	(194.1)	(199.8)
Other financial income (expenses)	21.9	(7.9)
Net income before revenue from equity investments and non-controlling interests	**351.4**	**339.2**
Income from equity investments	18.8	23.5
Net income	**370.2**	**362.7**
Non-controlling interests	(15.0)	(14.3)
Net income attributable to the Group	**355.2**	**348.5**

Tangible investments (cash flow)	456.7	390.2
Net debt (including finance leases)	**3,841.1**	**4,006.8**

Net debt breaks down as follows:

(in millions of euros)	30 June 2015	30 June 2016
Term loan	600.0	600.0
Bonds	2,880.0	3,380.0
Other loans	-	0.9
Export credit	232.8	228.7
"Change" portion of the cross-currency swap	114.6	128.0
Finance leases	433.9	823.0
Cash and cash equivalents	(420.2)	(1,153.8)
Total	**3,841.1**	**4,006.8**

23.2 INFORMATION PER GEOGRAPHICAL ZONE

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2015 and 30 June 2016 are as follows:

(in millions of euros and as a percentage)	30 June 2015		30 June 2016	
Regions	**Amount**	**%**	**Amount**	**%**
France	140.2	9.5	147.7	9.7
Italy	207.2	14.0	187.3	12.2
United Kingdom	109.0	7.4	108.7	7.1
Europe (other)	415.3	28.1	414.9	27.1
Americas	306.5	20.8	330.3	21.6
Middle-East	178.9	12.1	203.4	13.3
Africa	83.0	5.6	96.2	6.3
Asia	36.8	2.5	39.4	2.6
Other	(0.7)	0.0	1.1	0.1
Total	**1,476.4**	**100.0**	**1,529.0**	**100.0**

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 2015	30 June 2016
Interest expense after hedging [(1)]	(146.6)	(134.0)
Loan set-up fees and commissions [(2)]	(16.3)	(8.8)
Capitalised interest [(3)]	25.0	27.7
Cost of gross debt	**(137.9)**	**(115.1)**
Financial income	3.3	3.2
Cost of net debt	**(134.6)**	**(111.9)**
Changes in financial instruments [(4)]	(0.8)	(1.2)
Foreign-exchange impact	21.3	(9.5)
Other	(1.9)	(0.4)
Financial result	**(116.0)**	**(123.0)**

(1) The interest expense was impacted by instruments qualified as interest-rate hedges for 7.1 million euros and 2.8 million euros during the financial periods ended 30 June 2015 and 30 June 2016 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 for determining the amount of interest expense eligible for capitalisation were 3.75% as of 30 June 2015 and 3.46

% as of 30 June 2016.

(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 were no dilutive instruments as of 30 June 2015 and 30 June 2016.

(in millions of euros)	30 June 2015	30 June 2016
Net income	**370.2**	**362.8**
Income from subsidiaries attributable to non-controlling interests	(15.0)	(14.3)
Net earnings used to compute diluted earnings per share	**355.2**	**348.5**
Average number of shares	**223,368,210**	**229,856,366**

NOTE.26 FINANCIAL INSTRUMENTS

The Group is exposed to market risks, principally in terms of currency and interest-rates. Exposure to such risks are 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 US dollar.

Consequently, the Group is primarily exposed to the US dollar/euro foreign exchange risk.

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. Hedging instruments used by the Group include currency derivatives (cross-currency swaps) documented as net foreign investment hedges.

Given its exposure to foreign-currency risk, the Group believes that a 15% increase in the US dollar/euro exchange rate would have a non-significant impact on Group income and would result in a negative change of 284.9 million euros in the Group translation reserve and a change in the Group translation reserve amounting to 81.8 million euros related to the cross currency swap.

26.2 INTEREST-RATE RISK

Interest rate risk management

During the financial year ended 30 June 2016, the Group executed an anticipatory hedging transaction (forward swap) to hedge the market rate of a bond issuance planned between 14 July 2018 and 14 January 2019 with a view to refinancing the 800 million euro bond maturing on 19 January 2019. The transaction was designated as a future cash flow hedge

Sensitivity to interest-rate risk

Considering the full range of financial instruments available to the Group as of 30 June 2016, 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 8.4 million euro positive variation 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 2015 AND 2016

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 2015 and 30 June 2016. The instruments are valued by an independent expert and this valuation is verified/validated in valuations provided by the Group's banking counterparts.

(in millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity (excl. coupons)	Termination indemnity
	30 June 2015	30 June 2016	30 June 2015	30 June 2016				
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	121.3	-	2.4	-	(2.4)	(0.6)	(1.8)	
Cross currency swap	500.0	500.0	(104.4)	(115.2)	(10.7)	-	(10.7)	-
NDF	-	8.9	-	(1.0)	(1.0)	(1.0)	-	-
Total foreign exchange derivatives	**621.3**	**508.9**	**(102.0)**	**(116.2)**	**(14.1)**	**(1.6)**	**(12.5)**	**-**
Future Swaps	350.0	-	(2.3)	-	2.3	0.4	0.5	1.4
Collar	350.0	-	(1.7)	-	1.7	0.2	1.5	-
Pre-hedging swap	-	800.0	-	(58.1)	(58.1)	-	(58.1)	-

Total interest rate derivatives	**700.0**	**800.0**	**(4.0)**	**(58.1)**	**(54.1)**	**0.6**	**(56.1)**	**1.4**
Total derivatives			**(106.0)**	**(174.3)**	**(68.3)**	**(0.4)**	**(66.9)**	**1.4**
Equity interests							0.6	
Total							**(66.3)**	

At 30 June 2016, the cumulative fair value of financial instruments was negative at 174.3 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 COUNTERPART RISK

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored.

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 2016, counterparty risk associated with these operations is not considered as significant (see Note 10 on credit risk on accounts receivables).

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, revolver 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):

As of 30 June 2015	Balance-sheet value	Total contractual cash flows	06/2016	06/2017	06/2018	06/2019	06/2020	More than 5 years
Eutelsat Com. Term loan	(597.1)	(625.7)	(5.4)	(5.4)	(5.4)	(5.4)	(604.1)	-
Eutelsat S.A. bond	(2,860.1)	(3,307.2)	(108.9)	(958.9)	(73.8)	(873.8)	(963.8)	(328.1)
US EXIM's export credit	(44.2)	(48.5)	(7.8)	(7.7)	(7.6)	(7.4)	(7.3)	(10.7)
ONDD-guaranteed export credit	(179.8)	(202.5)	(14.1)	(24.8)	(24.5)	(24.1)	(23.7)	(91.3)
Finance leases	(433.9)	(553.8)	(23.1)	(30.9)	(36.2)	(37.7)	(37.8)	(388.1)
Qualified interest rate derivatives [1]	(108.4)	(108.4)	(4.0)	-	-	-	(104.4)	-
Total financial debt	**(4,223.5)**	**(4,846.1)**	**(163.2)**	**(1,027.7)**	**(147.4)**	**(948.4)**	**(1,741.1)**	**(818.3)**
Other financial liabilities	(86.8)	(86.8)	(56.5)	(8.1)	(22.2)	-	-	-
Total financial liabilities	**(4310.3)**	**(4,932.9)**	**(219.7)**	**(1,035.7)**	**(169.6)**	**(948.4)**	**(1,741.1)**	**(818.3)**
Foreign exchange derivatives [1]	2.4	2.4	2.4	-	-	-	-	-
Financial Assets	39.0	39.0	27.1	-	-	-	-	11.9
Cash	204.9	204.9	204.9	-	-	-	-	-

Cash equivalents	215.4	215.4	215.4	-	-	-	-	-
Other cash equivalents	-	-	-	-	-	-	-	-
Total financial assets	**461.7**	**461.7**	**449.8**	**-**	**-**	**-**	**-**	**11.9**
Net position	**(4,772.0)**	**(4,471.2)**	**230.1**	**(1,035.7)**	**(169.6)**	**(948.4)**	**(1,741.1)**	**(806.4)**

(*) The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

As of 30 June 2016	Balance-sheet value	Total contractual cash flows	06/2017	06/2018	06/2019	06/2020	06/2021	More than 5 years
Eutelsat Com. Term loan	(597.4)	(625.7)	(5.4)	(5.4)	(5.4)	(5.4)	(604.1)	-
Eutelsat S.A. bond	(3,363.8)	(3,726.5)	(964.5)	(79.4)	(879.4)	(969.4)	(515.0)	(318.8)
US EXIM export credit	(37.6)	(40.9)	(7.7)	(7.6)	(7.5)	(7.3)	(7.2)	(3.6)
ONDD-guaranteed export credit	(183.3)	(201.1)	(26.3)	(26.0)	(25.6)	(25.3)	(25.0)	(72.9)
Finance leases	(823.0)	(944.7)	(162.0)	(79.7)	(81.4)	(80.9)	(67.4)	(473.3)
Qualified interest rate derivatives [(1)]	(173.3)	(173.3)	-	-	(58.2)	(115.1)		
Unqualified derivatives	(1.0)	(1.0)	(1.0)	-	-	-	-	-
Total financial debt	**(5,179.3)**	**(5,713.2)**	**(1,166.9)**	**(198.1)**	**(1,057.5)**	**(1,203.5)**	**(1,218.7)**	**(868.5)**
Other financial liabilities	(105.6)	(105.6)	(83.4)	(22.2)	-	-	-	-
Total financial liabilities	**(5,284.9)**	**(5,818.8)**	**(1,250.3)**	**(220.3)**	**(1,057.5)**	**(1,203.5)**	**(1,218.7)**	**(868.5)**
Foreign exchange derivatives [(1)]	-	-	-	-	-	-	-	-
Financial Assets	41.4	41.4	31.3	1.2	-	-	-	8.9
Cash	316.4	316.4	316.4	-	-	-	-	-
Cash equivalents	837.3	837.3	837.3	-	-	-	-	-

Other cash equivalents	-	-	-	-	-	-	-	-
Total financial assets	**1,195.1**	**1,195.1**	**1,185.0**	**1.2**	**-**	**-**	**-**	**8.9**
Net position	**(4,089.8)**	**(4,623.7)**	**(65.3)**	**(219.1)**	**(1,057.5)**	**(1,203.5)**	**(1,218.7)**	**(859.6)**

(*) The 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

(in millions of euros)	Fair value recognised in equity and to be reclassified to income						
	Total	1 year at most	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Foreign exchange risk hedges	(115.2)	-	-	-	(115.2)	-	-
Interest rate risk hedges	(58.2)	-	-	(58.2)	-	-	-
Net total at 30 June 2016	**(173.4)**	**-**	**-**	**(58.2)**	**(115.2)**	**-**	**-**

Furthermore, the amendment to IFRS 7 on the offsetting of assets and liabilities has no impact: there was no offsetting agreement which could have an impact for Eutelsat as of 30 June 2016 (neither on the balance sheet under IAS 32, nor on net exposure).

