eutelsat
COMMUNICATIONS

Expanding space to communicate

REFERENCE DOCUMENT 2011-2012

Contents

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COMMUNICATIONS

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

REFERENCE DOCUMENT 2011-2012 INCLUDING THE ANNUAL FINANCIAL REPORT

AMF

This document is an unofficial translation of the French *document de référence* filed with the *Autorité des marchés financiers* ("AMF") on 24 September 2012 in accordance with Article 212-13 of the AMF General Regulations. The French *document de référence* may be used in connection with a financial transaction if supplemented with an offering memorandum *(note d'opération)* approved by the AMF.

In the event of any ambiguity or discrepancy between this unofficial translation and the French *document de référence,* the French version shall prevail. The French version was drafted by the issuer and holds the signatories thereof liable.

Pursuant to Article 28 of EC Regulation No. 809/2004, the following information is included for reference purposes in this reference document:

- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2011 and the related Statutory Auditors' report figuring, respectively, in Sections 20.1.1 and 20.1.2 of Eutelsat Communications' 2010-2011 *document de référence* registered under No. D.11-0875 by the AMF on 23 September 2011 (the "2010-2011 Reference Document");
- the consolidated financial statements of Eutelsat Communications prepared in accordance with IFRSs for the financial year ended 30 June 2010 and the related Statutory Auditors' report figuring, respectively, in Sections 20.1.1 and 20.1.2 of Eutelsat Communications' 2009-2010 *document de référence* registered under No. D.10-0739 by the AMF on 24 September 2010 (the "2009-2010 Reference Document");
- information on the Eutelsat Group's financial situation and results for the financial years ended 30 June 2011 and 2010 figuring, respectively, in Section 9.4 of the 2010-2011 *document de référence* and Section 9.4 of the 2009-2010 *document de référence.*

Copies of this reference document are available free of charge at the registered office of Eutelsat Communications, 70, rue Balard, 75015 Paris, France or on the websites of Eutelsat Communications (www.eutelsat.com) or the *Autorité des marchés financiers* (www.amf-france.org).

EXPANDING SPACE TO COMMUNICATE REFERENCE DOCUMENT 2011-2012

In this reference document, the terms "Eutelsat Communications" and the "Company" mean Eutelsat Communications S.A. "Eutelsat S.A." means the company Eutelsat S.A., which is the Company's main operating subsidiary. "Group" or "Eutelsat Group" means the group of companies consisting of the Company and all its subsidiaries. "IGO" means the European Satellite Telecommunications Organisation before the Transformation (the "Transformation" — see Section 5.1.5 "Key events" and Section 6.8.6 "Other provisions applicable to the Group") and "Eutelsat IGO" means the same organisation after the Transformation.

This reference document contains the Group's consolidated financial statements and data for the year ended 30 June 2012 prepared in accordance with International Financial Reporting Standards (IFRSs) and incorporates for reference purposes the IFRS consolidated financial statements for the years ended 30 June 2010 and 30 June 2011.

This reference document also includes the Company's financial statements for the year ended 30 June 2012 as presented in Section 20.1.3 "Eutelsat Communications' annual financial statements for the year ended 30 June 2012".

Unless otherwise stated, the figures presented in this reference document are based on the consolidated financial statements for the year ended 30 June 2011 and the consolidated financial statements presented in Section 20.1.1 of this reference document for the year ended 30 June 2012.

Investors are invited to read carefully and take into account the risk factors described in Chapter 4 ("Risk factors") of the reference document before making any investment decision, since the occurrence of one or all of these risks may have a negative impact on the Group's activity, financial position, results or ability to achieve its objectives.

This reference document contains information on the Group's objectives and forward-looking statements. These statements are sometimes identified by the use of the future tense or conditional mood, as well as terms such as "estimate", "believe", "have the objective of", "intend to", "expect", "contemplate", "should" and other similar expressions. These forward-looking statements and information about objectives depend on circumstances or facts likely to occur in the future, and must not be interpreted as guarantees that the facts and data mentioned will occur or that objectives will be attained. These forward-looking statements and information about objectives are based on data and assumptions that may be affected by the realisation of known and unknown risks, uncertainties and other factors, including those relating to the economic, financial, competitive and regulatory environment.

A glossary defining the main technical terms used in this reference document is provided at the end of the document.

1.1 Person responsible for the 2011-2012 reference document

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

1.2 Certification by the person responsible for the 2011-2012 reference document

I hereby certify, after having taken all reasonable care to ensure that such is the case, that the information contained in this reference document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the accounts have been drafted in accordance with the applicable accounting standards and that they constitute a true and fair view of the assets and liabilities, the financial position and results of the Company and the consolidated Group of companies, and that the Management Report contained in this document presents an accurate picture of developments in the business, results and financial position of the Company and the consolidated Group of companies as well as a description of the principal risks and uncertainties that these companies face.

I have received a letter from the Statutory Auditors certifying that they have verified the financial and accounting information given in this reference document and that they have read the document in its entirety.

The financial information presented herein has been the subject of Statutory Auditors' reports figuring in Sections 20.1.2 and 20.1.4.

Paris, 24 September 2012

Michel de Rosen
Chief Executive Officer

2 STATUTORY auditors

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2.1 Statutory Auditors

Ernst & Young et Autres

Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Regional Association of Statutory Auditors of Versailles).

1/2, place des Saisons

92400 Courbevoie

Paris La Défense 1

France

The Combined Ordinary and Extraordinary General Meeting of 9 November 2009, having duly noted the expiry of the term of office of Ernst & Young Audit as first Statutory Auditor, appointed the firm of Ernst & Young et Autres as Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2015.

Mazars

Member of the *Compagnie régionale des commissaires aux comptes de Versailles* (Versailles Regional Association of Statutory Auditors).

61, rue Henri-Regnault

92400 Courbevoie

France

The Combined Ordinary and Extraordinary General Meeting of 8 November 2011, having duly noted the expiry of the term of office of Mazars as Statutory Auditor, appointed the firm of Mazars as Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2017.

2.2 Alternate Statutory Auditors

Auditex

Tour Ernst & Young Audit

Faubourg de l'Arche

92037 Paris-La Défense Cedex

France

The Combined Ordinary and Extraordinary General Meeting of 9 November 2009, having duly noted the expiry of the term of office of Mr. Thierry Gorlin as Alternate Statutory Auditor, appointed Auditex as alternate Statutory Auditor for a term of six financial years. This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2015.

Mr. Gilles Rainaut

39, rue de Wattignies

75012 Paris

France

The Combined Ordinary and Extraordinary General Meeting of 8 November 2011, having duly noted the expiry of the term of office of Mr. Gilles Rainaut as Alternate Statutory Auditor, appointed Gilles Rainaut as Alternate Statutory Auditor for a term of six financial years.

This term expires at the end of the Ordinary General Meeting approving the financial statements for the financial year ending 30 June 2017.

3 SELECTED INFORMATION and financial data

3.1 Brief presentation of the Eutelsat Group

With a fleet of 28 satellites in geostationary orbit (GEO) between 15° West and 70.5° East and broadcasting 4,261 television channels, the Group is the leader in Extended Europe[1] for the provision of Fixed Satellite Services (FSS).

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

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

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

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

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

The Group's strengths

The Group boasts some significant strengths:

- a large number of orbital positions in operational service on the European orbital arc (15° West to 70.5° East) serving Extended Europe and sub-Saharan Africa with a very broad base of satellite dishes installed;
- modern orbit satellite infrastructure featuring highly-flexible configurations, on-board redundancy, extensive back-up capacity and excellent operational reliability;
- significant growth potential in Video Applications—driven by the rapid growth expected in the number of channels transmitted, the development of emerging markets and the growth of high-definition TV ("HDTV") in Europe—and in Professional Data Network services, as a result of the fast-paced development of broadband satellite applications, particularly in areas with little or no terrestrial network coverage;
- pole position in the European satellite broadcasting market;
- a business portfolio combining high visibility with robust growth: as of 30 June 2012, Video Applications accounted for 68.6% of consolidated revenues excluding non-recurring revenues, Data Services and Value-Added Services represented 19.4% of consolidated revenues excluding non-recurring revenues and Multi-Usage Services accounted for 12.1% of consolidated revenues excluding non-recurring revenues;
- significant and regular cash flow due to the make-up and size of the Group's order backlog which stood at 5.2 billion euros as of 30 June 2012 with a weighted average residual life of contracts of 6.9 years.

Thanks to these strengths, for the fourth consecutive year, Eutelsat Communications delivered one of the best financial performances in the FSS sector in terms of revenue growth (+4.6%) and the best in terms of operating performance with an EBITDA[2] margin of 78.3% as of 30 June 2012.

Group strategy

During the financial year, the Company continued to implement its development strategy aimed at consolidating and strengthening its positions in the most profitable segments of the FSS sector, in terms of both geographical markets and applications. To this end, the Group pursued an ambitious policy of renewing and developing its in-orbit resources over Extended Europe and sub-Saharan Africa, innovating to operate new frequency bands such as the Ka and S bands, and developing promising new applications to provide incremental growth such as consumer satellite broadband internet access and 3D television.

Over the financial year, this strategy was reflected in new capacity to fuel the Group's growth:

- Successful launches of EUTELSAT 7 West A and EUTELSAT 16A;
- acquisition of the GE 23 satellite and related assets to accelerate the Group's development in the rapidly-growing Asia-Pacific region. The acquisition transaction should close during the second half of the 2012 calendar year, subject to the required regulatory approvals;

(1) Extended Europe comprises Western Europe, Central Europe, the Community of Independent States, North Africa, the Middle East and sub-Saharan Africa.
(2) EBITDA is defined as operating income before depreciation, amortisation and other operating income/expenses.

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- a continued policy of significant investment directed at the renewal of its orbital resources with seven satellite launches planned before the end of the 2014-2015 financial year;
- forthcoming order for a new satellite (EUTELSAT 8 West B) to meet the strong demand from video markets in the Middle East and North African regions.

3.2 Key figures

The following tables present extracts from the Group's consolidated balance sheets, income statements, EBITDA calculations and statements of consolidated cash flows, in compliance with IFRSs, for the financial years ended 30 June 2010, 2011 and 2012. The main accounting principles used by Eutelsat Communications to prepare its consolidated financial statements for the year ended 30 June 2012 are set out in Note 4 to Eutelsat Communications' consolidated financial statements in Section 20.1 "Financial information for the financial year ended 30 June 2012".

EXTRACT FROM THE CONSOLIDATED BALANCE SHEETS OF EUTELSAT COMMUNICATIONS

(in millions of euros)	30 June 2010	30 June 2011	30 June 2012
Total non-current assets	4,336.1	4,340.6	4,554.7
Total current assets	381.0	410.6	415.7
Total assets	**4,717.1**	**4,751.2**	**4,970.4**
Total shareholders' equity	1,512.3	1,728.8	1,847.9
Total non-current liabilities	2,816.4	2,696.6	2,816.8
Total current liabilities	388.3	325.8	305.7
Total liabilities	**4,717.1**	**4,751.2**	**4,970.4**
NET DEBT[(1)]	**2,424.3**	**2,197.9**	**2,373.6**

(1) Net debt includes all financial debt and liabilities from long-term lease agreements, less cash and cash equivalents and marketable securities (less bank credit balances).

EXTRACT FROM THE CONSOLIDATED INCOME STATEMENTS OF EUTELSAT COMMUNICATIONS

(in millions of euros)	30 June 2010	30 June 2011	30 June 2012
REVENUES	**1,047.2**	**1,168.1**	**1,222.2**
Operating costs	(80.9)	(88.7)	(107.1)
Selling, general and administrative expenses	(138.6)	(153.1)	(157.8)
Depreciation and amortisation[(1)]	(313.4)	(280.5)	(308.9)
Other operating income	0.1	235.4	0.0
Other operating charges	(6.0)	(236.1)	(7.1)
OPERATING INCOME	**508.6**	**645.2**	**641.3**
Financial result	(100.6)	(109.2)	(129.5)
CONSOLIDATED NET INCOME	**282.5**	**354.7**	**341.1**
NET INCOME ATTRIBUTABLE TO THE GROUP	**269.5**	**338.5**	**326.1**

(1) Depreciation and amortisation as of 30 June 2012 includes 44.5 million euros of amortisation charges on "Customer contracts and associated relationships" recognised when Eutelsat Communications acquired Eutelsat S.A.

EBITDA

(in millions of euros)	30 June 2010	30 June 2011	30 June 2012
Revenues	1,047.2	1,168.1	1,222.2
Operating expenses[(1)]	(219.4)	(241.7)	(265.0)
EBITDA	**827.8**	**926.4**	**957.2**
EBITDA margin (as a percentage of revenues)	79.0%	79.3%	78.3%

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

EBITDA is not an item defined by French accounting principles and does not constitute a measure of financial performance. It should not be compared to operating income, net income or cash flow from operating activities. Nor should it be used as an indicator of profitability or liquidity. Likewise, it should not be used as an indicator of past or future operating results. EBITDA is calculated differently from one company to another, and accordingly, the information given in this reference document about EBITDA should not be compared to EBITDA information reported by other companies.

EXTRACT FROM THE CONSOLIDATED STATEMENTS OF CASH FLOW OF EUTELSAT COMMUNICATIONS

(in millions of euros)	30 June 2010	30 June 2011	30 June 2012
Net cash flows from operating activities	698.3	816.8	697.2
Net cash flows used in investing activities	(491.5)	(248.3)	(479.0)
Net cash flows used in financing activities	(306.4)	(478.1)	(261.9)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(100.0)**	**91.1**	**(44.7)**

BACKLOG

	30 June 2010	30 June 2011	30 June 2012
Value of contracts (in billions of euros)	4.9	5.0	5.2
Weighted remaining duration of contracts (in years)	8.0	7.5	6.9
Portion relating to Video Applications	92%	91%	92%

As of 30 June 2012, the Group's order backlog stood at 5.24 billion euros or 4.3 times annual revenues (excluding other revenues and non-recurring revenues), compared with 4.96 billion euros as of 30 June 2011.

4 RISK factors

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

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

Group risks may be divided into three categories:

- risk regarding the Group's satellite fleet and the investments associated with its deployment;
- risk relating to changes in the satellite communications market;
- financial and other risks.

This section briefly outlines the main risks that the Group might face 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.

4.1 Risks regarding the Group's satellite fleet and the investments associated with its deployment

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

The Group plans to launch seven new satellites (EUTELSAT 21B, EUTELSAT 70B, EUTELSAT 25B, EUTELSAT 3D, EUTELSAT 3B, EUTELSAT 9B and EUTELSAT 8 West B) before the end of calendar year 2015. The purpose of these satellites is to ensure continuity of service provided by some existing satellites, increase resources in certain orbital positions, consolidate the Group's service offering and step up the level of security at certain orbital positions.

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

Moreover, the limited number of launch service operators reduces the Group's flexibility and options when it comes to transferring planned launches from one provider to another in the event of a launch being delayed or experiencing launch failure.

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

"Non-recurring revenues" included, notably but not exclusively, indemnities for the late delivery of satellites amounting to 22.1 million euros as of 30 June 2011 and 8.6 million euros as of 30 June 2012.

4.1.2 Access to space according to the Group's timetable is a crucial part of its satellite deployment plan and growth strategy

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

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 Sea Launch Limited Partnership.

However, should one of the launch service providers prove incapable of meeting its contractual commitments towards the Group within the specified deadline due to operating (*e.g.* following a failed launch) or financial difficulties, the Group could re-allocate the 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.

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

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

As of 30 June 2012, future payments on satellite construction contracts amounted to 246 million euros and future payments on launch contracts to 336 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 2011 and 30 June 2012:

	As of 30 June	
(in millions of euros)	2011	2012
2012	60	-
2013	23	43
2014	20	27
2015 and beyond	18	24
2016 and beyond	69	18
2017	-	67
TOTAL	**190**	**179**

During the financial year 2011-2012, the Group's procurement from satellite manufacturers and launch service providers stood at about 388.3 million euros with no single supplier representing more than 35% of this amount.

Satellite and launch service procurement, which as of 30 June 2012 and 30 June 2011 represented a respective 78% and 75% of Group acquisitions of tangible fixed assets, involved satellite manufacturers (EADS Astrium, Thales Alenia Space and Space Systems Loral) and launch operators (Arianespace, International Launch Services, Sea Launch Limited Partnership and China Great Wall Industry Corp (CGWIC)/Chinese Society of Astronautics (CSA)).

As of 30 June 2012, payments to suppliers pursuant to the Law on Modernising the Economy were as follows:

(in thousands of euros)	Under 30 days	Between 30 and 60 days	Over 60 days	Total
Payables due	101	28	4,655	4,784
Payables to come	3,348	239	-	3,586

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

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

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

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

4.1.4 The Group is also exposed to the risk that its suppliers may experience operational or financial difficulties

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

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

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

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

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

4.1.6 The Group does not have insurance cover for all in-orbit satellites it owns and such policies might not protect the Group against all the damage sustained by its satellites

The Group currently has an In-Orbit Life insurance programme covering 15 of its satellites on the basis of their net book value. The policies cover the partial losses and/or deemed total losses of the insured satellites under certain conditions. In spite of total or partial insurance coverage, a failure or loss of one or more of the Group's satellites could have a significant negative impact on its business, financial situation and results.

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

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

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

During the financial year ended 30 June 2012, insurance premiums accounted for approximately 3.4% of total operating costs.

The main insurance policies taken out by the Group are In-Orbit Life insurance policies, renewable annually. The In-Orbit Life insurance plan taken out by the Group was renewed in 2012 for a 12-month period starting on 1 July 2012.

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

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

In addition, the Group has taken out launch-plus-one-year insurance covering the launch of the EUTELSAT 7 West A, EUTELSAT 16A, EUTELSAT 21B, EUTELSAT 70B and EUTELSAT 25B satellites.

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

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

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

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

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

As of 30 June 2012, 52,450 Tooway™ consumer internet terminals had been activated.

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

As of the date of this reference document, the Group uses capacity on three satellites in stable orbit (Telstar 12, SESAT™ 2 and EUTELSAT 3A) belonging to third parties, and which are recognised as assets in its consolidated balance sheet. These three satellites are respectively owned by Loral Skynet, RSCC and China Satcom.

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

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

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

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

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

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

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

4.1.11 Risk management procedures regarding the satellite fleet and its operation

PROTECTING AND ENSURING THE INTEGRITY OF THE SATELLITE FLEET

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

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

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

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

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

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

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

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

IT SECURITY AND CERTIFICATION OF SATELLITE CONTROL SYSTEMS

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

The Group's ISO 9001 certification (obtained in 2005) is renewed every three years and is valid until June 2014. This certification covers satellite control and operations, satellite launch and orbiting operations and the satellite control system on the ground (definition, development, procurement, deployment, operation and maintenance).

A quality management system modelled on the ISO 9001:2008 standard covering the activities of the Operating Department at the Rambouillet centre was obtained in 2011 and is renewed every three years and is valid until June 2014. The activities concerned are those linked to the communications control centre, the radio frequency systems and the technical infrastructure.

The certification for IT systems security for the control of satellites modelled on the ISO 27001:2005 standard obtained in 2011 is renewed every three years, and is valid until November 2014. The certification covers satellite operation-related systems, satellite launches and placement in orbit, including the definition, development, procurement, deployment, operation and maintenance phases.

4.1.12 Prevention and management of other Group operating risks

THE BUSINESS CONTINUITY PLAN FOR THE COMPANY'S OPERATIONS

The business continuity plan includes:

- the mapping of critical processes and resumption objectives. The mapping is the result of an analysis of business-line impacts arising from incident scenarios;
- crisis management procedures (logistics, external and internal communication, decision-making processes);
- business-line procedures describing the tasks to be performed at the back-up site;
- the back-up IT systems (applications, systems and network infrastructure, telecoms);
- procedures describing urgent action to be taken in the event of an incident;
- the logistics required when the plan is triggered (back-up user locations, plant rooms containing back-up infrastructure).

At the start of 2006, Eutelsat S.A. initiated a business continuity plan ("BCP") aimed at reducing strategic, economic and financial risks in the event of the prolonged unavailability of its registered office located at 70, rue Balard, 75015 Paris.

Placed under the responsibility of the IT Systems management, the project aims at determining the conditions for continuing commercial, financial, administrative and legal activities, corporate communications, and IT and HR Systems management.

Activities directly linked to management of the satellite fleet (and, specifically, satellite and communications control centre activities) currently lie outside the scope of the BCP since they are already covered by specific security procedures described above in the Section "Protecting and Ensuring the Integrity of the Satellite Fleet".

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

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

These tests confirmed that the organisational and technical procedures worked properly in the presence of affected business-line users at the back-up site, in conditions similar to those that would exist during a crisis. The tests carried out during the last two financial years confirmed that the BCP is fully operational.

SECURITY OF IT (INFORMATION TECHNOLOGY) SYSTEMS

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

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

- mapping of risk arising from IT Systems security and assessment of the impact on corporate operations;
- establishing a policy and standards meeting Eutelsat's security requirements;
- drawing up an action plan and setting up a cross-sectional security committee to oversee its implementation;

- assessing the protective measures in place in the organisational and technical domains;
- setting up the position and carrying out the duties of correspondent between the Company and the CNIL (*Commission nationale de l'informatique et des libertés*, body for protection of individual freedoms) to limit certain administrative formalities and ensure the law on individual freedoms is properly applied.

During the 2009-2010 financial year, the following measures were taken:

- appointment of the IT Systems Security Manager as personal data protection correspondent with the CNIL, for the subsidiary Fransat;
- application of the technical recommendations issued following an audit on protection of information systems in respect of the internet;
- setting up of the appropriate infrastructure to secure IT traces for the purposes of prevention (definition of alerts in the event of suspicious occurrences) and reaction (faster reactions in the event of incidents relating to IT security);
- adoption of methods to take into account security requirements in IT projects;
- launch of a new campaign to make all Eutelsat employees aware of information security issues and of the best practices to be applied.

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

- implementation of a secure messaging system with the ability to encrypt and sign emails and attachments;
- completion of an awareness campaign for all Eutelsat employees, highlighting IT security issues and associated good practices to be applied;
- introduction of an audit on IT security to ensure proper application of measures laid down in the security standards and carry out the required corrective measures, if necessary.

During the 2011-2012 financial year, several actions that had been recommended during the latest external audit were implemented. They were aimed at improving IT security in relation to applications and to systems and network infrastructures.

4.1.13 Management of the Group's main operational risks

In the conduct of its business activity, the Group is exposed to a number of operational risks and, more specifically, to those likely to affect its activity.

Due to the highly complex nature of activities involved in operating its satellite fleet and developing its business, and in response to developments in financial and commercial regulations, the Group created the new position of Risk Management Officer in 2008, reflecting the emphasis placed on risk management and following a recommendation made by the Audit Committee to the Board of Directors. The Risk Management Officer reports directly to the Group's Deputy CEO.

The Risk Management Department's major responsibilities are as follows:

- identify major risks likely to affect the Group's operations and activities and work with the departments concerned to define policies and processes to reduce these risks;
- assist Group Management and the Audit Committee in implementing a risk management policy that includes measures aimed at preventing and reducing risks, improving their control and organising contingency plans;
- monitor staff compliance with the risk management policy and carry out the appropriate communication initiatives in this area;
- promote the Group's interests by ensuring that risks which have a potential impact on the Group are properly defined and that the operations and activities, along with the Company's internal control procedures, are performed in such a way as to minimise risks to the Group; and
- ensure that risk management policies are effectively implemented and taken into account in the Company's activities.

Since its creation, the Risk Management Department has developed a methodological approach which is cross-disciplinary and is applied to the Group's various business activities.

During the financial year 2011-2012, the risk mapping for the Group was updated, the purpose being to identify and measure the magnitude of risks likely to affect the performance of the Group's operations and activities. More specifically, during the 2011-2012 financial year, the Risk Management Department continued to focus on a systematic evaluation of the risks of in-orbit failure or delay when launching satellites, in conjunction with the technical, commercial and finance departments. One of the results of this work was a series of recommendations aimed at mitigating the impact such incidents could have on the Company's ordinary business.

The importance ascribed to risk management within the Group as reflected, for example, in the development of this new position, points out to the emphasis by Management and the Board of Directors on a pro-active risk management policy aimed at protecting the Company's assets, activities and interests to the maximum extent possible. To manage the risks arising from its business and operating environment to the maximum extent possible, the Group has set up internal control procedures. During the financial year, new commercial projects and investments in new satellites, together with the updated strategic plan and budget for the year 2012-2013 were thoroughly analysed in respect of the risks implied.

Supervised and conducted independently of the concept of risk management, an internal control procedure was implemented under the responsibility of the Internal Audit Department, with the purpose of ensuring:

- compliance with statutory and regulatory provisions;
- application of the Executive Management's instructions and guidelines;
- proper functioning of internal corporate processes, particularly those contributing to the protection of corporate assets;
- reliable financial information; and
- more generally, ensuring that business activities are effectively controlled, that operations are efficient, and that resources are used effectively.