NOTE.27 OTHER OFF-BALANCE SHEET COMMITMENTS

As of 30 June 2016, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial standing with the exception of the following items:

27.1 PURCHASE COMMITMENTS

As of 30 June 2015, future payments under satellite construction and launch and financing contracts amounted to 777 million euros.

As of 30 June 2016, future payments under satellite construction, launch and financing contracts amounted to 802 million euros. These future payments are spread over 4 years.

As of 30 June 2016, the Group has also made commitments with other suppliers for service provisions and for the acquisition of fixed assets relating to the monitoring and control of satellites amounting to 278 million euros..

The following table lists the payments for these services and acquisitions as of 30 June 2015 and 30 June 2016:

(in millions of euros)	As of 30 June 2015	As of 30 June 2016
2016	75	-
2017	38	80
2018	27	46
2019	19	56
2020 and beyond (1)	80	32
2021 and beyond	-	64
Total	**239**	**278**

(1) for the period reported in respect of the financial year ended 30 June 2015

As of 30 June 2016, the above total includes 1.6 million euros for purchase commitments entered into with related parties.

The Group may receive penalty payments related to incidents affecting the performance of its operational satellites.

27.2 FLEET INSURANCE

As of 30 June 2015, the Group’s existing “Launch + 1 year” and in-orbit insurance policies have been taken out with insurance syndicates. Counterpart risk is therefore limited and, if any of the insurers should default, that entity’s share of the insurance cover could be taken on by a new player.

The in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2015. 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.

The Group's fleet insurance policy takes into account not only the net book value of its satellites, but also revenues generated by its most revenue-generating satellites. Under its fleet insurance programmes, satellites are covered for partial and/or total (or constructive total) loss under certain conditions.

On 1 July 2016, this policy was renewed for a 12-month period.

27.3 COMMITMENTS RECEIVED

The Group holds a put option by Abertis on its investment in Hispasat, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

27.4 DISPUTES

In the course of its business activities, the Group has been involved in legal actions and commercial disputes. Consequently, the Group has exercised its judgement to assess the risks incurred on a case-by-case basis and a provision was recorded to cover an expected outflow of resources (see Note 22 - Provisions) of which it has a reliable estimate In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised. The following legal actions and business disputes are underway:

Viasat Brasil:

Following a significant violation by ViaSat Brasil of its legal obligations, the Group cancelled the agreement signed with this company for the use of the Ka-band payload on the EUTELSAT 3B satellite.

ViaSat Brasil claimed compensation from Eutelsat before the Rio de Janeiro commercial court. Eutelsat has strongly challenged the claim. As of 30 June 2016, the court has not issued any judgement.

Tax dispute in France:

Eutelsat S.A. is subject to a tax audit procedure for financial years ended 30 June 2012, 2013 and 2014. In December 2015, Eutelsat S.A. received a tax adjustment notification amounting to 3.4 million euros in respect of the financial year ended 30 June 2012. No notification was received in respect of the financial years ended 30 June 2013 and 30 June 2014.

HorizonSat:

During the financial year ended 30 June 2015, Eutelsat SA was summoned by HorizonSat before the Commercial Court of Paris for unilateral termination without compensation of a commercial bid. As of 30 June 2016, the court has not issued any judgement.

Frequency right:

Discussions are underway between Eutelsat and the Italian Ministry of Telecommunications on the use of landing rights.

NOTE.28 RELATED-PARTY TRANSACTIONS

Related parties consist of:

- direct and indirect shareholders, and their subsidiaries, who have exclusive control or significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group;
- 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
- members of the 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.

Excluding key management personnel, Eutelsat Group considers as related parties only those relationships having an interest in associates as defined under IFRS 12 (ie associates and non-controlling interests). The other relationships are not considered as significant.

Amounts concerning related party transactions are shown in the tables below:

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 2015 and 30 June 2016 are as follows:

(in millions of euros)	30 June 2015	30 June 2016
Gross receivables (including unbilled revenues) (1)	10.7	5.9
Debt (including deferred payments)	198.7	732.6

(1) Including 0.7 million euros for entities accounted for via the equity method as of 30 June 2016.

As of 30 June 2015 and 30 June 2016, debt included a finance lease agreement entered into in respect of the EXPRESS AT1, EXPRESS AT2 and EXPRESS AM6.

As of 30 June 2016, debt included a finance lease agreement entered into in respect of the EUTELSAT 36C satellite.

Related party transactions included in the income statements for the periods ended 30 June 2015 and 30 June 2016 are as follows:

(in millions of euros)	30 June 2015	30 June 2016
Revenues [(1)]	34.4	37.4
Operating costs, selling, general and administrative expenses	10.4	-
Financial result	7.0	11.6

(1) Including 0.1 million euros and 3.8 million euros for entities accounted for via the equity method as of 30 June 2015 and 30 June 2016 respectively.

For the year ended 30 June 2016, 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 2015	30 June 2016
Compensation excluding employer's charges	1.3	2.1
Short-term benefits: employer's charges	0.4	0.7
Total short-term benefits	**1.7**	**2.8**
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	See below	See below

Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO's fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

Share-based payment

At its meetings of 08 November 2012, 13 February 2014, 11 February 2015 and 16 February 2016 (see 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 2015 and 30 June 2016, was 0.6 million euros and (0.2) million euros.

NOTE.29 STAFF COSTS

Staff costs (including mandatory employee profit-sharing and employee-related fiscal charges) are as follows:

(in millions of euros)	30 June 2015	30 June 2016
Operating costs	50.2	50.5
Selling, general and administrative expenses	90.1	81.3
Total [1]	**140.3**	**131.8**

(1) Including 6.7 million euros and (1.5) million euros at 30 June 2015 and 30 June 2016 respectively for expenses related to share-based payments.

The average number of employees (in full time equivalents) is as follows:

	30 June 2015	30 June 2016
Operations	429	426
Selling, general and administrative	545	573
Total	**974**	**999**

As of 30 June 2016, the Group has 1,010 employees, against 990 on 30 June 2015.

Compensation paid to the Eutelsat Communications' directors and corporate officers ("mandataires sociaux") employed by the Group is 2.2 million euros for the year ended 30 June 2016. During the financial year 2014-2015, attendance fees paid to the members of the Board of Directors amounted to 0.5 million euros.

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 2016, the list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control at 30 June 2016	% interest at 30 June 2016
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.37%
Eutelsat S.A. Sub-Group				
Eutelsat Broadband Services	France	FC	100.00%	96.37%
Fransat S.A.	France	FC	100.00%	96.37%
Eutelsat do Brasil S.A. (1)	Brazil	FC	100.00%	96.37%
Eutelsat Participaoes (1)	Brazil	FC	100.00%	96.37%
Satmex Holding BV	Netherlands	FC	100.00%	96.37%
Satelites Mexicanos SMVS	Mexico	FC	100.00%	96.37%
EAS Delaware Corp.	United States	FC	100.00%	96.37%
Satelites Mexicanos Administracion SMVS	Mexico	FC	100.00%	96.37%
Satelites Mexicanos Tecnicios SMVS	Mexico	FC	100.00%	96.37%
- Eutelsat Latam Corp.	United States	FC	100.00%	96.37%
Eutelsat Italia S.r.l.	Italy	FC	100.00%	96.37%
Skylogic S.p.A	Italy	FC	100.00%	96.37%

Eutelsat Latin America	Panama	FC	100.00%	96.37%
Eutelsat Russia	Russia	FC	100.00%	96.37%
Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.37%
Eutelsat Inc.	United States	FC	100.00%	96.37%
- Eutelsat America Corp.	United States	FC	100.00%	96.37%
Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.37%
Eutelsat Polska spZoo	Poland	FC	100.00%	96.37%
Skylogic Finland Oy	Finland	FC	100.00%	96.37%
Skylogic France SAS	France	FC	100.00%	96.37%
Skylogic Germany GmbH	Germany	FC	100.00%	96.37%
Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.37%
Irish Space Gateways	Ireland	FC	100.00%	96.37%
CSG Cyprus Space Gateways	Cyprus	FC	100.00%	96.37%
Skylogic Eurasia	Turkey	FC	100.00%	96.37%
Skylogic Greece	Greece	FC	100.00%	96.37%
Skylogic Espana S.A.U.	Spain	FC	100.00%	96.37%
Skylogic Croatia d.o.o.	Croatia	FC	100.00%	96.37%
Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.37%
Wins Ltd (1)	Malta	FC	100.00%	67.45%

Wins GmbH	Germany	FC	100.00%	67.45%
DH Intercomm [(1)]	Germany	FC	100.00%	67.45%
Eutelsat Asia	Singapore	FC	100.00%	96.37%
DSat Cinéma	Luxembourg	FC	100.00%	48.34%
Eutelsat Middle-East	Dubai	FC	100.00%	96.37%
Eutelsat International	Cyprus	FC	100.00%	49.15%
Eutelsat Network	Russia	FC	100.00%	49.15%
Taurus Satellite Holding	United Kingdom	FC	100.00%	96.37%
Broadband4Africa Limited	United Kingdom	FC	100.00%	76.08%
Broadband4Africa France SAS	France	FC	100.00%	76.08%
Broadband4Africa Italy Srl	Italy	FC	100.00%	76.08%
Broadband4Africa Israel Ltd	Israel	FC	100.00%	76.08%
Eurobroadband Holding	Switzerland	FC	100.00%	96.37%
Eurobroadband Infrastructure SARL	Switzerland	FC	100.00%	96.37%
Eurobroadband Services	Italy	FC	100.00%	96.37%
Hispasat S.A. [(1)]	Spain	EM	33.69%	32.47%

FC: Full Consolidation method.

EM: Equity method.

(1) Companies with financial years ending on 31 December.

NB: The other companies' financial year ends on 30 June.

These subsidiaries were consolidated under the full consolidation method using financial statements prepared as of 30 June 2016.

NOTE.31 SUBSEQUENT EVENTS

On 12 July 2016, Eutelsat initiated the process of selling its equity interest in Hispasat by exercising the put option granted by Abertis Group, Hispasat's majority shareholder, in 2008.

NOTE.32 STATUTORY AUDITORS' FEES

(in thousands of euros)	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
	N	%	"N-1"	%	N	%	"N-1"	%
AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	154	14%	168	18%	133	27%	133	29%
Other subsidiaries	772	70%	724	78%	310	63%	322	69%
Other due care and services directly linked to the statutory audit task								
Eutelsat Communications	-	-	-	-			-	
Other subsidiaries	100	9%	5	-	46	9%	11	2%
Sub-total	**1 025**	**93%**	**897**	**97%**	**488**	**100%**	**466**	**100%**
Other services, when appropriate								
Legal, tax, social	75	7%	29	3%			-	-
Information technology	-	-	-	-			-	-
Internal audit	-	-	-	-			-	-

Others (to be specified if more than 10% of statutory audit fees)	-	-	-	-				-
Sub-total	**75**	**7%**	**29**	**3%**			**-**	**-**
Total	**1 100**	**100%**	**926**	**100%**	**488**	**100%**	**466**	**100%**

Eutelsat Communications

"Société anonyme" with a capital of 232,774,635 euros
Registered office: 70, rue Balard 75015 Paris
481 043 040 R.C.S. Paris

ANNUAL FINANCIAL STATEMENTS AS OF 30 June 2016

BALANCE SHEET

(in thousands of euros)	Notes	30 June 2015	30 June 2016
ASSETS			
Long-term assets			
Financial assets	3	2,446,899	2,445,334
Total long-term assets		**2,446,899**	**2,445,334**
Current assets			
Accounts receivable		127	818
Other receivables	4	79,272	242,635
Cash and marketable securities	5	7,200	4,143
Total current assets		**86,599**	**247,596**
Prepaid expenses	6	3,043	2,653
Total assets		**2,536,541**	**2,695,583**

BALANCE SHEET

(in thousands of euros)	Notes	30 June 2015	30 June 2016
LIABILITIES			
Common stock (232,774,635 ordinary shares as of 30 June 2016 with a nominal value of €1 per share)		226,972	232,775
Additional paid-in-capital		594,075	738,087
Legal reserve		22,697	23,277
Retained earnings		816,656	828,508
Result of the year		259,067	262,141
Regulated provisions		467	467
Total shareholder's equity	**7**	**1,919,935**	**2,085,256**
Provisions for risks		-	-
Provisions for expenses		945	170
Total provisions for risks and expenses	**8**	**945**	**170**
Loans and bank debt [1]	9	600,775	600,315
Other financial debt		-	-
Total financial debt		**600,775**	**600,315**
Accounts payable		2,572	2,287
Tax and employee-related payable	10	10,811	2,202
Fixed assets payable		-	-
Other payables	15.1	1,501	5,341
Total operating debt		**14,885**	**9,829**
Deferred revenues		2	13
Total liabilities and shareholders'equity		**2,536,541**	**2,695,583**
[1] *including part maturing within one year*		*775*	*315*

INCOME STATEMENTS

(in thousands of euros)	Notes	30 June 2015	30 June 2016
Revenues	12	1,595	3,708
Release of provisions and reclassification of costs	6	3,326	370
Other income		-	-
Total operating income		**4,921**	**4,078**
Other purchases and external expenses		10,529	6,631
Taxes and assimilated		23	915
Wages	18.2	1,890	1,769
Social charges	18.2	679	630
Depreciation, amortisation and provisions	6	6,088	528
Other charges		561	564
Total operating charges		**19,771**	**11,036**
Operating result		**(14,850)**	**(6,958)**
Financial income		282,885	273,171
Financial expenses		24,278	9,108
Financial result	**13**	**258,607**	**264,063**
Exceptional income		3,349	2,414
Exceptional charges		3,343	3,462
Exceptional result	**14**	**6**	**(1,048)**
Mandatory employee profit-sharing		-	-
Income tax	15	(15,305)	(6,084)
Net income		**259,067**	**262,141**

STATEMENTS OF CASH FLOWS

(in thousands of euros)	Notes	30 June 2015	30 June 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		259,067	262,141
Adjustments for non-cash items:			
Capital (gain)/loss on disposal of assets		-	-
Depreciation, amortisation and provisions		6,192	(315)
Other non-operating items		(258,363)	(263,703)
Changes in operating assets and liabilities:			
Accounts receivable		76	(691)
Other current assets		22,521	1,095
Accounts payable		126	(142)
Other payables		(30,118)	(4,913)
Net cash flows provided by operating activities		**(499)**	**(6,529)**
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisitions of satellites and other property and equipment		-	-
Changes in other long-term assets		-	-
Equity investments and other movements in financial investments		(498)	1,626
Net cash flows used in investing activities		**(498)**	**1,626**
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Changes in capital		-	-
Distribution	7.1	(77,931)	(96,704)
Dividends received	13	281,812	272,102
Additional long-term and short-term debt	9	600,000	-
Reimbursements of long-term and short-term debt	9	(800,000)	-
Changes in borrowing		16,000	(164,589)
Free share plans		2,569	549
Interest paid		(25,079)	(9,568)
Interest received		1,045	998
Changes in other debt		-	-
Net cash flows provided by (used in) financing activities		**(1,583)**	**2,789**
Impact of exchange rate		2	12
Increase (decrease) in cash and cash equivalents		(2,578)	(2,102)
Cash and cash equivalents, beginning of period		**6,501**	**3,922**
Cash and cash equivalents, end of period	**6**	**3,922**	**1,820**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1. GENERAL OVERVIEW

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.

Key events during the period

During the financial period, the Company distributed part of the dividend in shares, which resulted in a share capital increase through the issuance of 5,802,297 shares (see Note 7.1 - *Statement of changes in shareholders’ equity*).

SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The annual financial statements are prepared in accordance with the French Code of commerce (Articles L. 123-12 to L. 123-28) and Rule 2014-03 of the "Autorité des Normes Comptables" (ANC – 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 compliance 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.

Significant judgements and estimates

In preparing the financial statements, Management is required to make judgements and estimates that are lilely 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 close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised in a subsequent financial period because of the uncertainty that surrounds them.

Financial assets

Stock is recorded in the balance sheet at its acquisition value less incidental expenses. It may include treasury shares acquired under liquidity agreements.

Any excess of cost over fair value, as estimated by Management of the Company based on criteria such as the market value, the expected development and profitability or the shareholders’ equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income.

A provision for impairment of treasury shares is recognised if their book value is higher than their market value at balance sheet date.

Cash and marketable securities

Cash and marketable securities consist mainly 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.

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.

Apportionment of loan set-up costs

Loan set-up costs are amortised over the duration of the loan.

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 by law 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 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.

Provisions

A provision is an item with a negative economic value for the Company, i.e. it is a company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely 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.

Recognition of interest rate hedging instruments

The use of hedging instruments against the risk of variations in interest rates allows a fixed rate/variable rate distribution of the Company's debt. Where an instrument can be qualified as a hedging instrument, associated exchange gains and losses are recognised in the financial result, and the premium is reported in the financial result on a prorata temporis basis.

Instruments not qualifying as hedges are valued at their market price. If there is a loss, an allowance is entered and the loss reported in the financial result. Premiums paid on these instruments are recognised in full in the financial result for the period.

FINANCIAL ASSETS

Financial assets break down as follows:

(in thousands of euros)	30 June 2015	30 June 2016
Equity investments	2,440,645	2,440,645
Other investments in securities	6,314	4,553
Loans and other financial assets	2	136
Total gross book values	**2,446,960**	**2,445,334**
Less provisions	(61)	-
Total net carrying amounts	**2,446,899**	**2,445,334**

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 2015	2,440,645	6,253	2	2,446, 899
Acquisitions	**-**	67,066	67,200	134,267
Transfers	**-**	-	-	-
Reimbursement of capital contribution and disposals	**-**	(68,826)	(67,066)	(135,893)
Reversals/Depreciation, amortisation and provisions	**-**	61	-	61
Net carrying values as of 30 June 2016	**2,440,645**	**4,553**	**136**	**2,445,334**

(1) Transactions relating to the liquidity agreement (see Note 3.2 - Other investments in securities).

Equity interests

As of 30 June 2015 and 30 June 2016, 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).

Other investments in securities

"Other investments in securities" breaks down as follows:

- treasury stock held under a liquidity agreement for 1,595 thousand euros corresponding to 53,000 shares as of 30 June 2015 and for 3,557 thousand euros corresponding to 211,560 shares as of 30 June 2016. As of 30 June 2016, treasury shares were not impaired;
- "SICAV de trésorerie" (short-term marketable securities) held under the liquidity agreement for an amount of 4,718 thousand euros corresponding to 2,047 SICAV BNP Paribas as of 30 June 2015 and for an amount of 996 thousand euros corresponding to 43 SICAV BNP Paribas as of 30 June 2016.

Loans and other financial assets

“Loans and other financial assets” comprises the cash account related to the liquidity agreement on treasury stock for 1.7 thousand euros as of 30 June 2015 and 136 thousand euros as of 30 June 2016.

OTHER RECEIVABLES

"Other receivables" break down as follows:

(in thousands of euros)	30 June 2015	30 June 2016
Income tax	-	8,263
Deductible VAT	118	89
Inter-company accounts within the Group	79,140	234,257
Other debit balances	14	26
Total	**79,272**	**242,635**

All other receivables mature within one year.

CASH AND MARKETABLE SECURITIES

Cash and marketable securities are as follows:

(in thousands of euros)	30 June 2015	30 June 2016
Treasury stock (1)	3,278	2,323
Mutual fund investments	2,914	-
Cash	5	809
Deposit warrants	1,004	1,011
Total	**7,200**	**4,143**

(1) See Note 7.2 - Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards.