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

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It should be noted that internal controls and procedures relating to the security of Group operations (*i.e.* procedures regarding the management of satellite risks and other Group risks) are to be distinguished from internal control procedures relating to the treatment of accounting and financial information on the business of the Company and its subsidiaries, in compliance with applicable regulations.

It should also be reminded that, as Eutelsat Communications is charged with the financial and strategic management of the Eutelsat Group, the Group's operational activities, in particular its satellite-related activities are performed by Eutelsat S.A.

INSURANCE

"LAUNCH-PLUS-ONE-YEAR" AND "IN-ORBIT LIFE" INSURANCE

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

Furthermore, the Group has taken out other customary commercial insurance policies regarding its operations.

The Group's launch and In-Orbit Life insurance policies include provisions and exclusions that are customary in space insurance, including those relating to loss or damage caused by *force majeure* events (such as armed conflicts), natural occurrences related to a satellite's environment in space, intentional acts by the Group and damage to third parties.

During the financial year ended 30 June 2012, the Group's premiums for launch and In-Orbit Life insurance totalled 265 million euros.

During the financial year ended 30 June 2012, insurance premiums represented approximately 3.4% of total operating costs.

The main insurance policies taken out by the Group are In-Orbit Life insurance policies, renewable annually. The In-Orbit Life insurance programme taken out by the Group was renewed in 2011 for a 12-month period starting on 1 July 2011.

As indicated in Section 4.1.7 of this reference document, insurance policy premiums for launches and for satellites in-orbit may increase in the future and it could become more difficult to obtain or renew insurance policies.

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

The Group took out a spacecraft third-party liability insurance policy for a period of one year, renewed in October 2011, which covers damage caused to third parties by the Group as a satellite system operator.

CREDIT INSURANCE

The Group took out an insurance policy covering the risk of non-payment by most of its customers. This policy came into effect on 5 March 2011 for a period of 12 months extended until 1 May 2012. As of 1 May 2012, the Group took out a new policy for a period of 14 months.

OTHER INSURANCE POLICIES

The Group has taken out third-party liability insurance covering its Corporate Officers *("mandataires sociaux")*, Directors and senior managers, as well as the senior managers of its subsidiaries, in the performance of their duties. The Group has also taken out standard third-party liability insurance covering its ground operations. These policies are automatically renewed each year by tacit agreement.

In addition, the Group has standard comprehensive insurance for its on-ground equipment and various assistance policies for its employees and visitors.

4.2 Risks regarding changes in the satellite telecommunications market

4.2.1 The Group might not be able to meet demand for satellite capacity at certain orbital positions

Available satellite capacity is currently lower than demand in some frequency bands (Ku and C-bands) and/or in Extended Europe and Sub-Saharan Africa. 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.

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

The audiovisual industry is sensitive to variations in advertising budgets and consumer spending, which are in turn affected by the economic environment as a whole. In recent years, many television channels, broadcasting platform operators and cable TV operators have experienced financial difficulties as a result of declining advertising revenue and global economic slowdown. The Group cannot guarantee that the audiovisual industry, which is an important part of its end-user base, will not be similarly affected by a sluggish world economy, resulting in weaker demand or additional pressure on prices. Such a downturn could have a significant negative impact on the Group's business, financial position and results.

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

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

4.2.3 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.

Another key component of the Group's strategy is developing Value-Added Services (especially IP access solutions). This will depend, in part, on continued growth in demand for broadband internet services which is not guaranteed and is not easily predictable. Demand for broadband internet services could decrease or experience slower growth than in the past few years. Even if this demand does continue to grow, the Group cannot guarantee that such growth will generate increased demand for satellite services due to the cost of access to satellite capacity. Furthermore, the Group might not be able to provide broadband internet services that correspond to market demand or offer competitive prices, especially in the event of any delay or failure involving its KA-SAT Tooway™ programme.

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

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

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

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

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

Furthermore, in the normal course of its business, the Group occasionally encounters difficulty in recovering payment for clients' use of satellite capacity. In this respect, the standard contracts entered into with customers provide for suspension or interruption of services in the event of payment default. During the financial year ended 30 June 2012, outstandings corresponding to service interruptions amounted to less than 1% of annual revenue.

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

Moreover, the Group considers that healthy receivables are not really a risk, apart from the possibility of customers located in geographical areas deemed to be potentially the most exposed to the impact of the financial crisis. This risk is estimated at about 2.9% of the value of receivables as of 30 June 2012.

4.2.5 A substantial percentage of the Group's revenue is generated by Multi-Usage Services, which depend heavily on the global political and economic context

Over the last few years, the Group has generated some of its revenues (12.1% of the Group's revenues for the financial year ended 30 June 2012) in the Multi-Usage Services market segment. This segment includes the direct or indirect supply of services to governments, especially in the United States, on the basis of one-year capacity allotment agreements. Obtaining and/or renewing capacity allotment agreements for this segment depends to a great extent on the international political and economic context. As a result, the Group cannot be certain that it will be capable of continuing to earn revenues from the Multi-Usage Services segment.

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

4.2.6 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 2012, the Group's 10 largest customers represented 53.4% of its revenues (the breakdown for the Group's top 10 customers as of 30 June 2011 and 2012 is shown in Section 6.7 "Commercial and distribution policy"). Some of the Group's major customers could decide to terminate their contracts, not to renew them, or to renew them on terms, particularly price terms, that are less favourable to the Group. This could have a significant negative impact on its business, financial position and results.

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

4.2.7 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 are available to them. The Group is also in competition with regional and national satellite operators, some of which enjoy advantages (*e.g.* tax or regulatory advantages) in their domestic markets. Increased competition between satellite operators could lead to greater pressure on prices, which could have a significant negative impact on the Group's business, financial position and results.

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

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

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

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

4.2.9 Prevention and management of the Group's commercial risks

MANAGEMENT AND MONITORING OF THE GROUP'S SUPPLIER CONTRACTS

The Group has set up procedures to manage and monitor supplier contracts.

As with other contracts signed by the Group, supplier contracts and those financing the Company are prepared, negotiated and monitored by Eutelsat S.A. pursuant to the service agreements between the Company and Eutelsat S.A. Thus, prior to their signature, supplier contracts receive endorsement from the Directors concerned and formal approval by the Chief Executive Officer, the Deputy Chief Executive Officer or the Directors to whom the Chief Executive Officer has delegated proxy signature.

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

POWER OF ATTORNEY AND SIGNATURE

In principle, all contracts and documents setting out a Company commitment must be signed by the Chief Executive Officer or Deputy Chief Executive Officer. However, in some particular cases such as the processing of supplier contracts involving small amounts, the CEO has delegated his signature to certain persons within the Group. These proxies are drafted by the Legal Department, which monitors them. The CEO and Deputy CEO are authorised to sign any undertaking of any amount or type, subject to statutory provisions and the Internal Regulations of the Board of Directors.

MANAGEMENT AND FOLLOW-UP OF CONTRACTS WITH CUSTOMERS

The Group's contracts with customers are entered into by Eutelsat S.A. or its subsidiaries on the basis of standard models prepared by the Legal and Commercial Departments of Eutelsat S.A.

Any change to the standard format is examined by Eutelsat S.A.'s Legal Department before the contracts are signed by those with the appropriate level of authority.

The signature of sales contracts is subject to a number of approvals which vary according to the annual value of each commitment. Depending on the amounts and the nature of services involved, the signature of Eutelsat S.A.'s Commercial Director, Multimedia Department Director, General Counsel or Chief Executive Officer (or Deputy CEO) may be required.

The drawing up of capacity allotment agreements is based on complex procedures aimed at ensuring that contracts have been duly signed and customers accurately billed. During each financial year, the sales cycle, which the Management of the Group deems to be one of the key processes, is the subject of an in-depth audit. The aim of these recurring annual audits is to evaluate the suitability of the internal procedures in place and, on the basis of the findings, ensure that appropriate modifications are made to increase the reliability of these internal procedures contributing to the recognition of revenue.

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

CUSTOMER CONTRACT RISK

All new customers are systematically assessed by the Finance Department's Credit Management team to determine the level of financial guarantees required. All late payments are the subject of in-depth analysis with the relevant client-managers within the Sales and Legal Departments followed, as required, by appropriate measures.

The Group has also taken out a new credit insurance policy to improve coverage of customer default risks (see Section 4.1.13 "Insurance").

PURCHASING PROCEDURES

Procedures have been established to guarantee that all commitments to order goods or services are preceded by a duly authorised purchase request.

The authorisation procedure that should precede all purchases is as follows:

- validation by Management of a budget per project/activity as part of the annual budget approved by the Board of Directors; and
- validation by the Director of the Department from which the purchase request originates.

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

Settlement of invoices is subject to the agreement of the departments involved in the purchasing process, in compliance with the internal control policy regarding the rules governing the separation of the positions involved.

All payments require two signatures. If certain pre-determined amounts are exceeded, the signature of the Chief Executive Officer or of the Deputy Chief Executive Officer is also required.

As for procurement contracts for satellites and launchers, these are subject to prior approval by the Board of Directors as part of its review of the Group's activities and investment decisions. Contracts for such programmes are governed by a specific procedure (technical, legal and financial) before being signed by the Chief Executive Officer or the Deputy Chief Executive Officer of Eutelsat S.A.

4.3 Risks relating to the Group's strategic development

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

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

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

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

4.3.2 The Group has undertaken new and innovative projects, the profitability of which is not guaranteed

The Group has made major investments in new infrastructure including a new satellite (EUTELSAT KA-SAT 9A, launched in December 2010) and a complex network of terrestrial stations which will enable it to sell different types of services and, particularly, satellite broadband internet access solutions *via* Tooway™ to the general public across Europe.

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

Furthermore, the Group's failure to develop, operate or sell these innovative projects, especially the KA-SAT-Tooway™ project, would have a detrimental effect on the Group's prospects and growth targets, and accordingly a significant negative effect on its business, financial situation and results. During the financial year 2011-2012, Skylogic, the Eutelsat subsidiary delivering broadband services *via* KA-SAT, signed Tooway™ broadband services distribution contracts with NordNet, Connexion Verte (France), Optimus (Portugal), Italian Space Agency (Italy), Eser Telekom (Turkey), RG Networks (Hungary), Vivacom (Bulgaria), Eurosat-Ukraine (Ukraine), Forthnet Group (Greece) and Egyptsat (Egypt).

Moreover, the deterioration in the technical quality of the S-band payload services owned by Solaris Mobile Ltd prompted the Company to review its development prospects.

In October 2011, Eutelsat announced the order of a new satellite, EUTELSAT 9B, to host the first data relay payload for the European Data Relay Satellite System (EDRS), under construction *via* a Public/Private Partnership (PPP) between Astrium and the ESA.

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

In future, the Group may make acquisitions with payment in cash or shares. Payment in shares could have a dilutive effect for existing shareholders. Such transactions also imply a number of risks arising from the integration of operations and staff, customer retention, management becoming over-stretched, the emergence of unforeseen liabilities or costs, and regulations applicable to such transactions. Acquisitions could therefore have a significant negative impact on the Group's business, financial situation and results.

4.3.4 The Group may be affected by the departure of key employees or be unable to hire the staff needed for its operations

For management and operational purposes, the Group relies on a number of key employees who have very specialised skills and extensive experience in their respective fields. If these employees were to leave, particularly those occupying commercial, technical and regulatory positions, the Group might have difficulty in replacing them. Moreover, the Group's business, characterised by continuously-evolving technology, requires the ability to constantly attract new, highly qualified employees. In the future, if the Group is unable to retain or replace these employees, or is unable to attract new, highly-qualified employees, this could have a significant negative impact on its business, financial situation and results.

4.4 Liquidity risk

4.4.1 The Group has a high level of debt

As of 30 June 2012, the Group's consolidated net debt was 2,374 million euros and mainly comprised: (i) 800 million euros of borrowings under Eutelsat Communications Refinancing Loan (see Section 10.3 "Changes in debt and the Group's financing structure" for further details), (ii) 1,650 million euros of bonds issued by Eutelsat S.A.,(iii) 11.2 million euros of debt related to satellite financing agreements, and (iv) 87.8 million euros in cash and marketable securities (net of bank credit balances).

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.

During the financial year ended 30 June 2012, the Group continued to diversify its funding sources by refinancing Eutelsat Communications' bank credit facilities amounting to 1,765 million euros *via* an 800 million euro term loan, a 200 million euro revolving credit facility and, at the level of Eutelsat S.A., by issuing 800 million euros worth of bonds maturing in January 2019.

As of 30 June 2012, the Group's financing sources were 46.8% bank-based and 53.2% bond debt. The refinancing of Eutelsat also made it possible to extend the average maturity of the Group's debt.

The following table sets out the financial liability repayments:

Total flows	30 June 2012		June 2013		June 2014		June 2015		June 2016		June 2017		Beyond 5 years		Total	
(in millions of euros)	Principal	Contractual flows	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Bank loans	(800.0)	(919.3)	-	(26.5)	-	(26.5)	-	(26.5)	-	(26.5)	(800.0)	(13.3)	-	-	(800.0)	(119.3)
Eutelsat S.A. bonds	(1,650.0)	(2,105.3)	-	(75,0)	-	(75.1)	-	(75.0)	-	(75.1)	(850.0)	(75.1)	(800.0)	(80.0)	(1,650.0)	(455.3)
Eutelsat S.A. Forex derivatives	(4.8)	(4.8)	(4.8)	-	-	-	-	-	-	-	-	-	-	-	(4.8)	0
Interest-rate derivatives	(33.7)	(33.7)	(28.4)	-	-	-	-	-	(5.3)	-	-	-	-	-	(33.7)	0
Creditor banks	(17.3)	(17.3)	(17.3)	-	-	-	-	-	-	-	-	-	-	-	(17.3)	0
Other financial liabilities	(86.0)	(88.6)	(40.3)	-	(8.5)	-	(7.0)	-	(0.6)	-	-	-	(32.2)	-	(88.6)	0

The following table presents credit line maturities:

(in millions of euros)	30 June 2012	June 2013	June 2014	June 2015	June 2016	June 2017	Total
Maturity of available unused credit facilities	(650.0)	-	-	(450.0)	-	(200.0)	(650.0)

The following table presents the maturity schedule for financial assets:

(in thousands of euros)	Total flows 30 June 2012	June 2013 Principal	June 2014 Principal	June 2015 Principal	June 2016 Principal	June 2017 Principal	Beyond 5 years Principal	Total Principal
Interest-rate derivatives	0.3	0.3	-	-	-	-	-	0.3
Financial assets	22.5	19.2	-	-	-	-	3.3	22.5
Cash flow	38.3	38.3	-	-	-	-	-	38,3
Cash equivalents	66.8	66.8	-	-	-	-	-	66,8
TOTAL FINANCIAL ASSETS	**127.9**	**124.6**	**-**	**-**	**-**	**-**	**3.3**	**127,9**

4.4.2 In order to service its debt, the Group will require substantial capital resources which it might not be in a position to raise. The Group's ability to access the capital required depends on many factors, some of which are beyond its control

If the Group were not able to meet its debt-related obligations, it could be forced to refinance or restructure its debt. The Group's ability to restructure or refinance its debt would depend on different factors, some of which are beyond its control. Any refinancing of its debt could be done under less favourable terms, which could restrict the Group's operational and financial flexibility. If the Group is unable to service its debt or refinance under financially-acceptable terms, this could have a significant adverse impact on its business, financial situation and results.

Moreover, the Group's ability to implement its strategy and generate cash flow depends on economic, financial, competitive, legal, regulatory, commercial and other factors, which are outside its control and which will determine its future performance. If the Group's operating cash flow is not sufficient to cover its investment expenditure and debt servicing, it could be forced to:

- postpone or reduce investments;
- sell assets;
- relinquish commercial opportunities or opportunities for external growth (including acquisitions);
- obtain loans or additional equity; or
- restructure or refinance all or part of its debt.

The Group might not be in a position to perform any of these transactions or succeed in performing them in the time required or on satisfactory economic terms, which could have a significant negative impact on its business, financial situation and results.

4.4.3 A change in the Group's debt rating could affect the cost and terms of its debt as well as its ability to raise 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 Baa3/Stable Outlook *versus* Ba1/Positive Outlook at the end of the previous financial year and Eutelsat S.A.'s debt rated Baa2/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.

The Group cannot guarantee that it will be able to take measures enabling it to improve or maintain its ratings, nor that agencies will regard such measures as sufficient. Additionally, factors beyond the Group's control, such as those related to its industry segment or the geographical areas in which it operates, may affect its credit ratings.

Consequently, the Group cannot guarantee that its debt rating will not be downgraded in the future, which could have a significant negative impact on its business, financial situation and results.

4.4.4 The Company is a holding company that depends on its subsidiaries for the resources required to pay dividends. The ability of its subsidiaries to make distributions may be subject to certain constraints

The Group is a holding company that has only limited capacity to generate revenues. The Company therefore depends on its subsidiaries for the resources required for any payment of dividends or any other form of distribution to its shareholders.

As of 30 June 2012, the Company had a high level of debt with 800 million euros in bank borrowings drawn under the Refinancing Agreement (see Section 10.3 “Changes in debt and the Group’s financing structure”). These borrowings do not carry guarantees from Eutelsat Communications subsidiaries, nor any pledge of assets to the lenders.

The distributable funds of its 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.

4.4.5 Eutelsat S.A., the Group’s main operating subsidiary, could be subject to new financing requests regarding the financial guarantee it provides to the IGO’s Closed Pension Fund

Before Eutelsat S.A. was set up and prior to the transfer by IGO of its operating activities (see Section 5.1.5 “Key Events”), the IGO managed a pension fund (the “Closed Pension Fund”) for its staff members. The rights of the Closed Pension Fund’s beneficiaries were fixed, and management of the fund and the corresponding assets were assigned to a Trust, which was also charged with managing the associated pension liabilities.

As of 30 June 2012, the discounted value of the Trust’s pension liabilities amounted to 202.7 million euros in Eutelsat Communications’ consolidated financial statements, and the fair value of its assets was 155.0 million euros (see Note 22.1 to the consolidated financial statements for the year ended 30 June 2012 under Section 20.1 of this reference document). The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund’s beneficiaries. Estimated total pension liabilities may be higher or lower depending on the scenario applied. Pursuant to the transfer agreement dated 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee given by the IGO to cover any financing shortfall in the Closed Pension Fund. Any shortfall in the amount needed to finance the Closed Pension Fund could involve the Group in new obligations as regards the financial guarantee, which could have a significant negative impact on the Group’s business, financial position and results. The unlimited financial guarantee taken over by Eutelsat S.A. may be activated under certain conditions so as to make up for any such future funding shortfall. During the year ended 30 June 2011, given the sharp fall in long-term interest rates, the amount of guarantee being called upon was 8.2 million euros. This amount was measured on the basis of the Trust’s projections, taking into account future market developments. In February 2011, an agreement was reached with the Trust for incremental payments of the amount being called upon of 4.1 million euros as of 30 June 2011 and 30 June 2012.

The first payment of 4.1 million euros was made during the financial year ended 30 June 2011 and the second payment of the same amount during the financial year ended 30 June 2012.

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

The Group cannot predict with great certainty the amount it might have to pay if the guarantee were enforced. Any financing shortfall in the Closed Pension Fund could generate new obligations for the Group pursuant to the financial guarantee. This could have a significant negative impact on the Group’s business, financial situation and results.

4.4.6 The Group manages liquidity risk

As of 30 June 2012, available cash assets amounted to 87.8 million euros, in addition to 650 million euros of bank credit facilities which had not been drawn as of that date. The Group believes that it is not exposed to any significant liquidity risk.

As of 30 June 2012, the Group complied with all of the covenants on its various credit facilities as described in Section 10.3 “Changes in debt and the Group’s financing structure” of this reference document. In particular, the net debt to EBITDA ratio has declined in recent financial years from 2.93 as of 30 June 2010 to 2.37 and 2.48 as of 30 June 2011 and 30 June 2012 respectively.

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurrent cash flow needs. This tool takes account of the maturity of financial investments, financial assets and estimated future cash flows arising from operations.

The Group’s goal is to maintain a balance between continuous funding and flexibility by use of overdrafts, short-term bank loans, bond issues, revolving credit lines and satellite lease contracts.

Thirty-three per cent of the Group’s debt will mature in December 2016, 34% in March 2017 and 33% in January 2019.

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4.5 Regulatory risks

4.5.1 Eutelsat S.A., the Group's main operating subsidiary, is subject to the Amended Convention of Eutelsat IGO, and Eutelsat Communications is subject to the Letter-Agreement

Eutelsat S.A. By-laws provide that the international treaty establishing the Eutelsat IGO, dated 15 July 1982 and amended on 20 May 1999 (hereinafter the "Amended Convention"), is a "reference document" for the conduct of Eutelsat S.A.'s business activities.

Furthermore, the reciprocal rights and obligations of Eutelsat S.A. and Eutelsat IGO are defined in an agreement pursuant to the Amended Convention (the "Arrangement") dated 2 July 2001.

The rights of Eutelsat IGO under the Arrangement allow Eutelsat IGO to ensure that Eutelsat S.A. abides by the "Basic Principles" defined in the Amended Convention, namely: the public service/universal service obligation for telephony services connected to the international public switched network; the provision of audiovisual services in compliance with relevant international agreements, including the European Convention on transfrontier television and national regulations; the pan-European coverage of the satellite system and compliance with the principles of non-discrimination and fair competition (see Section 6.8.6 "Other provisions applicable to the Group" for more information on the "Basic Principles") in defining its strategy and conducting its business.

In particular, Eutelsat S.A. is required to inform Eutelsat IGO in the event of major changes to its operational, technical, commercial or financial policy that could affect compliance with the "Basic Principles". It is also required to obtain Eutelsat IGO's prior written agreement to carry out voluntary liquidation, including in the event of a merger or consolidation with another entity.

Furthermore, Eutelsat S.A. is required to finance the operating costs of Eutelsat IGO. For a complete description of Eutelsat S.A.'s obligations under the Arrangement, see Section 6.8.6 "Other provisions applicable to the Group".

With a view to allowing the Company to carry out an initial public offering of its shares, Eutelsat Communications and Eutelsat IGO signed a Letter-Agreement dated 2 September 2005 (the "Letter-Agreement") by which the Company made certain commitments to Eutelsat IGO (see Section 6.8.6 "Other provisions applicable to the Group").

The Company undertook, in particular, not to propose and/or vote for any decision to distribute Eutelsat S.A. dividends in excess of the total net annual profits of Eutelsat S.A. and/or the aggregate of the net annual profit(s) of Eutelsat S.A. that may have been allocated to the reserve and/or that could result in increasing Eutelsat S.A.'s net debt/EBITDA ratio to a value higher than 3.75/1; to take all measures to ensure that the obligations entered into by the Company, or that the Company might enter into, shall in no way result in default by Eutelsat S.A. as regards its own financing; to maintain in Eutelsat S.A. a minimum amount of equity in accordance with the sound financial management of Eutelsat S.A. and to enable it to continue complying with the "Basic Principles" and to maintain a level of consolidated Group debt that is not contrary to market practice nor to the sound management of the Group.

Moreover, to facilitate reporting to Eutelsat IGO on the Company's operations, the Executive Secretary of Eutelsat IGO attends meetings of the Eutelsat S.A. Board of Directors and, since the IPO of Eutelsat Communications, has attended meetings of the latter's Board of Directors as an Observer.

Eutelsat IGO's assessment of Eutelsat S.A.'s operations and strategy, in terms of the obligation to observe the "Basic Principles", and the Group's financial policy, could be different from that of the Group. As a result, taking into account Eutelsat IGO's recommendations or requests could reduce the Group's responsiveness and flexibility in conducting its business, managing its debt and equity and defining its distribution policy, and could have a significant negative impact on the Group's business, financial situation and results.

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

Frequency assignments are co-ordinated internationally according to the International Telecommunication Union's (ITU) "Radio Regulations". The purpose of this coordination is to limit the risks of interference between broadcasts (see Section 6.8.1 "Regulations governing frequency assignments and international coordination" for a description of the frequency assignment coordination procedure).

Eutelsat S.A. has a number of frequency assignments for which the international coordination procedure, in accordance with the general regime defined by the ITU's Radio Regulations (see Section 6.8.1 "Regulations governing frequency assignment and international coordination") is not yet complete and/or is not yet in operation with any of the Group's satellites. As regards assignments for which the coordination procedure is not yet complete, priorities for these assignments and for third parties involved in the coordination could mean that coordination restricts the Group's ability to fully operate some of these assignments. As regards assignments for which the coordination procedure is not yet in operation, the Group might not be in a position to activate them within the timeframes set by the Radio Regulations, which would result in a loss of their current priorities. Both situations could have a significant adverse impact on the Group's activities, financial situation and results.

The Group also has certain frequency assignments governed by one of the two special regulations (see Section 6.8.1.1 "International coordination of frequency assignments under the Radio Regulations"). If any State decides to exercise their rights under these systems, or if these special regimes are amended, the Group could be forced to change or discontinue the current use of its assignments, which could have a significant negative impact on its business, financial situation and results.