PREPAID EXPENSES AND OTHERS

"Prepaid expenses and others" is composed as follows:

(in thousands of euros)	30 June 2015	30 June 2016
Prepaid expenses	98	79
Expenses to be accrued over several years	2,944	2,574
Total	**3,043**	**2,653**

As of 30 June 2015 and 30 June 2016, expenses to be accrued relate to loan set-up costs initially amounting to 3,072 thousand euros. They are accrued over a period corresponding to the lifetime of the loan taken out in March 2015.

Amortisation of accrued expenses recorded in the income statement amounted to 6,059 thousand euros as of 30 June 2015 and 520 thousand euros as of 30 June 2016.

It should be noted that amortisation of expenses to be accrued during the financial period ended 30 June 2015 includes all set-up costs associated with the 2011 loan which were not amortised as of 30 June 2014, following reimbursement of the 800 million euro Term Loan which was due to mature in December 2016.

SHAREHOLDERS' EQUITY

Statement of changes in shareholders' equity

As of 30 June 2016, the share capital comprised 232,774,635 ordinary shares with a nominal value of 1 euro per share.

On 05 November 2015, the Ordinary and Extraordinary Annual General Meeting of Shareholders (AGM) was called upon to approve the annual financial statements for the period ended 30 June 2015. Having recognised a 259,067 thousand euro profit, the AGM decided to distribute a 1.09 euro dividend per share for a total amount of 247,215 thousand euros taken from net income and allocate the remaining balance, i.e. 11,852 thousand euros to retained earnings.

Considering that each shareholder may choose to receive payment of the dividend in cash or in shares, the dividend was distributed as follows:

- share capital increase of 5,802,297 new shares with a par value of 1.00 euro per share;
- legal reserve increased by 580 thousand euros;
- additional paid-in capital increased by 144,012 thousand euros after deduction of the costs associated with the capital increase (188 thousand euros) less corporate income tax;
- cash settlements for 96,704 thousand euros.

(in thousands of euros)	01/07/2015	Movements affecting the capital		Allocation of result	Distribution of dividends	Other movements	30/06/2016
		Increase	Reduction				
Share capital	226,972	5,802	-	-	-	-	232,775
Additional paid-in capital	560,790	144,012	-	-	-	-	704,802
Share premium	33,285	-	-	-	-	-	33,285
Legal reserve	22,697	580	-	-	-	-	23,277
Retained earnings (+)	816,656	-	-	11,852	-	-	828,508
Result as of 30/06/2015	259,067	-	-	(11,852)	(247,215)	-	-
Regulated provisions (1)	467	-	-	-	-	-	467
Total	**1,919,935**	**150,395**	**-**	**-**	**(247,215)**	**-**	**1,823,114**
				Shareholders' equity before result			1,823,114
				Result for the year			262,141
				Total shareholders' equity			**2,085,255**

(1) Regulated provisions cover the exceptional amortisation ("amortissement dérogatoire") of securities acquisition costs.

Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards

During the financial year ended 30 June 2016, a new free share plan based on Eutelsat Communications shares has been approved. On 16 February 2016, the Board of Directors subsequently decided to introduce:

- a free share allocation plan for some employees of the Group, including the "mandataires sociaux" (directors and corporate officers). The allocation plan should be implemented through the distribution of previously repurchased shares.
- 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 2016, the Group runs four free share allocation plans started in November 2012, February 2014, February 2015 and February 2016 respectively, as broken down in the table below.

Conditions	November 2012 Plan	February 2014 Plan	February 2015 Plan	February 2016 Plan
Vesting period	November 2012 - November 2015 (1)	February 2014 - June 2016	February 2015 - June 2017	February 2016 - February 2019 (1)
Settled in	Shares	Cash	Cash	Shares and cash
Lock-up period	November 2015 - November 2017 (2)	N/A	N/A	February 2019 - February 2021(2)
Maximum number of share-based awards	347,530	448,585	436,639	482,211
Number of recipients	712	781	759	805
Features of "Employees" Plan:				
- number of shares per recipient	200	300	300	300
- performance-related targets	Cumulative EBITDA for 50%	Cumulative EBITDA for 50%	Cumulative EBITDA for 50%	Cumulative EBITDA for 50%
	Average ROCE for 50%	Average ROCE for 50%	Average ROCE for 50%	Average ROCE for 50%
Features of "Managers" Plan:				
- total number of shares	205,530	214,885	208,939	241,581
- performance-related targets	Cumulative EBITDA for 25%	Cumulative EBITDA for 25%	Cumulative EBITDA for 1/3	Cumulative EBITDA for 1/3
	Average ROCE for 25%	Average ROCE for 25%	Average ROCE for 1/3	Average ROCE for 1/3
	Cumulative EPS for 25%	Cumulative EPS for 25%	Relative TSR for 1/3	Relative TSR for 1/3
	TSR for 25%	TSR for 25%		
Share price used as taxation basis for calculating social contributions and employer’s charges:				
- "Employees" Plan	€19.73	€23.60	€28.37	-
- “Managers” Plan	€6.88	€13.08	€20.12	-

(1) For foreign subsidiaries, the vesting period is 4 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) Relative TSR (Total Shareholder Return) is the rate of return on a share against another metric or index over a given period, including dividends received and 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 2015, the Company holds 151,792 equity shares for 3.3 million euros, recorded as "Cash and marketable securities" (see Note 5 - *Cash and marketable securities*).

As of 30 June 2016, the Company holds 108,655 equity shares for 2.3 million euros, recorded as "Cash and marketable securities" (see Note 5 - *Cash and marketable securities*).

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 2015	Allowance	Reversals (used provisions)	Reversals (unused provisions)	30 June 2016
Operating result	79	7	86	-	0
Financial result	-	-	-	-	-
Exceptional result	866	170	866	-	170
Total	**945**	**177**	**952**	**-**	**170**

FINANCIAL DEBT

- <u>Financial information as of 30 June 2015 and 30 June 2016:</u>

Loans and bank debt were granted in 2015. They are denominated in euros with a five-year maturity period and two 1-year extension options, subject to lenders' approval. In March 2016, the Company obtained the approval of all lenders on an initial one-year extension until March 2021. They are as follows:

(in thousands of euros)	30 June 2015	30 June 2016
Loans and financial debt	600,000	600,000
Accrued interest	775	315
Total	**600,775**	**600,315**

Maturities of debts are as follows:

(in thousands of euros)	30 June 2015	30 June 2016
2020	600,000	-
2021	-	600,000
Total	600,000	600,000

<u>Position as of 30 June 2016:</u>

Eutelsat Communications has access to the following credit facilities:

- a term loan of 600 million euros expiring in March 2020 (with two possible extension facilities of one year each subject to lender's approval) remunerated at a EURIBOR rate plus a margin of between 0.65% and 1.40%. The first extension option was obtained in March 2016.
- a 200 million euro revolving credit line (undrawn as of 30 June 2016) entered into in March 2015 with a five-year maturity (with two possible extension facilities of one year each subject to lender’s agreement). The first extension option was obtained in March 2016.

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 mergers, acquisitions, asset disposals, or lease transactions (excluding 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 credit agreements allow each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. Furthermore, the Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

The 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.

These 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 4.0 to 1, this ratio being tested as of 30 June and 31 December each year.

Compliance with banking covenants

As of 30 June 2016, the Group was in compliance with all banking covenants under its credit facilities.

TAX AND EMPLOYEE-RELATED PAYABLE

Tax and employee-related payable is composed of the following:

(in thousands of euros)	30 June 2015	30 June 2016
State: accrued liabilities	85	39
Income tax	8,774	-
Output VAT	36	67
Staff: accrued liabilities	1,380	1,459
Social charges payable	536	637
Total	**10,811**	**2,202**

All tax and employee related-payable mature within one year.

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".*

REVENUE

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 2015	30 June 2016
France	1,595	3,708
Export	-	-
Revenue recognition	**1,595**	**3,708**

FINANCIAL RESULT

The financial result is made up as follows:

(in thousands of euros)	30 June 2015	30 June 2016
Interest expense	(24,213)	(9,107)
Interest income	1,045	998
Proceeds from equity investments	281,812	272,102
Investment earnings	2	-
Proceeds from mutual fund investments	16	3
Other	(56)	68
	258,607	**264,063**

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 2016, income from equity investments mainly consists of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (270 million euros) and Eutelsat S.A. (2.1 million euros).

For the year ended 30 June 2015, income from investments mainly consisted of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (280 million euros) and Eutelsat S.A. (1.8 million euros).

EXCEPTIONAL RESULT

The exceptional result comprises the following:

(in thousands of euros)	30 June 2015	30 June 2016
Gain on repurchase of treasury stock	776	710
Cost of free share grant invoiced to subsidiaries	2,574	838
Reversal of provisions for tax risks	-	866
Exceptional income	**3,349**	**2,414**
Fines and penalties	-	-
Loss on repurchase of treasury stock	276	2,337
Cost of purchase of free shares allocated	2,788	955
Allocation to provisions for tax risks	279	170
Exceptional charges	**3,343**	**3,462**
Exceptional result	**6**	**(1,048)**

TAX ON PROFITS

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 Broadband Services S.A.S (formerly Eutelsat VAS SAS), Fransat S.A. and Skylogic France S.A.S.

As of 30 June 2015 and 30 June 2016, the tax expense for the tax consolidation group is 165 million euros and 164 million euros respectively, and the amount due by the sub-subsidiaries under the tax consolidation agreement is 183 million euros and 175 million euros, which yields a profit of 18.6 million euros and 10.6 million euros respectively. As of 30 June 2016, the Company posted current accounts in respect of the tax consolidation system with debit balances for 1.5 million euros and credit balances for 5.3 million euros.

As a reminder, Eutelsat Communications' losses prior to the tax consolidation system were 43.3 million euros.

Common law provisions

As of 30 June 2016, 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	257,105	(6,109)	263,214
Exceptional	(1,048)	25	(1,073)
Total	**256,057**	**(6,084)**	**262,141**

The 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 75%.

Increases and reductions in future tax liability

(in thousands of euros)	30 June 2015	30 June 2016
Reductions in future tax liability:		
Loss carry-forwards [(1)]	14,910	14,910
Impairment of assets	-	-
Non-deductible provisions [(1)]	329	-
Total	**14,519**	**14,910**
Increases in future tax liability:		
Other	-	-
Total	-	-

(1) Rate used: 34.43%

MARKET RISK

The Company has exposure to market risks, particularly with regard to interest rates. Such risks are 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. Consequently, the Company does not engage in any speculative financial transactions.

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 had implemented the following interest rate hedging instruments for hedging the Term Loan facility:

- 2 swaps for a notional amount of 350 million euros;

- 2 collars for a notional amount of 350 million euros; and
- 1 cap for a notional amount of 100 million euros.

During the financial year ending 30 June 2016, some instruments were terminated, resulting in the payment of a 1.4 million euro indemnity. The remaining instruments reached maturity without any early termination.

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. The Company does not foresee any loss that would result from a failure by its counterparts to respect their commitments under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to any particular country.

Financial information as of 30 June 2015 and 30 June 2016

The following table analyses the contractual or notional amounts and fair values of derivatives by type of contract:

	30 June 2015		30 June 2016	
(in thousands of euros)	Contractual or notional amounts	Fair values	Contractual or notional amounts	Fair values
INSTRUMENTS				
Repricing swap maturing in 2015	175,000	(1,147)	-	-
Repricing swap maturing in 2015	175,000	(1,147)	-	-
Collar maturing in 2015	175,000	(840)	-	-
Collar maturing in 2015	175,000	(838)	-	-
Cap maturing in 2015	100,000	-	-	-
Total		**(3,972)**		-

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 two years stand at 0.4 million euros.

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 management personnel”.

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.

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 2015	30 June 2016
Gross receivables (including unbilled revenues)	5	626
Inter-company accounts: receivables (payables)	10,810	5,132
Debt (including deferred payments)	359	226

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 2015	30 June 2016
Revenue	1,595	3,708
Transfer of expenses	2,576	839
Operating charges	2,340	2,614
Financial result	1,814	2,102

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 2016 breaks down as follows:

(in millions of euros)	30 June 2016
Short-term benefits	2.2
Post-employment benefits	See below
Share-based payment	See below

Post-employment benefits

In case of termination of office of the CEO, a non-compete clause provides for payment of 50% of the CEO's fixed compensation over an 18-month period. Under such clause, the CEO is required to refrain from working directly or indirectly for any satellite operator.

Share-based awards and free share allocation programmes in force as of 30 June 2016

During its meetings of 13 February 2014, 11 February 2015 and 16 February 2016, 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 106,510 free shares in Eutelsat Communications to members of the Company's administrative and management bodies subject to conditions set out in the plan. It also decided to determine a 50% holding rate for all fully vested shares during the terms of office of Eutelsat's directors and corporate officers ("mandataires sociaux").

The value of the benefit granted as of 30 June 2016 has been estimated at 458 thousand euros, spread over a three-year vesting period.

Free share allocation plan having expired during the financial year ended 30 June 2016

At the end of the vesting period of the 08 November 2012 free share allocation programme, members of the Company's administrative and management bodies received 5,308 free shares.

Expenses recorded under the free share allocation programmes and share-based awards

The expense recorded under staff expenses for the financial year ended 30 June 2015 was 673 thousand euros. Gross income amounting to 392 thousand euros was recorded under staff expenses for the financial year ended 30 June 2016.

In July 2015, attendance fees paid to members of the Board of Directors amounted to 491 thousand euros in respect of the financial year 2014-2015.

No payment was made in respect of the financial year ended 30 June 2016.

FINANCIAL INFORMATION RELATED TO SUBSIDIARIES AND EQUITY INVESTMEN TS

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2016:

(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)	Net income (local accounts)
Eutelsat Communications Finance RCS no. 490416674 Paris Headquarters in Paris (period ended 30/06/2015)	5,000	2,914,367	100%	-	277,333

The table below provides aggregated information on all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2016:

(in thousands of euros)	Gross book value of investments held	Provision for impairment	Loans and advances	Pledges and guarantees granted	Dividends received
Subsidiaries and equity interests	2,401,488	-	-	-	270,000

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.

APPENDIX 3

TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL PERIODS

(art. R225-102 of Code de Commerce)

End of financial year / *Length of financial year (months)*	*30/06/16* 12	*30/06/2015* 12	*30/06/2014* 12	*30/06/2013* 12	*30/06/2012* 12
SHARE CAPITAL AT YEAR END					
Share Capital	232 774 635	226 972 338	220 113 982	220 113 982	220 113 982
Number of shares					
- ordinary shares	232 774 635	226 972 338	220 113 982	220 113 982	220 113 982
- with preferential dividend					
Number of shares that may be created in the future:					
- via the exercise of convertible bonds					
- via subscription rights					
TRANSACTIONS AND RESULTS					
Revenues excluding taxes	3 707 643	1 594 957	1 456 080	2 227 990	3 318 051
Net income / (loss) before employee profit sharing, amortisation and provisions	255 742 002	250 015 385	267 130 079	180 875 184	874 828 496
Income Tax	(6 084 129)	(15 304 880)	(13 000 207)	(16 266 338)	(49 306 254)
Employee profit sharing for the year					
Amortisation and provisions	(315 204)	6 252 827	537 058	3 672 857	6 844 641
Net Result	262 141 334	259 067 438	279 593 228	193 468 665	917 290 109
Distribution	256 052 099	247 399 848	226 483 289	237 234 920	219 166 206
PER SHARE DATA					
Net income / (loss) after employee profit sharing and amortisation and provisions	1.12	1.17	1.27	0.90	4.20
Net income / (loss) after employee profit sharing and amortisation and provisions	1.13	1.14	1.27	0.88	4.17
Dividend per share	1.10	1.09	1.03	1.08	1.00
EMPLOYEES					
Average number of employees	3	2	2	2	2
Total payroll costs	1 768 612	1 889 969	1 351 725	1 015 886	1 219 416
Employee welfare contributions and similar charges (social security, employee organisations, etc.)	630 366	678 850	365 195	1 540 545	2 161 452

APPENDIX 4

TABLE OF STATUTORY AUDITORS' FEES

(in thousands of euros)	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
	N	%	N-1	%	N	%	N-1	%
AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	154	14%	168	18%	133	27%	133	29%
Other subsidiaries	772	70%	724	78%	310	63%	322	69%
Other due care and services directly linked to the statutory audit task								
Eutelsat Communications	-	-	-	-	-	-	-	
Other subsidiaries	100	9%	5	-	46	9%	11	2%
Sub-total	**1,025**	**93%**	**897**	**97%**	**488**	**100%**	**466**	**100%**
OTHER SERVICES, WHEN APPROPRIATE								
Legal, tax, social	75	7%	29	3%			-	-
Information technology	-	-	-	-	-	-	-	-
Internal audit	-	-	-	-	-	-	-	-
Others (to be specified if more than 10% of statutory audit fees)	-	-	-	-	-	-		-
Sub-total	**75**	**7%**	**29**	**3%**			**-**	**-**
Total	**1,100**	**100%**	**926**	**100%**	**488**	**100%**	**466**	**100%**

Report of the Chairman of the Board of Directors of Eutelsat Communications prepared in accordance with Article L.225-37 of the Commercial Code

In accordance with the provisions of Article L.225-37 of the French Commercial Code, this report provides information on the preparation and organisation of the work carried out by the Board of Directors of Eutelsat Communications during the financial year ended June 30, 2016, 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 Commercial Code.

1. 1 Governance of the Company

> *1.1 Reference Code*

The Company complies with the guidelines in the Afep-MEDEF Corporate Governance Code of November 2015 (hereinafter the "Reference Code").

Any inconsistencies between the practices of the Company and recommendations of the Reference Code, are indicated in the table below:

Article of the Afep-MEDEF Code	Afep-MEDEF recommendations	Company practice	Explanations
16.2.1	Deadline for review of the accounts by the Audit Committee (at least 2 days before the Board meeting is held)	Meeting of the Audit Committee the day before the Board to review the accounts	Given that some members of the Audit Committee live abroad, Committee meetings are held the day before Board meetings; documents and files are nevertheless sent to members in good time for them to acquaint themselves with said documents in advance.
23.2.4	When the non-competition agreement is being concluded, the Board must incorporate a provision that authorises it to waive the application of this agreement when the executive director leaves. The Board must announce whether or not the non-competition agreement will be upheld at the time that the director leaves, in particular when the director leaves the company to claim or after having claimed his pension rights.	The non-competition agreement signed with Rodolphe Belmer does not incorporate the right for the Board to waive the application of this agreement when he will leave	Based on recommendation of the Governance, Selection and Remuneration Committee and taking in consideration the highly competitive environment between satellites operators, the Board decided that is was very important for the benefit of the Company to impose to R. Belmer a non-competition agreement. The said non-competition agreement being limited to a 18 month period and to an amount equals to 50% of his fix remuneration, it is significantly below the maximum defined by the Reference Code.

> .1.2 Lack of control or concerted action

To the Company's knowledge, as of June 30, 2016, none of the shareholders of Eutelsat Communications either directly or indirectly, by themselves or with others, exercises control within the meaning of Articles L. 233.3 et seq. of the French of Commercial Code.

> 1.3 Duties of the Board of Directors

The Board of Directors is responsible, in particular pursuant to the provisions of Article L. 225.35 of the Commercial Code, for determining the orientations of the Company and ensuring their implementation. Subject to the powers expressly reserved for General Shareholders Meetings, the Board of Directors can address any matter that affects the Company or the Eutelsat Group functioning properly.

Pursuant to the Board's Internal Rules, certain decisions taken by the Chief Executive Officer require prior approval from the Board of Directors. These decisions can be broken down as follows:

- **Medium term operations:** the medium-term plan aims to establish the Group's objectives and define the resources required to achieve these objectives, together with the Group's financial and business activity forecasts.
  The Group's five year plan, as well as any operation that has a significant impact on the Company's structure or strategy, is subject to prior approval from 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 medium term plan, is subject to prior approval from the Board of Directors at the beginning of each financial year.
  The annual budget for the 2016-2017 financial year was approved by the Board of Directors on June 16, 2016.
  Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount exceeding 50 million Euros, if the relevant operation is included in the Group's Annual Budget or in the strategic plan, or 25 million Euros, if not included in the Group's Annual Budget, is subject to prior approval from the Board of Directors.
  Prior approval from the Board is also required for any loan, credit facility, financing or refinancing agreement that is not expressly included in the Group's Annual Budget. This authorisation is not required for any transaction or group of transactions for an amount less than 100 million Euros in any given fiscal year and for up to two transactions and/or groups of transactions in any given fiscal year. The Board thus had to decide on the refinancing of a portion of the Group's debt during the last quarter of the financial year. Finally, 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. The Board had then reviewed during the last quarter of the fiscal year the refinancing of part of the debt Group.