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

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

The satellite telecommunications industry in which the Group operates is governed by extensive regulation (see Section 6.8 "Regulations"). Changes in policy or regulation on a global level within the framework of the ITU or within the European Union, France or other countries in which the Group does business could have a significant negative impact on the Group's activities, financial situation and results, particularly if such changes increase costs and regulatory restrictions relating to the Group's services.

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

In France, regulations on obtaining and using assigned frequencies relating to a satellite system have been in force since the "Confidence in the Digital Economy Act" (No. 2004-575 of 21 June 2004) and the Decree of 11 August 2006 (see Section 6.8 "Regulations"). Being strictly applied, this regulation has already to some extent, and could in future, limit the Group's ability to obtain new assigned frequencies from the French authorities or to use them as it would like. Such a situation could have a significant negative impact on the Group's business, financial situation and results.

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

Furthermore, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments", see Section 6.8 "Regulations"). Changes in global, European or national regulatory policies could mean that certain frequency bands previously open to satellites could no longer be accessed through future authorisation requests in France. This is the case with the 3.4-3.8 GHz band, which cannot be used at present for Fixed Satellite Services. Such a situation could have a significant negative impact on the Group's business, financial situation and results.

When developing new businesses, the Group could be subject to regulatory requirements including those relating to broadcasting (content broadcast) and earth stations. Compliance with these new regulatory requirements could involve considerable investments of time and resources. Furthermore, the Group cannot guarantee that it will be able to obtain or maintain the necessary authorisations, which could delay or interfere with the provision of services to clients in the affected countries or the implementation of its development strategy, thereby having a significant negative impact on its business, financial situation and results.

Under a partnership agreement with SES, the Group and SES formed a joint venture, Solaris Mobile Ltd, in charge of operating and marketing an S-band payload on the EUTELSAT 10A satellite launched on 3 April 2009. On 7 August 2008, the European Commission invited applications in order to select S-band satellite mobile systems operators in the European Union. Solaris Mobile Ltd responded to this invitation on 7 October 2008. Solaris Mobile Ltd was selected by the Commission in its decision of 13 May 2009. Member States must grant a right of use in their territory for the frequencies identified in the Commission's decision for a period of 18 years from the date of the decision. Solaris Mobile Ltd currently has 19 national authorisations (France, Germany, Italy, Luxembourg, Sweden, Poland, UK, Spain, Denmark, Finland, Netherlands, Slovenia, Belgium, Lithuania, Estonia, Austria, Malta, Hungary and Ireland).

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

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

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

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4.5.4 Since 10 December 2010, the Group has been subject to new regulations under the French Space Operations Act

The Space Operations Act was published in France's *Journal officiel* on 4 June 2008, and its application decrees were published on 10 June 2009. The Group is mainly affected by decree No. 2009-643 relating to authorisations. The Act has been in force since 10 December 2010 (see Section 6.8 "Regulations").

IN-ORBIT CONTROL

On 24 December 2010, the Group obtained, by decree, a licence equivalent to authorisation for the "control of space devices" for its entire fleet. The licence was granted for a one-year period from the effective date of the decree insofar as the technical regulations relating to the Act had not yet been published. The Group obtained a new licence on 11 October 2011 with equivalent authorisations, valid until 31 December 2020.

The technical regulations associated with the Act were published by decree on 31 May 2011. Some requirements cannot yet be completely fulfilled given the current satellite design. Temporary measures have been provided so that, in respect of some provisions, only the best strategy possible be implemented. All the provisions in the law will be applicable as of 1 January 2021. Design changes by manufacturers will therefore have to be introduced in the meantime (changes to equipment, additional equipment, etc.).

Technical regulations also require implementing new internal processes. Accordingly, the Group must be capable of informing the Ministry in charge of space activities and the *Centre national d'études spatiales* (CNES) of certain technical and organisational facts which are likely to affect space operations as authorised. As a result, the CNES may suggest changes in the initial authorisation to the Ministry and it may request cancellation of the authorisation and a new application if the changes are not sufficient to guarantee the safety of individuals, the security of goods and the protection of public health and the environment, .

In addition to the technical regulations, the licence decree of 11 October 2011 provides for a number of other requirements. For all new satellites launched under this licence, the Group must provide specific data or documents, such as a mission analysis, a hazard assessment study, pre-launch review dates and the launch date, and a record of propellant emissions before and after the launch. The Group also has to send regular declarations to the CNES proving the ability of satellites covered by the licence to perform service withdrawal manoeuvres. The Group is also required to notify the Minister and the CNES of any changes in orbital position other than an avoidance manoeuvre one month before the start of its implementation, except in the event of an emergency.

Consequently, if the Group and its co-contractors do not make the technical and organisational changes required by the licence decree of 11 October 2011 within the specified timeframe, the Group may fail to obtain the required new authorisation or licence, or be subject to sanctions under the existing licence (including withdrawal of the licence for non-compliance). This could therefore have a significant negative impact on the Group's business, financial situation and results.

LAUNCHES

Any satellite launch undertaken by the Group from France or abroad remains subject to licensing on a case by case basis. Nevertheless, on 23 December 2010, the Group obtained a licence certifying that Eutelsat had the moral, financial and professional/business guarantees enabling it to be exempted from the administrative part of such requests and shortening the authorisation timeframe from four months to one month.

On 31 March 2011 and 12 March 2012, the Group obtained authorisation to proceed with the launch of the satellites under procurement by the traditional launchers currently identified. Any other launches must be subject to a new launch application.

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

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

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

4.5.5 The Group is subject to strict regulations governing the content of programmes broadcast *via* its satellites

Regulations on the broadcasting of television programmes in the European Union provide that each Member State must ensure that the programmes transmitted comply with applicable laws on broadcasts to the general public, especially for the purpose of protecting children and prohibiting the promotion of hatred and racial discrimination. As a French satellite operator, the Group could be given formal notice to cease broadcasting of a television channel from outside the European Union if the channel's content does not comply with French laws and regulations or if it is likely to damage public order (see Section 6.8.3 "Regulations governing content"). However, the Group might not be technically able to cease the broadcast without being forced to interrupt the transmission of other television channels that are part of the same multiplex on the same transponder. These television channels might then terminate contracts for that capacity and apply for compensation, which could have a significant negative impact on the Group's business, financial situation and results.

In future, the French authorities could issue an order to interrupt broadcasting of non-European channels. As a result, if at any time, governmental or judicial decisions prevent the Group from delivering its transmission services, it could find it more and more difficult to pursue its policy of long-term contracts for the transmission of television channels with non-French customers, thereby encouraging some of its customers to use the services of competing operators, which would have a significant negative impact on the Group's business, financial situation and results.

This risk could be reduced given the fact that, as indicated in Section 6.8.3.1 "The "Audiovisual Media Services" Directive", a large portion of foreign channels broadcast by the Group have been governed, since 19 December 2009, by the regulator of the country where the satellite uplink is conducted (Germany, Italy, UK, etc.), and no longer only by the French regulator.

Within the authorised European limits, some countries may be more flexible than France and/or their regulators may adopt different positions to those of the French regulator. However, certain steps relating to channels that may create compliance problems under French law and the European directive (which is merely transposed by national legislation) are initiated by the Commission itself. Such steps may therefore have repercussions, regardless of the designated national regulator within the European Union. The position of one or another of the appropriate European regulators may, moreover, change and become entrenched over time, and this can neither be predicted nor prevented.

Lastly, it is possible, although unlikely, that French legislation could in future be reinforced or amended, especially with respect to non-European television channels, and it could reintroduce, for instance, prior conventions for these non-European television channels (see Section 6.8.3 "Regulations governing content" for a description of the regulations on this point). This could have a significant negative impact on the Group's business, financial situation and results.

4.5.6 The Group is subject to other regulations applying to the channels it broadcasts

Some channels broadcast by the Group could be explicitly addressed by United Nations resolutions transposed *via* European Union regulations, introducing restrictive measures against some entities, or citing them directly in European regulations. These European regulations are directly applicable to the Group which must ensure that none of the listed channels are broadcast using its satellites (see Section 6.8.3.2. "French law of 1986 relating to the freedom of communication").

Considering the number of channels broadcast by the Group, and the absence of direct contractual links with television channels, the risk of transmitting channels covered by such regulations is real, representing a potentially significant negative impact on the Group's business, financial situation, and results.

4.6 Market risk

The Group is exposed to market risks, principally in terms of currency and interest rates, and the Executive Board actively monitors this risk exposure by using various derivative instruments. These instruments are traded over-the-counter with top-tier banking counterparts. The goal is, where appropriate, to reduce revenue and cash flow fluctuations arising from interest-rate and foreign exchange rate variations.

The Group's policy is to use financial derivative instruments to manage such exposure. These instruments are traded over-the-counter with first-rate banking counterparts. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Group never sells assets it does not possess or does not know it will subsequently possess.

4.6.1 Foreign exchange hedges

The euro is the currency used by the Group to draw up its financial statements. However, since a portion of the Group's activities is carried out outside the eurozone and as some of its principal suppliers are located outside the eurozone, the Group must contend with the risk of fluctuations in foreign exchange rates when conducting its business.

Some of the Group's revenue, costs and investments are denominated in other currencies, mainly the U.S. dollar. As a result, fluctuations in exchange rates may have a negative impact on the Group's results.

Moreover, 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 2012, the Group owed phased payments totalling US$93 million during the financial year 2012-2013, mainly regarding five contracts in U.S. dollars.

Fluctuating exchange rates could lead to an increase in the price of the Group's capacity and services when paid in currencies other than the euro. These fluctuations could then reduce demand from customers paying in currencies other than the euro. Even if there is no change in demand, fluctuations in the exchange rate could have an impact on the Group's revenues because a portion of its revenues is in currencies other than the euro.

Moreover, the Group's clients located in emerging countries may encounter difficulties in obtaining euros or U.S. dollars, especially because of currency controls. This could significantly affect their ability to pay in euros or in U.S. dollars, thereby exposing the Group to additional exchange rate risks.

In order to hedge the risks of fluctuating foreign exchange rates, the Group carries out synthetic forward sales of U.S. dollars and euros with knock-in options which are exercised or not, depending on the exchange rates on their expiry date.

The Group does not automatically hedge all of its contracts denominated in U.S. dollars.

As of 30 June 2012, the fair value of the Group's foreign-currency risk hedges was -4.8 million euros, against 1.7 million euros as of 30 June 2011.

Given that derivative instruments are used to hedge its foreign exchange risk, the Group considers that a 10 cent-decrease in the EUR/USD exchange rate would have had a 2.0 million euros impact on its net income and would have resulted in a 9.6 million euros negative change in the Group's equity for the financial year ended 30 June 2012.

The following table shows the situation (in millions of euros) for all existing foreign currency hedging instruments as of 30 June 2012:

	Notional amounts		
	2010	2011	2012
Synthetic forward transaction with knock-in option	154.8	107.2	103.3

The net position in terms of managing foreign exchange risk as of 30 June 2012 was as follows:

(in millions of euros)	
Assets	57.4
Liabilities	(41.5)
Foreign currency exposure	-
Net position before hedging	15.9
Financial hedging instruments	(7.9)
Net position after hedging	8.0

4.6.2 Interest rate risk

The Group manages its exposure to interest rate volatility by maintaining a portion of its debt at fixed rates (Eutelsat S.A. bond Issues) and by hedging its floating-rate credit lines.

Following the refinancing during the financial year (see Section 10.3 "Debt evolution and Group financing structure", sub-section "Eutelsat Communications refinancing credit"), the existing swap (a pay fixed/receive floating swap with a notional amount of 1,465 million euros) put in place in September 2006 (initially maturing in June 2013) was partially terminated for a notional amount of 665 million euros at a 28.3 million euros cost. The terminated portion which had previously been accumulated under equity was recognised as a financial expense for 23.4 million euros.

During the financial year and in accordance with its hedging policy, the Group introduced new hedging instruments with a deferred start date on the date of maturity of the existing swap and maturing in December 2015:

- two swaps for a notional amount of 350 million euros;
- two collars for a notional amount of 350 million euros; and
- one cap for a notional amount of 100 million euros.

The following table shows the situation for all existing interest-rate hedging instruments as of 30 June 2012:

(in millions of euros)	Contractual/ notional values	Fair value at 30 June 2012	Change in fair value over the financial year	Impact on income	Impact on equity
Instant hedge					
Swap (Eutelsat Communications)(1)	800.0	(27.1)	5.0	(21.4)	26.4
Future swaps	350.0	(3.9)	(3.9)	-	(3.9)
Collar	350.0	(2.2)	(2.2)	(0.7)	(1.5)
Cap (Eutelsat S.A.)(2)	100.0	0.3	(0.4)	(0.4)	-
Collar (Eutelsat S.A.)(3)	100.0	0.4	(0.9)	(0.9)	-
TOTAL	**1,700.0**	**(33.3)**	**(2.4)**	**(23.4)**	**21.0**

(1) Swap disqualified as a hedge for 23.4 million euros down to 665 million euros since 21 December 2011. The change in fair value does not include termination indemnities settled (28.3 million euros) excluding accrued interest (5.2 million euros).
(2) The change in fair value does not include termination indemnities settled for 0.7 million euros.
(3) Instrument not qualifying as hedge.