- **Interim and annual financial statements:** the interim and annual financial statements and the consolidated financial statements are settled by the Board of Directors.

- **Group Senior Management:** prior approval from the Board of Directors is required before an executive manager who will be one of the six highest paid in the Group can be recruited or dismissed.

- **Monitoring the Group's activity:** Management submits to the Board a monthly report on the Group's operations, which includes its results and financial indicators (turnover by business sector, summary income statement, debt position, cash flow and costs, etc.) to enable the Board to be informed of the evolution of the activity, in particular technical or commercial, and monitoring of the budget.

> 1.4 Composition of the Board of Directors

The composition of the Board of Directors as of 30 June 2016 is shown in the table below:

Directors	Date of first appointment/co-optation	Term of office expires at the close of the General Meeting called to examine the financial statements for the financial year ended
Miriem BENSALAH CHAQROUN	08 November 2012	30 June 2016
Lord BIRT	November 10, 2006	June 30, 2019
Jean d'ARTHUYS	November 5, 2015	June 30, 2019
Michel de ROSEN (Chairman)	10 November 2009	June 30, 2016
Bpifrance Participations, represented by Stéphanie FRACHET	February 17, 2011	June 30, 2018
Anna GARCIA FAU	November 5, 2015	June 30, 2019
Bertrand MABILLE	10 May 2007	30 June 2017
Ross McINNES	06 February 2013	30 June 2018
Elisabetta OLIVERI	08 November 2012	30 June 2016
Carole PIWNICA	09 November 2010	June 30, 2016

> 1.5 Independent Directors

During one of its meetings, the Board of Directors assessed the independence of each of its members. Among its ten members, six directors were qualified as independent according to the independence criteria of the Reference Code.

On the basis of the work of the Appointments and Governance Committee, the Board assessed whether there was a significant business relationship between the Company and each independent Director. The Board noted that there were business links between Eutelsat S.A. and two directors but considered these business links non-significant. The two directors concerned are Ross McInnes and Bertrand Mabille. For Ross McInnes, Chairman of the Board of Safran which supplies engines for satellites and which is a shareholder with Airbus Group of the joint venture bringing together the civil launcher activities of the two companies; the Board noted the absence of any dependent links and therefore considered that there was no significant business link

Directors	Independent
Miriem BENSALAH CHAQROUN	Yes
Lord BIRT	Yes
Jean-Paul BRILLAUD (until November 5, 2015)	No
Jean d'ARTHUYS	No
Michel de ROSEN (Chairman)	No
Bpifrance Participations, represented by Stéphanie FRACHET	No
Anna GARCIA FAU	Yes
Bertrand MABILLE	No
Ross McINNES	Yes
Elisabetta OLIVERI	Yes
Carole PIWNICA	Yes

> 1.6 Gender representation

Five women are members of the Board of Directors, thus representing 50% of directors, in line with the target set by law of 40% from 2017 and recommended by the Reference Code.

The share of women among independent directors amounts to 83%.

> 1.7 Directors' term of office

The directors' term of office is four years as provided for by the by-laws.

> 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 SA and the Eutelsat SA Works Council on 8 November 2007. This agreement is designed to give Eutelsat SA's Works Council greater visibility regarding the Company's operations and decisions.

Also, in addition to the establishment of a procedure of information of the Eutelsat S.A. Works Council in case of operations conducted by the Company which may affect the operations or scope of Eutelsat S.A., the two representatives of the Eutelsat S.A. Works Council before the Board of Directors of Eutelsat S.A., attend meetings of the Board of Directors of Eutelsat Communications and have the same information as the directors.

> 1.9 Board meetings and information communicated to the Board of Directors

The Board of Directors met thirteen times during the financial year (nine times in the previous financial year). The increasing number of Board meetings is mainly due to issues related to the succession of Michel de Rosen and those linked to the operational activity of the Group.

The average annual attendance rate of directors at meetings held during the financial year was 86.50% (compared to 89.90% in the previous financial year). The attendance rate for each director is shown in the table below:

Directors	Attendance rate
Miriem BENSALAH CHAQROUN	46.15%
John BIRT	92.31%
Jean-Paul BRILLAUD (until November 5, 2015)	50.00%
Michel de ROSEN (Chairman)	100.00%
Bpifrance Participations represented by Arthuys Jean until November 5, 2015 then by Stéphanie Frachet)	100.00%
Bertrand MABILLE	92.31%
Ross McINNES	100.0%
Elisabetta OLIVERI	76.92%
Carole PIWNICA	84.62%
Jean d'ARTHUYS	88.89%

> *1.10 Conflicts of interest and related party transactions*

The Internal Rules of the Board oblige each director to declare situations of conflict of interest; if they cannot be avoided, they must be managed in complete transparency. A director who has a conflict of interest may not participate in the discussions or vote regarding the issue at hand.

In the event of an ongoing conflict of interest, the Board's Internal Rules require that the director concerned resigns from office.

As of June 30, 2016, there is no employment or service contract between the Company's directors 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 Commercial Code, the Statutory Auditors are informed for regulated agreements.

> *1.11 Assessment of the Board of Directors*

During financial year 2015-2016, the Board conducted a self-assessment based on an internal questionnaire whose findings will be presented at a future meeting of the Board by the Chairman of the Governance and Selection Committee.

Following a previous assessment carried out using an outside firm, an new independent director was appointed at the General Meeting of November 5, 2015 and the Board of Directors decided to split the Governance, Selection and Compensation Committee into two committees.

> *1.12 Board of Directors and Committees*

At June 30, 2016, the Board is assisted in its work by three committees: the Audit Committee, the Nomination, Governances Committee and the Compensation Committee.

12.1.1.1.1 Audit Committee

The Audit Committee's task is to (i) assist the Board of Directors by reviewing the Company's draft interim and annual financial statements (individual and consolidated financial statements), (ii) make recommendations on the draft consolidated Annual Budget proposed by the Management, prior to it being examined by the Board, (iii) make recommendations to the Company's Senior Management and the Board of Directors regarding the principles and methods for ensuring the accounting and financial information produced is reliable and accurate, (iv) ensure that the internal controls applied within the Group are properly implemented, (v) make recommendations to the Board and Company's Senior Management regarding the appropriate method for handling any risk likely to affect the Group's operations and (vi) oversee the appointment/reappointment of statutory auditors.

As of June 30, 2016, the Audit Committee consisted of Bertrand Mabille and three independent directors: Elisabetta Oliveri, Lord Birt and Ross McInnes, who chairs the meeting, the latter meeting the criteria of financial competence laid down by the Commercial Code, for having held the position of financial director of several industrial groups, including the Safran Group.

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

The Committee met five times during the financial year (as in the previous financial year). The average annual attendance rate of its members was 95.0%.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Ross McINNES (Chairman)	100.0%
John BIRT	100.0%
Elisabetta OLIVERI	80.0%
Bertrand MABILLE	100.0%

As part of its mission, the Audit Committee regularly communicates with the Company's statutory auditors and the latter attend Audit Committee meetings when the interim and annual financial statements are being examined before being settled by the Board of Directors.

The Audit Committee has a regular dialogue with the Risk Management Department within the framework of its mission. Exposure to risks and off-balance sheet commitments were the subject of a presentation by the Chief Financial Officer. The identification and control of off-balance sheet commitments result from the implementation of internal procedures at Group level.

During the financial year, the Audit Committee decided on the renewal of Ernst & Young as co-Statutory Auditor of the Company and on the bond issue of June 2016 of Eutelsat S.A.. In addition, the Audit Committee was informed of the 5-year plan and annual budget.

Finally, the Audit Committee also reviewed the audit plan for the Internal Audit during the financial year, as well as the objectives pursued.

12.1.1.1.2 The Nomination and Governance Committee

The work of this Committee is to study and made recommendations to the Board of Directors for all that concerns (i) the selection or, in case of vacancy, the co-optation of new directors, and (ii) the recruitment or dismissal of any member of the Executive Committee, (iii) assessment of the independence of directors vis-à-vis the independence criteria of the Reference Code, (iv) assessment of the gender balance within the Board of Directors and assessment of the operation of the Board.

In its configuration before the split into two committees, the Governance, Selection and Compensation Committee met six times and was particularly responsible for searching for the successor of Michel de Rosen and presenting the prospective candidate to the Board. The rate of attendance of Committee meetings was 100%. Since the split, the Nomination and Governance Committee has met twice, with a 100% attendance rate.

At June 30, 2016, the Committee was composed of Stéphanie Frachet, Michel de Rosen and three independent members: Lord Birt, Miriem Bensalah Chaqroun and Carole Piwnica who chairs the Committee, i.e. a majority of independent members in accordance with the Reference Code.

The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Carole PIWNICA (Chairwoman)	100.0%
John BIRT	100.0%
Stéphanie FRACHET (since November 5, 2015)	100.0%
Michel de ROSEN (since March 1, 2016)	100.0%
Miriem BENSALAH CHAQROUN	100.0%

At the request of the Board, the Committee made a recommendation on the choice of the permanent representative on the Board of Fonds Stratégique de Participations, whose appointment as director will be submitted to the shareholders' vote at the next General Meeting.

Compensation Committee

This new Committee resulting from the split of the Governance, Selection and Compensation Committee, is in charge of issues relating to (i) the long-term compensation policy, (ii) the remuneration of the CEO and Deputy CEO, (iii) the implementation of stock option plans or plans for the allocation of performance shares within the Group, (iv) the allocation of attendance fees between the members of the Board.

Since its creation during the financial year, the Committee has met once. The attendance rate for each Committee member is shown in the table below:

Name	Attendance rate
Carole PIWNICA (Chairwoman)	100.0%
Anna GARCIA FAU	100.0%
Jean d'ARTHUYS	100.0%

During its only meeting, the Committee examined the long-term remuneration policy and analysed the new long-term incentive plan.