The net interest-rate position as of 30 June 2012 was as follows:

(in millions of euros)	Financial assets[1] (a)		Liabilities (b)		Net position before hedging (c)=(a)-(b)		Off balance-sheet (fixed rate swaps, caps, collars) (d)		Net position after hedging (e)=(c)+(d)	
Maturity	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Less than 1 year	-	105.4	-	17.3	-	88.1	-	-	-	88.1
From 1 to 5 years	-	-	850.0	800.0	(850.0)	(800.0)	-	900.0	(850.0)	100.0
More than 5 years	-	-	850.0	-	(800.0)	-	-	-	(800.0)	-
TOTAL	**-**	**105.4**	**1,650.0**	**817.3**	**(1,650.0)**	**(711.9)**	**-**	**900.0**	**(1,650.0)**	**188.1**

(1) Cash and financial instruments.

As of 30 June 2012, a 10 basis-point increase (+0.10%) over the EURIBOR interest rate would have no impact on the Group's interest expenses but would lead to a financial instrument revaluation with a 0.5 million euro positive impact on the income statement. This would be reflected in a 1.8 million euro positive change in shareholders' equity linked to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

Although the Group has a pro-active interest-rate risk management policy, a substantial increase in interest rates could have a negative impact on its business, financial situation and results.

4.6.3 Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk regarding liquidity and forward investments. The Group minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. As of 30 June 2012, the Eutelsat Communications banking syndicate comprised 12 lenders with Eutelsat S.A.'s banking syndicate comprising four banks.

If any of the lenders default on the term loan portion of the credit facilities, the Group retains the amounts initially allocated in full. If any counterparty defaults on the revolving part of a credit facility, the amount obtained may be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts from the other counterparties in order to obtain the extra sums needed to make up the total amount required.

The Group does not foresee any loss resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

Risk linked to the Group's clients and suppliers are outlined, respectively, in Sections 4.2.6 and 4.1.3 of this reference document. The analysis of accounts receivable (matured and unmatured) can be found in Note 10.2 to the consolidated financial statements under Section 20 of this reference document.

4.6.4 Share risk

During the financial year ending 30 June 2012, and by delegation of the Annual General Meeting of Shareholders, the Company purchased 300,000 shares representing 0.14% of the share capital for a total amount of 7,177,485.45 euros. These share buybacks were executed in two tranches of 100,000 and 200,000 shares at average weighted share prices of 28.3869 euros and 21.6940 euros respectively. These shares were purchased to cover employee free share allocation programmes.

The Company also entered into a liquidity agreement with Exane BNP Paribas. As of 30 June 2012, the latter had acquired a total of 151,895 shares in the name of and on behalf of the Company, amounting to a total of 3.4 million euros.

5 INFORMATION about the issuer

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5.1 Group history and development

5.1.1 Corporate and trading name

Eutelsat Communications.

5.1.2 Commercial and Corporate Registry

Eutelsat Communications is registered with the French *Registre du commerce et des sociétés* in Paris (Commercial and Corporate Registry of Paris) under number 481 043 040.

5.1.3 Incorporation date and duration

The Company was incorporated on 15 February 2005 as a French *société par actions simplifiée* (simplified joint-stock company) and subsequently transformed into a *société anonyme* (limited company) on 31 August 2005. It was registered on 25 February 2005 for a period of 99 years, expiring on 25 February 2104.

5.1.4 Registered office, legal form and applicable legislation

REGISTERED OFFICE

70, rue Balard

75015 Paris

France

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

LEGAL FORM AND APPLICABLE LEGISLATION

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

5.1.5 Key events

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

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

Eutelsat IGO has been maintained as an intergovernmental organisation and currently includes 48 European countries.

On 15 February 2005, Eutelsat Communications was incorporated and, on 4 April 2005, acquired Eutelsat S.A.

On 30 June 2005, Eutelsat Communications bought out some of Eutelsat S.A.'s non-controlling interests.

On 2 December 2005, Eutelsat Communications was floated on the Paris stock exchange.

In January and February 2007, some of Eutelsat Communications' long-standing shareholders sold their shares to Abertis Telecom, a wholly-owned subsidiary of the Spanish Abertis group, and to *CDC* Infrastructure, a wholly-owned subsidiary of the *Caisse des Dépôts et Consignations ("CDC")*.

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

On 1 July 2009, *CDC* Infrastructure sold all its shareholding in Eutelsat Communications (56,399,660 shares and voting rights) to *CDC* in an off-market transaction.

On 15 July 2009, *CDC* transferred the entirety of its stake in the Company to the *Fonds Stratégique d'Investissement ("FSI")*. At the filing date of this reference document, *CDC* owns, indirectly *via* its *FSI* subsidiary, 25.6% of the Company's share capital and voting rights.

On 26 March 2010, to refinance its bank debt, Eutelsat S.A. issued a seven-year 850 million euros inaugural unsecured eurobond on the Luxembourg Stock Exchange regulated market.

In December 2011, the Group refinanced Eutelsat Communications S.A.'s debt by:

- setting up at the Eutelsat Communications S.A. level, a new 800 million euro term loan and a new 200 million euro revolving credit facility, both maturing in five years;
- an unsecured 800 million euros bond issue on the Luxembourg Stock Exchange's regulated market, maturing in seven years, at the Eutelsat S.A. level.

On 13 January 2012, Abertis Telecom announced the disposal of 16.1% of Eutelsat Communications through an Accelerated Book Building ("ABB") with qualified investors. On 22 June 2012, Abertis Telecom announced the disposal to China Investment Corporation (CIC) of a 7.00% shareholding in the Group. Following these two transactions, Abertis Telecom holds 8.35% of the Group's capital, making it the second largest shareholder after the *Fonds Stratégique d'Investissement (FSI)*.

5.2 Main investments

During the financial year, the Group continued with one of the largest investment programmes it has ever undertaken, involving the launch of seven satellites, namely EUTELSAT 21B, EUTELSAT 70B, EUTELSAT 3D, EUTELSAT 25B, EUTELSAT 3B, EUTELSAT 9B and EUTELSAT 8 West B over the next three financial years.

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

As indicated in Section 12 of this Reference Document, the Group will continue to pursue a targeted investment policy directed at the renewal and expansion of its infrastructure. Average capital expenditure will stand at 500 million euros *per annum* over the three financial years to June 2015.

5.2.1 New satellite orders

During the last financial year, the Group signed two satellite supply agreements:

- EUTELSAT 3B in order to reinforce capacity at 3° East. This satellite, with 51 transponders in Ku, C and Ka-band on-board, will cover Europe, Africa, the Middle East, Central Asia and parts of South America, notably Brazil. EUTELSAT 3B will provide Video Data Services, and broadband internet and telecoms services. The launch is expected in the first half of calendar year 2014; and
- EUTELSAT 9B, whose task will be to extend and diversify the resources of the 9° East orbital position, thereby supporting the expansion of digital broadcasting in Europe. The launch of this new satellite in Ku-band is scheduled for the end of 2014. Deploying 60 transponders in Ku-band, EUTELSAT 9B will be a key step in the expansion of 9° East, increasing Eutelsat's resources at this orbital position by more than 70%. This significant capacity increase is the result of an architecture combining five beams and enabling the optimised reuse of the same frequencies on multiple beams;

Aside from its broadcasting mission EUTELSAT 9B will host the first data relay payload for the European Data Relay Satellite System (EDRS), under construction as a public-private partnership (PPP) between Astrium and ESA. The EDRS system of telecommunications satellites in geostationary orbit will allow broadband bi-directional data relay communications between Low Earth Orbit Observation satellites and an associated ground segment.

5.2.2 Satellites under procurement

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

- EUTELSAT 21B: formerly W6A ordered from Thales Alenia Space, scheduled for launch by Arianespace during the fourth quarter of 2012; its mission will be to replace the W6 satellite and increase the resources of the 21.5° East orbital position by over 50%. This position is used for Video and Data and Value-Added services as well as government services across the European, North African, Middle Eastern and Central Asian markets;
- EUTELSAT 70B: formerly W5A, ordered from EADS Astrium, scheduled for launch by Sea Launch during the fourth quarter of 2012; its mission will be to replace the W5 satellite, more than doubling the capacity at 70.5° East. It will enable Eutelsat to reach the regional markets served from this orbital position with expanded resources (mainly Central and South-East Asia) but also to offer interconnection solutions between all the regions covered by the fleet. For example, EUTELSAT 70B will enable efficient satellite links for a range of services such as governmental networks from teleports located in Central Asia as well as in Europe, corporate networks between South-East Asia and Africa, and direct connectivity between Europe and Australia;
- EUTELSAT 25B: formerly EUROBIRD™ 2A, ordered from Space Systems/Loral Inc, scheduled for launch during the first half of 2013; its mission will be to replace the EUROBIRD™ 2 satellite at the 25.5° East orbital position. Its 46 transponders, of which 32 are in Ku-band and 14 in Ka-band, will be shared equally with Qatar Satellite Company (QSC), representing the State of Qatar. It will ensure the continuity of services in Ku-band on the satellite it will replace, with enlarged coverage in the Middle East, North Africa and Central Asia, and will provide this orbital position with its first resources in Ka-band, enabling Eutelsat to offer new services in the regions covered;
- EUTELSAT 3D: formerly EUTELSAT 7B, ordered from Thales Alenia Space and scheduled for launch during the first quarter of 2013; its mission will be to replace the EUTELSAT 3C satellite at the 3° East orbital position. EUTELSAT 3C will be released from its mission and redeployed;
- EUTELSAT 9B, ordered from EADS Astrium and scheduled for launch during the second half of 2014, will accelerate the development of the 9° East orbital position, addressing the high-growth Video markets across Europe. This orbital position benefits from its close proximity to the flagship HOT BIRD satellites at 13° East enabling combined reception on a single dual-feed antenna.

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5.2.3 Other satellites announced but not yet commissioned

- EUTELSAT 8 West B: Scheduled for launch during the first half of 2015, this satellite will replace EUTELSAT 8 West A at the 8° West orbital position and reinforce in-orbit capabilities in response to the strong video market demand at 7°/8° West.

The following table provides an overview of satellites under construction, ordered, or about to be ordered as of the filing date of this document. An additional period of one to two months after the launch date is required to assess the date at which a satellite should be commissioned.

Satellite name	Manufacturer	Estimated launch period (Calendar year)	Capacity	Operating orbital position
EUTELSAT 21B	Thales Alenia Space	Q4 2012	40 Ku	21.5° East
EUTELSAT 70B	EADS Astrium	Q4 2012	48 Ku	70.5° East
EUTELSAT 3D(1)	Thales Alenia Space	Q1 2013	37 Ku	3° East
EUTELSAT 25B(2)	Space Systems/Loral Inc.	H1 2013	16 Ku/7 Ka	25.5° East
EUTELSAT 3B	EADS Astrium	H1 2014	51 (Ku, Ka, C)	3° East
EUTELSAT 9B	EADS Astrium	H2 2014	60 Ku	9° East
EUTELSAT 8 West B	To be defined	H1 2015	40 Ku/10 C	8° West

(1) Formerly EUTELSAT 7B.
(2) In partnership with QSC, the transponders mentioned concern only Eutelsat.

5.2.4 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 vehicle. Similarly, the Company may choose to re-allocate satellite launches to another of its launch service providers under its firm or optional launch services contracts.

However, as of 30 June 2012, not all the satellites under procurement are yet coupled with a launch service.

The expected financing sources for the Group's future investments are shown in Section 10.4 of this reference document.

5.2.5 Past investments

The following table shows the investments made during the last three financial years ended 30 June 2010, 2011, and 2012.

(in millions of euros)	30 June 2010	30 June 2011	30 June 2012
Acquisitions of satellites, other property and equipment and intangible assets	494.3	545.9	487.5

6.1 Presentation

As of 30 June 2012, the Company operated a fleet of 28 satellites in 19 orbital positions, located between 15° West and 70.5° East and providing coverage of Extended Europe, together with sub-Saharan Africa and a large part of the Asian and American continents.

The Group's fleet of satellites represents a total of 801 operational transponders in stable orbit as of 30 June 2012 against 742 transponders in stable orbit as of 30 June 2011. This follows successful completion of the initial stages of a large-scale plan to renew and increase the Group's resources.

As of 30 June 2012, the Group was broadcasting 4,261 television channels globally (+381 since 30 June 2011), to more than 204 million cable and satellite households.

Users of the Group's satellite resources include leading European and international media and telecommunications operators, such as:

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

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

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

During the financial year ended 30 June 2012, the Group generated consolidated revenues of 1,222.2 million euros and consolidated EBITDA of 957.2 million euros. Furthermore, as of 30 June 2012, the Group's order backlog stood at 5.2 billion euros.

6.2 The Group's strengths and strategy

6.2.1 The Group's strengths

The Group considers that the business has the following strengths:

A BROAD PORTFOLIO OF ATTRACTIVE ORBITAL POSITIONS

With 19 orbital positions in operational service, the Group is the satellite operator with the greatest number of orbital positions transmitting video programming over the European arc from 15° West to 70.5° East. Within its portfolio, the Group has developed four flagship orbital positions and controls six major orbital positions allowing it to broadcast television channels in Extended Europe and sub-Saharan Africa.

The Group has successfully developed the HOT BIRD™ orbital position located at 13° East, which is particularly suitable for TV broadcasting to the European Union. This orbital position remains Eutelsat's number one TV broadcasting position. It represents the leading television programme transmission position in Europe and benefits fully from two favourable and mutually reinforcing trends: the increased number of channels broadcast from an orbital position and the largest number of households equipped to receive the signals broadcast from this orbital position. The three HOT BIRD™ satellites were broadcasting 1,100 channels as of 30 June 2012 (more than any other orbital position in Europe) to over 120 million households, of which 52 million equipped for direct satellite reception.

The Group has also developed the 28.5° East position, providing efficient coverage of the United Kingdom and Ireland with the EUTELSAT 28A satellite which, as of 30 June 2012, was broadcasting more than 300 channels to almost 11 million UK and Irish households equipped for direct satellite reception.

More recently, the Group has successfully replicated the HOT BIRD™ model in fast-growing markets where the Group operates, with a view to building new flagship positions.

With last September's launch of the EUTELSAT 7 West A satellite, broadcasting television and radio programmes in the Middle-East and North Africa, the Group consolidated its leadership at 7° West, within the 7° West/8° West neighbourhood. The attractiveness of the 7° West position is reinforced by the satellites of Eutelsat's partner, the Egyptian operator Nilesat. This position is the number one broadcasting position in the Middle-East and North Africa with nearly 900 TV channels broadcast on Eutelsat and Nilesat satellites as of 30 June 2012 to more than 40 million households (source: Nilesat).

Partnering with RSCC, the Group has also developed the 36° East position with the EUTELSAT 36B and EUTELSAT 36A satellites serving the Russian, Ukrainian and sub-Saharan African markets. This position is currently used by DStv, the digital broadcasting platform operated by Multichoice Africa in coverage of sub-Saharan Africa, together with the NTV Plus and Tricolor TV broadcasting platforms in coverage of Russia. The position was broadcasting 715 channels as of 30 June 2012, a growth of 8.0% year-over-year. This sharp expansion is explained, firstly, by the entry into service of the EUTELSAT 36B satellite, launched in November 2009, bringing additional capacity to the 36° East position and, secondly, by the development of the Russian and African markets. In these dynamic markets, the DTH audience at the 36° East position has reached 8.1 million satellite antennas. Whether in DTH reception or through cable networks, the audience covered at the 36° East position exceeds 17 million households (source: Eutelsat Cable and Satellite Review 2010).

According to the Group's estimates, the number of channels broadcast *via* these four flagship positions are received by more than 110 million households equipped with dishes for individual or community reception (source: Eutelsat Cable and Satellite Review 2010).

In addition to these four flagship orbital positions, the Group is in the process of developing major orbital positions specialised by geographical region. These non-premium positions, which were broadcasting more than 1,400 television channels as of 30 June 2012, enable the Group to capitalise on the strong growth in digital television channels in geographical areas such as Central and Eastern Europe, North Africa, the Middle East and sub-Saharan Africa (*via* its positions at 5° West, 7° East, 9° East, 10° East, 16° East, and 25.5° East).

The Group believes that its orbital positions represent a scarce resource, giving it a strategic advantage when it comes to developing its business. Almost all the orbital positions and associated frequency rights for the Ku-band have already been allocated to existing operators by the International Telecommunication Union (ITU), making it virtually impossible for new operators to secure access to orbital positions in Ku-band under current ITU rules (see Section 6.8 "Regulations" for further details). With its current portfolio of utilisation rights for orbital positions and its active rights management policy, the Group believes that it should be able to benefit from the demand growth and rapidly adjust to potential variations in demand while seizing market opportunities that may arise in the future.

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

As of 30 June 2012, the Group's fleet comprised 28 geosynchronous satellites (24 satellites in geostationary orbit and four in inclined orbit). The Group enjoys the following major advantages:

- a portfolio of orbital positions focused on the European orbital arc, serving geographical areas covering both mature markets (Western Europe) and rapidly expanding markets[(1)];
- a modern satellite fleet with an average age of 5.5 years[(2)] as of 30 June 2012 (excluding satellites in inclined orbit: Telstar 12, SESAT 2 and EUTELSAT 3A), in the process of renewal with the launch of seven new satellites over the next few years. Note that the operating life of satellites in stable orbit is usually about 15 years;
- a high level of technical flexibility with, notably, on-board antennae with steerable beams or several beams with different coverage areas, thereby allowing the Group to adjust and reconfigure coverage areas to meet customer needs, respond to geographical market features and reconfigure the coverage area in the event of a satellite being relocated;
- connectivity between transponders and the various geographical coverage areas, enabling the Group to meet changing customer demand;
- on-board redundant equipment and large-scale back-up capacity at key orbital positions, enabling the Group to offer, under certain circumstances, service continuity in the event of a satellite breaking down or malfunctioning; and
- a new-generation Ka-band multi-spotbeam satellite, EUTELSAT KA-SAT 9A, the first high-throughput satellite in Europe enabling the development of broadband services for the general public and professionals across Europe and large parts of the Mediterranean Basin where the terrestrial networks remain undeveloped.

SIGNIFICANT GROWTH POTENTIAL

In the digital market, the Group considers that through the services it provides, it is in a unique position to seize opportunities for growth in the TV, data and Value-Added Services markets.

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

- strong increase in the number of channels transmitted, a trend that is expected to continue;
- significant growth in demand from emerging markets (such as Central and Eastern Europe, Russia, North Africa, the Middle-East and sub-Saharan Africa);
- accelerated roll-out of HD in Extended Europe where the Group has established a strong foothold with the resources and key orbital positions that can be immediately allocated to this kind of application. The Group also believes that it could benefit from its leading[(3)] position in Europe in that its existing customer base includes several HD platforms with which the Group enjoys long-standing close relationships. The Group sees broadcasting high-definition channels as a true engine for growth because high-definition digital television channels in MPEG 4 format use on average 2.5 times more capacity than standard digital television in MPEG 2 format;
- the Group believes that it will continue to benefit from growth in 3D broadcasting to digital cinemas as part of special events; and
- the Group considers that ultra-HD is a particularly promising innovation that could consolidate its growth over the long term.

(1) Rapidly expanding markets include Eastern Europe, Turkey, Central Asia, the Middle-East, North Africa and sub-Saharan Africa.
(2) Weighted average by the number of transponders.
(3) Source: Euroconsult Satellite Communications & Broadcasting Market Survey—2002 edition.

In the Professional Data Network and Value-Added Services market, the Group believes that growth in its business should be boosted by a number of factors, notably:

- the rapid development of broadband satellite applications. For example, demand for satellite capacity for business networks and broadband services, excluding distribution by multibeam satellites, saw a CAGR of 20% between 2007 and 2011 in Extended Europe and sub-Saharan Africa (source: Euroconsult 2012);
- rapidly increasing demand in emerging markets (such as Central and Eastern Europe, Russia, North Africa, the Middle East and sub-Saharan Africa);
- the development of new mobile services and applications, which could represent an additional vehicle for growth. The Group currently boasts considerable know-how in this segment, especially *via* its services aimed at the land, sea and air transport sectors; and
- the development of new internet access based services and applications in new frequency bands such as the Ka-band, which enables a significant reduction in the costs for access to satellite capacity in areas where there is limited or no access to terrestrial networks.

Furthermore, because its satellites are appropriately located, Eutelsat is in a position to leverage on the opportunities arising from the national defence and security sector in terms of satellite requirements.

The Group's growth potential also depends on its ability to innovate, which has always been the primary focus of its strategy. Historically speaking, the Group has demonstrated its ability to develop new technologies and Value-Added Services, which now constitute significant sources of revenue and growth (D-STAR™, Tooway™) and should further fuel the Group's future growth. In December 2010, the launch of the EUTELSAT KA-SAT 9A satellite, the first of a new generation of high throughput satellites (HTS) in Europe using multi-spot beams, wrote a new page of the Group's innovation strategy.

A LEADING POSITION IN THE EUROPEAN SATELLITE BROADCASTING MARKET

The Group is the number one operator in the European satellite TV and radio broadcasting market in terms of the number of channels broadcast and transponders with 4,261 television channels and 1,070 radio stations broadcast to almost 204 million cable and satellite households as of 30 June 2012.

A significant proportion of the Group's video business is conducted in Europe where the satellite broadcasting market is attractive compared to other geographical regions, particularly in terms of pricing.

A BUSINESS PORTFOLIO GEARED TO THE MOST LUCRATIVE APPLICATIONS

Within the framework of its development strategy, the Group focuses its satellite resources on Video Applications, Data and Value-Added Services in Europe including Central Europe, but equally in Russia, the Middle East, and North and sub-Saharan Africa.

Video Applications are regarded as the industry's most stable source of revenue. On the one hand, audiovisual platform operators have significant and recurrent capacity needs; on the other, the broad base of satellite dishes installed favours long–term partnerships between audiovisual platform and satellite operators. This means that audiovisual operators are prepared to sign long-term contracts (often covering the entire operating lives of the relevant satellites, usually about 15 years), providing the Group with a stable customer base and a regular source of income.

Video Applications account for a large proportion of the Group's revenue, having increased by 5.8% to 832.2 million euros as of 30 June 2012. The leasing of transponders dedicated to Video Applications represented 68.6% of the Group's revenue (excluding other revenues and non-recurring revenues) during the financial year ended 30 June 2012 compared with 68.6% during the financial year ended 30 June 2011.

The number of channels broadcast *via* Eutelsat's satellites reflects the strong growth, standing at 4,261 at 30 June 2012, up from 3,880 a year earlier (+381 new channels or 10% growth). The number of High Definition channels also increased, reaching 346 at 30 June 2012, up 57% from 220 year-over-year. HDTV now represents 8.1% of the total channels broadcast by Eutelsat's fleet, against 5.7% a year earlier.

In addition to its Video Applications business, the Group also operates in the dynamic **Data Services and Value-Added Services** market. These activities, which accounted for 19.4% of Group revenues (excluding other revenues and non-recurring revenues) in the financial year ended 30 June 2012, grew by 0.4% *versus* the financial year ended 30 June 2011. This activity is expected to benefit from the entry into service of two new satellites EUTELSAT 21B and EUTELSAT 70B to be launched by the end of the calendar year 2012. The Value-Added Services activity includes internet broadband services targeting consumers and businesses. Its revenues increased by 8.5% to 49.9 million euros, with the take-up of Tooway™ consumer services more than offsetting the sharp decline in enterprise services from D-Star.

Finally, revenues from **Multi-Usage** services, which comprise capacity leased to governments and administrations, rose by 16.7% year-over-year to 146.5 million euros. This activity represented more than 12.1% of Group revenues (excluding other revenues and non-recurring revenues) for the financial year ended 30 June 2012.

The Group's business portfolio is based on a very effective distribution network, essentially made up of incumbent telecommunications operators with which the Group enjoys close relationships as they are both customers and distributors, and which are well-established in their respective markets. In addition to this network of incumbent distributors, and in order to respond to requests from various customers, the Group has developed a targeted sales and direct marketing strategy, and actively manages its relationships with its key account clients.

A more detailed description of the revenue trend for individual applications during the financial year ended 30 June 2012 can be found in Section 9.4.1 "Revenues" of this reference document.

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SIGNIFICANT AND PREDICTABLE CASH FLOW

Over the last few years, the Group has generated significant cash flow from operating activities, representing nearly 57% of its revenue in 2012, and totalling 816.8 million euros and 697.2 million euros for the financial years ended 30 June 2011 and 30 June 2012 respectively.