> 1.13 Observer

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

> 1.14 Separating the roles of Chairman and Chief Executive Officer

As Michel de Rosen informed the members of the Board of his wish to resign as CEO for personal reasons, the Board wanted (in accordance with legal and regulatory provisions (Articles L. 225-51-1, R. 225-26 and R. 225-27 of the Commercial Code), to separate the functions of Chairman of the Board and CEO to ensure a transition due to a change of management. The separation of functions had already been applied by the Company in the past, to facilitate the transition following the departure of Giuliano Beretta. The Board therefore appointed, from March 1' 2016, for the duration of his term as director, Michel de Rosen as Chairman of the Board, with Rodolphe Belmer becoming CEO.

At its meeting of February 16, 2016, the Board adopted a new internal rule which details the responsibilities of the Chairman of the Board.

2. 2. Eutelsat Group Senior Management

During the past year, three phases are to be distinguished as to the management of the Company.

From July 1' 2015 to December 1' 2015, Michel de Rosen, CEO, assisted by Michel Azibert, Deputy CEO, formed General Management.

From December 1' 2015 to March 1' 2016, to ensure an organised succession, Rodolphe Belmer was appointed as Deputy CEO with Michel Azibert.

On March 1' 2016, Michel de Rosen, while remaining director, only kept the duties as Chairman of the Board, with Rodolphe Belmer becoming CEO and Michel Azibert being confirmed as Deputy CEO.

At Eutelsat S.A., the Group's principal operating company, Senior Management is assisted by (i) an Executive Committee consisting of the Chief Executive Officer, the Deputy Chief Executive Officer and Sales Director, the Chief Financial Officer, the Company Secretary and General Counsel, the Human Resources Director, the Technical Director, the Deployment and Innovation Director, the Strategic Projects Director, the Director responsible for Eutelsat Americas and Director in charge of EAC 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.

> 2.1 Principles and rules for determining compensation and benefits granted to corporate officers

The fixed and variable compensation components and benefits in kind received by the Company's Chief Executive Officer and Deputy Chief Executive Officer, are determined by the Board of Directors on the basis of recommendations made by the Compensation Committee.

The variable component of the Chief Executive Officer's compensation and 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 turnover, EBITDA and consolidated net results) and qualitative objectives. This variable component is awarded at the beginning of the year with reference to the previous fiscal year. Details regarding compensation are set forth in the Reference Document, in the section on "Compensation and benefits for the Company's Corporate Officers and Directors".

> 2.2 Granting stock options or performance based shares to corporate officers

No stock-option or share purchase plans were put in place by the Board during the financial year ended June 30, 2016.

Pursuant to the delegations granted by the General Shareholders' Meetings, in February 2010, July 2011, November 2012 and February 2016, the Company's Board of Directors authorized several Long Term Incentive Programmes (LTIP) to be established for staff and management, including the Group's corporate officers, involving the allocation of a maximum number of shares that varies from one programme to another. The vesting period for the shares was set at three years. The vesting of shares is subject to the fulfilment of performance conditions over the three-year period and a condition of presence. The beneficiaries must continue to hold these shares for a period of two years, commencing from the effective date of acquisition.

At June 30, 2016, the following number of shares were definitively assigned to executive officers:

Name	February 2010 plan	July 2011 plan	November 2012 plan	February 2016 plan
Michel de ROSEN	55,617	5,341	3,283	In progress
Michel AZIBERT	NA	3,287	2,027	In progress
Rodolphe BELMER	NA	NA	NA	In progress

In accordance with the recommendations of the Reference Code, Michel de Rosen, Rodolphe Belmer and Michel Azibert agreed to keep 50% of their definitively allocated performance-based shares until the end of their term of office.

Pursuant to the delegations granted by the General Shareholders' Meeting, in February 2014 and February 2015 the Company's Board of Directors also authorised two new Long Term Incentive Programmes to be established in the form of deferred bonuses. The underlying instruments used to determine the size of the bonus to be paid, subject to attendance and performance conditions being met, are made up of Company shares fictitiously allocated.

3. Other information

> 3.1 Conditions for admission to and participation in the General Shareholders' Meetings

As of June 30, 2016, there are no preferred shares or shares with double voting rights in the Group; during the November 2014 Meeting, the shareholders decided not to amend the by-laws to introduce the double voting right provided for in Article 225-123 of the French Commercial Code. The General Meeting resolutions are approved according to the majority and quorum conditions specified in the applicable legislation.

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

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

> 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 there is no shareholders' agreement.

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:

- that there is compliance with legislation and regulations;
- that instructions and guidelines laid down by General Management are applied;
- that the company's internal procedures function properly, particularly those that help to safeguard its assets;
- that the financial information is reliable;

while contributing to controlling its activities, the effectiveness of its operations and the efficient use of its resources.

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

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 subject to an assessment that is sent to the Audit Committee.

The exercise of self-assessment of internal control of subsidiaries, performed every two years for the entire Group, is part of the internal control system. A number of specific 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 main actions undertaken during the fiscal year include optimizing the internal control process in relation to the main Group-wide systems, increasing the reliability of the sales cycle and the contracting process, and standardising an enhanced procurement process within the Group.

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, namely procedures relating to the management of satellite risks and other Group risks on the one hand, and internal control procedures relating 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 management for the Eutelsat Group. The operating procedures described below are the procedures implemented at Eutelsat SA and its subsidiaries.

> 4.1 Procedures relating to the satellite fleet and its operation

These procedures are designed to ensure the continuity of the communications service offered 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 the Company's control centres, which have backup facilities to overcome any operational unavailability or interruption affecting the centres. These centres are located in France and in Mexico depending on the satellite and the entity (Eutelsat SA or Eutelsat Americas) responsible for controlling and marketing the satellite. A centre for the control of signal quality was recently opened in Sao Paolo (Brazil) to assist customers in this country. The operational availability of the backup facilities is checked regularly.

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 the control centre responsible for the satellite fleet in particular, 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 reviewed and checked using satellite simulators by the staff responsible for controlling them and form part of the controllers' ongoing 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 internal skilled staff to intervene immediately or call on the expertise of the satellite manufacturers if necessary. Any incidents that affect a satellite or the control system are logged and monitored under the authority of the manager responsible for satellite operations, so as to identify the causes of the incident and 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 Senior Management;
- reviewed internally by Eutelsat SA's Technical Department;
- where appropriate, reviewed by a panel of independent experts, depending on the nature of the relevant incidents;
- communicated to customers, and
- where appropriate, reported in a press release.

> 4.2 Satellite control system IT security and certification

Measures designed to increase IT security for the information systems used for satellite control continued to be introduced during the year. This work is supervised and coordinated by the person in charge of the IT security of the Company.

In 2011, the satellite control team obtained information security certification (ISO 27001) for a period of three years, which was renewed in June 2014. Two monitoring audits were performed in June 2015 and June 2016. No non-compliance with ISO 27001:2013 was identified. The certification covers:

- the control and operation of satellites, launching and placing satellites into orbit (LEOP);
- the human resources, definition, development, supply, deployment, operation and maintenance of the software, systems and IT networks of ground satellite control systems; and
- the security of stations for the operation of geostationary satellites.

In June 2013 the teleport teams in Rambouillet also obtained information security certification (ISO 27001) for a period of three years renewed in June 2016. No non-compliance with the standard has been identified. The certification covers the activities and systems related to:

- the communications control centre;
- Management of the Rambouillet teleport;
- Implementation and supervision of the operation of managed services; and
- The security of all sites for monitoring the payload, points of presence and teleports.

At Skylogic S.p.A and Eutelsat Americas preparations are being made to obtain ISO 27001 certification for their operating activities. The aim is to obtain the certification during 2016 for Eutelsat Americas and in the first half of 2017 for Skylogic S.p.A.

ISO 9001 certification for the satellite control activities was obtained in 2005 and renewed three times: in June 2008, April 2011 and May 2014. 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).

ISO 9001 certification was obtained in 2011 for the activities at the Rambouillet teleport and renewed in May 2014. It was also obtained in May 2014 for the teleport activities of the subsidiary Skylogic S.p.A..

For the Rambouillet teleport, certification covers activities relating to:

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

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

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

In addition the Eutelsat Americas subsidiary has ISO 9001 certification for all its operating activities (controlling the satellites and the quality of the signals the satellites receive and broadcast).

> 4.3 Procedures for preventing and managing the Group's other operating risks

12.1.1.1.3 The Company's Business Continuity Plan

The continuity plan includes the following items:

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

Eutelsat SA regularly performs tests to check that the Business Continuity Plan (BCP) runs smoothly. Under the responsibility of the Information Systems Department, this project is designed to define the conditions for continuing commercial, financial and administrative, legal, corporate communications, information systems and human resources management activities.

During the 2014-2015 fiscal year, the business continuity plan was updated to take into account functional and technical changes resulting from installing the new ERP. A full scale test organised in November 2014 was used to check that the emergency procedures run smoothly in the event of the site hosting the ERP being unavailable.

During financial year 2015-2016, a complete review of business processes was carried out. A global PCA test was organised in March 2016, simulating the unavailability of Eutelsat's head office and the unavailability of the SAP hosting site. These tests were conducted with the participation of Eutelsat's business lines and validated the operation of business processes using the backup infrastructure.

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

12.1.1.1.4 Information systems security

In carrying out its business, the Group is exposed to a certain number of operational risks and, more specifically, to risks that are likely to affect its business process. The IT Department is addressing the operating risks relating to the security of the Group information systems and this is reflected in the following activities:

- Mapping the risks related to information systems security and assessing their impacts on the Company's operation;
- Introducing a policy and a set of standards to meet the Group's security requirements;
- Drawing up and monitoring an action plan;
- Assessing the protective measures that are in place in organisational and technical areas; and
- Reacting in the event of suspicious events or security incidents.

An annual audit is underway to test the effectiveness of the security measures in place on the entire perimeter and develop a corrective plan for identified vulnerabilities.
Occasional audits were also commissioned during the year to check the safety of new critical projects before deployment.

The 2015-2016 financial year was also devoted to the following actions:

- Creation of an internal technical audit activity to validate the measures in place and correct vulnerabilities escalated without waiting for an external audit; and
- Reviewed and in depth update of the security policy.

> 4.4 Processing accounting and financial information

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

Monthly reports are also prepared under the supervision of the Deputy Chief Executive Officer and the Financial Director. These reports take into account information on the various activities of the Group from the different operational departments of Eutelsat S.A. (Sales Department, Finance Department, Technical Department, Legal Affairs Department etc.) after reconciliation with appropriate accounting and legal documents.
Closing consolidation and reporting procedures have not been specifically amended during this fiscal year.

Eutelsat SA's financial departments and those of its subsidiaries have duly complied with these procedures.

> 4.5 Eutelsat Communications Finance

The Company directly and indirectly holds through Eutelsat Communications Finance S.A.S. (wholly-owned subsidiary of Eutelsat Communications) over 96% of the capital of Eutelsat S.A., main operating company and holding of the Group's interests.

Controlling the commitments and actions of Eutelsat Communications Finance is essentially based on the legal and statutory provisions applicable to it. Its legal form is that of a simplified Joint Stock Company (Société par Actions Simplifiée) incorporated under French law. The sole Chairman of this subsidiary is the Group's Legal Counsel and Company Secretary.

There is no statutory limitation on the powers of the sole Chairman, with the exception of those matters reserved by law for the sole shareholder, namely the Senior Management of Eutelsat Communications. Any decision or proposal related to amending the by-laws, a capital increase, a merger and/or transformation is a matter that must be dealt with by the Senior Management of Eutelsat Communications.

> 4.6 Operating subsidiaries

To optimise the management of the activities of the subsidiaries of Eutelsat SA, the Company's management has created a "Subsidiaries Committee". This Committee's task is to ensure that there is synergy between 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 management within the subsidiaries. It oversees the introduction of performance indicators by the subsidiaries, the proper management of human resources at Group level, the proper coordination between Group entities, the tax policy options, creating procurement synergies and standardising IT systems.

> 4.7 Preparing the consolidated financial statements

At the end of each month, the financial data from each subsidiary is reviewed by the consolidation manager to verify, in particular, that the accounting policy and methods currently in force within the Group are being correctly applied. The methods for communicating the Group's accounting and financial principles include the consolidation manager preparing and communicating 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 formalization 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 accounts are closed (every six months and annually), the Audit Committee meets to examine and approve the financial statements in the presence of the Company's Statutory Auditors.

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

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

- a single source for information used in the legal consolidation and reporting process, managed in a shared database; and
- that legal data is entered by the various senior managers in the companies comprising the Group and stored in the system.

The information used for consolidation is confirmed by the legal managers in the subsidiaries using representation letters.

The consolidation and reporting system was overhauled as a result of the ERP being changed at Eutelsat SA. This new version has been used since financial year 2014-2015.

> *4.8 Delegation of signing authority*

In principle, all contracts and documents embodying a commitment by the Company are submitted for signature by the Chief Executive Officer or the Deputy Chief Executive Officer. However, in a number of specific cases, such as managing contracts with suppliers involving small amounts (lower than 300,000 Euros), the Chief Executive Officer has authorised certain people in the Group to delegate signing authority. These delegations are established by the Legal Affairs Department which monitors them. The CEO and Deputy CEO are authorised to sign all commitments without limitation of the amount or nature, subject to the provisions laid down by the law and the Internal Rules of the Company's Board of Directors.

> *4.9 Managing and monitoring the Group's supplier contracts*

As with the Group’s other contracts, preparing, negotiating and monitoring the Company’s supplier contracts and financing contracts is carried out by Eutelsat SA under the service agreement between the Company and Eutelsat SA. Accordingly, before they are signed, supplier contracts are examined using a procedure that requires endorsement from the relevant Managers, followed by formal approval from the Chief Executive Officer, the Deputy Chief Executive Officer or the Managers to whom the Chief Executive Officer has delegated signing authority.

In addition, financing contracts except those which are below the maximum amount defined in section 1.3 above, are approved by the Board of Directors in accordance with the Board’s Internal Regulations.

> *4.10 Managing and monitoring the Group's customer contracts*

The Group’s customer contracts are concluded by Eutelsat SA or its subsidiaries on the basis of standard form contracts prepared by Eutelsat SA's General Counsel and Sales Department.

Any change to 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 Group has implemented processes to develop contracts for the allocation of capacity, in particular to verify that contracts are duly signed and that customers are invoiced in accordance with the contract conditions. During each fiscal year, the sales cycle, which the Group's Senior Management deems to be one of the key procedures, is thoroughly audited. The purpose of these recurrent annual audits is to assess whether the existing internal procedures are appropriate. Depending on the findings of these audits, the relevant changes are made to internal procedures to increase the reliability of the process that contributes to revenue recognition.

Allotment agreements are the subject of monthly and quarterly reports prepared jointly by the Sales and Finance Departments.

> 4.11 Delegation of powers

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

> 4.12 Customer risk management

All new customers are assessed for customer risk by the "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 managers in the Sales Department and the office of the General Counsel and, if necessary, followed by appropriate measures.

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

> 4.13 Procurement procedures

Procedures have been put in place to guarantee that any commitment to order goods or services is preceded by a duly authorized purchase requisition.
The following authorization procedure must precede all purchases:

- approval by Senior Management of a procurement budget per project/activity as part of the Annual Budget approved by the Board of Directors; and
- validation by Management of the Department which made the purchase request (as well as by General Management beyond a predetermined amount).

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

Invoice payment is subject to the agreement of the various services involved in the procurement process, in compliance with the internal control principles relating to the rules regarding the separation of roles.

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

It should be noted that 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 these programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chief Executive Officer or Deputy Chief Executive Officer of Eutelsat SA.

> 4.14 Addressing the Group's main financial risks

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

To manage interest rate and counterparty risk, the Group uses a number of derivatives. The aim is to limit, where it seems appropriate, fluctuating revenues, income and cash flows caused by changes in interest rates and foreign exchange values. The Group does not engage in financial transactions in a speculative perspective.

Foreign exchange risk:

Through its sales transactions regarding satellite capacity the Group mainly receives foreign currency, predominantly U.S. dollars. The Group is therefore mainly exposed to the US Dollar / Euro exchange risk and, to a far lesser extent, the USD / BRL exchange risk.

Through the geographical diversification of its business, the Group is exposed to translation risk. This means that its statement of financial position and its income statement are sensitive to exchange rate fluctuations when consolidating the accounts of its foreign subsidiaries outside the Euro zone (translation risk). With regards to investment in currencies not belonging to the Euro zone, the Group's hedging policy consists of creating liabilities denominated in the currency of the cash flows generated by these assets. Among the hedging instruments used, the Group also uses cross-currency swaps.

Interest rate risk: The Group manages its exposure to interest rate fluctuations keeping most of its debt at fixed rates (Eutelsat S.A. bonds) and possibly by a hedging policy on its credit lines *in fine* at variable rates.

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 minimizes its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products mainly from first-ranking financial institutions or banks and diversifying its financial investments with exposure to several counterparties or by using instruments to spread the risk over many counterparties. 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 by using overdraft facilities, bank term loans and bond loans, revolving credit lines from banks, export financing and satellite leases.

> 4.15 Addressing the risk of corruption

After approval from the Board of Directors, Senior Management has put in place a programme which aims to improve the fight against corruption within the Group (mainly using an ethical charter and publishing a procedures and training manual). As part of this programme, a committee has also been formed and a professional reporting mechanism has been put in place. The committee has been asked to vote on the choice of intermediary agents.

5. Risk management policy

Due to the very complex nature of the activities involved in operating and developing its satellite fleet, the Group's Senior Management has always been particularly attentive to risk management within the Group and to the measures taken to cover these risks.

The Risk Management Department's principal duties are as follows:

- to undertake to identify the major risks likely to affect the Group's operations and activities and define an associated risk management policy and procedure in conjunction with the other departments involved;
- to assist the Group's Senior 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;
- to ensure that employees adhere to the risk management policy and that the appropriate communications with respect thereto are distributed;
- to ensure that the Group's interests are protected by making sure that risks likely to affect the Group are defined in a suitable manner and that the Company's operations, activities and internal control procedures are carried out in such a way as to minimize the risks to the Group as much as possible; and
- to ensure that the risk management policies are implemented in an appropriate manner and that they are taken into account when conducting the Company's business.

The work carried out during the 2015-2016 financial year consisted of a comprehensive review of the Group's exposure to all its risks including, in particular, the risk of failures in orbit and consequently the adaptation of the in-orbit life insurance policy to take into account not only the net book value of satellites but also the revenue generated by the most contributing satellites.

During the financial year, new commercial projects and plans to invest in new satellites, the updated strategic plan, and the budget for the 2015-2016 financial year were also subject to in-depth risk analysis.

APPENDIX 6

VERIFICATION REPORT FOR 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 June 30, 2016, in accordance with the provisions of Article L.225-102-1 Commercial Code (Grenelle II of July 12, 2010) and Decree No. 2012-557 of April 24, 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 commercial code and with regards to the decree of May 13, 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 (n°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' 2015-2016 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 June 13 to July 19, 2016 (10.5 days worked) 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 SA and Eutelsat Americas, representing 76 % 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. Eighteen (18) 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 (Coverage rate: 83%): policies implemented regarding training – number of training hours - the measures taken for gender equality- absenteeism- the conditions of health and safety at work- the measures taken for employment and integration of disabled people.
    - Environmental component (Coverage rate: 96%): the organisation of society to take into account environmental issues - electricity consumption – diesel consumption – water consumption – waste products - prevention, recycling and waste disposal – greenhouse gas emissions- measures to improve energy efficiency and use of renewable energy.
    - Societal component (Coverage rate: 67%): responsible purchasing policy – territorial, economic and social impact – prevention of corruption – relationships with people or interested in the company's business organizations.
- 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.
- Seven (7) interviews were conducted with the Human Resources Department, the Purchasing Department, IT Department, the General Services Department, the Regulatory Affairs Department, the Engineering Department and the Legal 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.

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' 2015-2016 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 2015-2016 management report.

Completed the 20th of July 2016, in Arcueil,

SGS ICS France
29 avenue Aristide Briand
F- 94111 ARCUEIL Cedex
Téléphone + 33 (0) 1 41 24 88 56
Fax + 33 (0) 1 41 24 71 29
www.sgs.com

Philippe Fusiller
Directeur SGS-ICS France

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