Cash flow from operating activities is for the most part predictable in nature, owing to the make-up and size of the Group's order backlog and the average residual length of contracts (weighted by amount), which stood at 6.9 years as of 30 June 2012. The order backlog mainly consists of long-term contracts (often corresponding to the operational life of satellites) entered into on the basis of pre-determined tariff conditions. As of 30 June 2012, the Group's total order backlog stood at 5.2 billion euros, representing 4.3 times the consolidated revenue for the financial year ended 30 June 2012.

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

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

- over the last five financial years revenue has shown average annual growth of more than 8.6% (financial years ended 30 June 2008, 2009, 2010, 2011 and 2012);
- a very high level of profitability, as illustrated by the EBITDA margin which has stood at more than 78% over the last three years, establishing the Group as the world's leading FSS operator in terms of profitability (source: Eutelsat Communications). This high level of profitability is attributable to the Group's high satellite fleet capacity utilisation rate and its relatively high capacity leasing rates for its flagship orbital positions, confirming the effectiveness of the Group's strategy, which involves maximising revenue per transponder and maintaining strict control over costs.

A MANAGEMENT TEAM ACKNOWLEDGED FOR ITS LEADERSHIP SKILLS

The Group's Management team has a wealth of experience in the FSS market and in-depth knowledge of its technical requirements.

6.2.2 Strategy

During the financial year, the Company continued to successfully implement its development strategy focused on the most profitable segments within the FSS sector, in terms of both geographical markets and applications. To this end, the Group pursued an ambitious policy of renewing and developing its in-orbit resources over Extended Europe and sub-Saharan Africa, along with innovating towards operating in new frequencies such as the Ka and S-bands. This will lead to the development of new applications with promising growth potential, such as consumer satellite broadband internet access, satellite hybridization/terrestrial networks and, over the longer term, delivery of Ultra-HD and 3D TV. This long-term strategy combines growth and profitability, and revolves around two main objectives:

- maximise revenue per leased transponder by positioning its services on the most lucrative applications. The Group thus focuses its satellite resources on Video Applications and Value-Added Services in the countries of the European Union together with the emerging markets of sub-Saharan Africa, North Africa and the Middle East, Russia and Central Asia; and
- secure the Group's long-term growth by consolidating and enhancing its portfolio of orbital positions, by pursuing an ongoing policy of innovation to support the development of new applications such as 3D TV and Ultra-HD, consumer satellite broadband internet access and infomobility, by developing the technological and geographical interactions between satellite and terrestrial infrastructures, and by providing access to new frequency bands (Ka and S-bands).

Implementing this strategy also involves the following:

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

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

- consolidating the Company's positions in Western European markets with new contracts and renewals on the 13° East (HOT BIRD™) and 28.5° East orbital positions, as well as in fast-growing markets through the development of commercial relationships on the 7° West and 36° East flagship positions. This includes, notably, last September's launch of the EUTELSAT 7 West A satellite at 7° West, consolidating the leadership of this orbital position for the broadcasting of Middle-Eastern and North African radio and television programmes;
- strengthening and developing the appeal – for broadcasters and consumers alike – of its major orbital video positions (5° West, 7° East, 9° East, 10° East, 16° East and 25.5° East) which cover, notably, emerging markets such as Central and Eastern Europe, North Africa, the Middle East and sub-Saharan Africa. The entry into service, in November 2011, of EUTELSAT 16A at 16° East reinforced this broadcasting position in Central Europe and the Indian Ocean islands;
- implementing a pro-active fleet security policy at 13° East, the Group's flagship position, which will lead to 100% redundant satellite capacity; and
- the July 2011 announcement of the opening of a new orbital position at 3° East, a new step in the development of the Group's resources This expansion aims to meet the demand from the rapidly-growing digital television, data networks and broadband internet access markets.

Finally, the Group keeps a close watch on external growth opportunities that could create value, on its current markets or those with strong potential like Asia or Latin America. The announcement, in June 2012, of the signature of a contract to acquire the GE-23 (EUTELSAT 172A) satellite enables Eutelsat to expand its reach and commercial offering in the Asia-Pacific region.

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

Given the exponential growth in internet usage and the demand for broadband access (especially in emerging markets), the Group intends to further develop Value-Added Services for broadband IP applications, in particular by:

- building up its broadband solution for professionals (D-STAR™), particularly in Africa and the Middle East, enabling it to offer an economical and effective solution for broadband networks and services targeting, primarily, companies and regional or local authorities operating in areas with little or no terrestrial coverage. With its new "IP easy" broadband platform using the EUTELSAT 16A satellite, the Group has reinforced its offer, extending internet access to residential and home office users as well as small and medium-sized enterprises across sub-Saharan Africa;
- expanding the range of mobile communication services, particularly for land, air and sea transport. To this end, the Group is working with Alstom, Orange and Capgemini to provide the SNCF's TGV Eastern high-speed trains with on-board broadband internet access; and
- developing the distribution network for the new consumer broadband internet solution *via* satellite, known as Tooway™, in the Ku and Ka-bands. This service, delivered *via* the EUTELSAT KA-SAT 9A satellite, offers competitively-priced, new-generation broadband internet access to households with limited or no access to terrestrial networks. Commercialised under agreements concluded with European telecommunications operators, the service demonstrates the Group's commitment, at a time of digital convergence, to developing and structuring partnerships with such operators, thereby positioning the satellite as a technology that complements terrestrial networks. Tooway™ is operated by Skylogic S.p.A., a broadband subsidiary of Eutelsat S.A.

The Group also intends to strengthen its competitive position in the Professional Data Network segment, specifically by developing new solutions based on IP technology which harness the exceptional performances delivered by the EUTELSAT KA-SAT 9A satellite.

REMAINING ATTENTIVE TO CUSTOMER NEEDS

The Group believes that establishing long-term partnerships with its customers, fulfilling their needs in the best possible fashion, but also anticipating their future requirements in an industry based on long cycles, are the essential prerequisites for consolidating its orbital positions over the long term. It therefore intends to maintain and increase the links established with its current and potential customers to the benefit of all parties.

PURSUING AN ACTIVE INNOVATION POLICY

In December 2010, the Group launched a Ka-band satellite, known as EUTELSAT KA-SAT 9A, to meet the broadband service requirements of populations with poor or no coverage from terrestrial broadband networks across Europe and the Mediterranean basin. This is the first of the Group's satellites to operate solely in Ka-band and is configured with more than 80 narrow beams. The bandwidth provided by EUTELSAT KA-SAT 9A in conjunction with SurfBeam®, ViaSat's next generation ground network system, gives this satellite an unrivalled level of efficiency, its total bandwidth being in excess of 90 Gigabits/second. Modulations have been developed to significantly increase the EUTELSAT KA-SAT 9A satellite's capacity, marking an important step forward in the design of multibeam satellites which have already proved an effective way of providing internet access, HD and local television services to consumers in North America (see Sections 6.5.2.2 "Value-Added Services" and 6.6.1.4 "Satellites ordered and currently under construction").

During the financial year 2007-2008, the Group established a partnership with SES Astra to set up a company known as Solaris Mobile Ltd (Solaris) based in Dublin, Ireland, to operate and market the S-band payload of the EUTELSAT 10A satellite launched on 3 April 2009. This particular frequency band makes it possible to distribute TV, video and radio services, along with bi-directional communications using mobile equipment such as telephones, PCs and multimedia players.

Furthermore, the Group has developed innovative technical solutions geared to professional markets, such as broadband internet access *via* satellite on French high-speed trains, or delivering content to cinemas *via* satellites (digital cinema), especially 3D.

Finally, the Group is a firm believer in enriching the TV offering, and favours the hybridization of networks making broadband access and audiovisual broadcasting universally available. Eutelsat plays a major role in hybridization within the framework of IPTV both at the end of the value chain (*e.g.* Orange triple play *via* its hybrid terminal, where broadcast transmission uses the satellite) and midway down the value chain (delivery to broadband terrestrial networks). Eutelsat supports the HbbTV standard as the hybrid TV broadcast solution which can take place *via* satellite, and for internet access. In this context, Eutelsat opened its first hybrid television services in Germany (KabelKiosk Choice) using the HbbTV standard. This new hybrid service enables German cable network operators to offer their subscribers a package combining linear television reception and an enriched services and contents offer *via* the internet. Eutelsat is now able to respond to the challenge of interactivity directly by offering an alternative in "push broadcast" mode to the catch-up and Video on Demand services proposed by the "Over The Top" players.

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PURSUING A PRO-ACTIVE POLICY FOR MANAGING NON-ALLOCATED CAPACITY

The Group plans to continue to leverage on the profitability of its available satellite resources by optimising its capacity, taking into account the utilisation rates observed by geographical region and application together with the expected increase in demand. Accordingly, the Group plans to continue to seize opportunities arising in segments that are not part of its core business (including services to public-sector entities), while giving priority to contracts that deliver greater added value in the long term when allocating available capacity.

MAINTAINING A HIGH-QUALITY, FLEXIBLE FLEET ABLE TO ADJUST TO THE GROUP'S STRATEGIC REQUIREMENTS

The Group intends to maintain its first-class satellite capacity by:

- building on the satellite fleet's technological strengths and increasing in-orbit redundancy and back-up capacity;
- maintaining flexibility in the fleet's operating and technical configuration; and
- carrying out targeted investments aimed at increasing satellite capacity as and when required by the Group's growth strategy.

KEEPING A TIGHT REIN ON OPERATING COSTS

The Company is committed to maintaining strict control over operating costs, as has been the case in previous years. Specifically, the Group regularly reviews its policy on in-orbit fleet insurance, and examines solutions that potentially enable it to reduce associated costs in the future, whilst maintaining a satisfactory level of fleet coverage.

6.3 Main markets

Unless otherwise indicated, data on the main markets in which the Group operates is taken from the 2012 edition of Euroconsult's Satellite Communications & Broadcasting Markets Survey.

Fixed Satellite Services (FSS) industry

FSS providers operate satellites in geostationary earth orbit (GEO), positioned approximately 36,000 kilometres from the earth in the equatorial plane. At this altitude, a satellite rotates around the earth at the same speed as the earth spins on its own axis, which allows it to maintain a fixed position in space in relation to a given point on the earth's surface. This makes it possible to transmit signals towards an unlimited number of fixed terrestrial antennae permanently turned towards the satellite. Theoretically, a GEO satellite can cover up to one third of the earth's surface.

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

FSS operators rent transmission capacity (in other words transponders) to customers: TV broadcasting platform operators, TV networks, telecoms operators and internet service providers in particular. Transponders are the items of equipment installed on-board satellites which receive, amplify and re-transmit the signals they pick up.

The FSS sector uses several different frequency bandwiths: C, Ku and Ka.

C-band. The C-band is normally used for audio, data and video applications. Signals transmitted in C-band have longer wavelengths than those transmitted in the Ku and Ka-bands, and require large antennae (4 to 6 metres in diameter) for transmitting and receiving signals from one given point to another. The antennae used for the direct reception of television channels are around 1.2-2.4 metres in diameter.

Ku-band. The Ku-band is used for services such as broadcasting, video distribution and Professional Data Networks. Signals transmitted in Ku-band have short wavelengths, enabling customers to use smaller antennae of around 1.8-2.4 metres in diameter, to transmit and receive signals from one given point to another. The antennae used for the direct individual reception of TV channels are typically 60 centimetres to 1.2 metre in diameter.

Ka-band. Signals in the Ka-band have the shortest wavelengths, enabling customers to send and receive signals using very small terminals. Extensively deployed in North America, Ka-band usage in Europe has been developed using the EUTELSAT KA-SAT 9A satellite. One of the Ka-band's specific features is that it delivers greater signal concentration over a small geographical area, thereby making it possible to provide highly-efficient systems for point-to-point applications. However, it is more affected by the fluctuations in signal strength resulting from changing weather conditions.

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

The Group's fleet of satellites mainly consists of transponders operating in the Ku-band, which are particularly well suited to services such as direct broadcasting to small antennae. Since 31 May 2011, Eutelsat has operated the high-capacity all-Ka-band EUTELSAT KA-SAT 9A satellite, a powerful new platform for delivering high bandwidth services at a competitive price to users beyond the range of terrestrial networks, thereby contributing to building inclusive digital economies across Europe and the Mediterranean Basin.

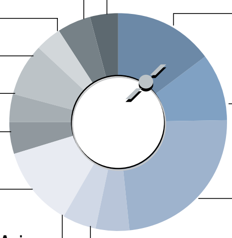
The FSS sector has various characteristics, namely:

- major barriers to entry, owing especially to the limited number of commercially viable orbital positions in the world, the complex international regulatory framework, the significant investment involved and the high level of technical expertise required to develop and operate a fleet of GEO satellites, and the substantial and sustained commercial effort needed to develop various orbital positions;
- limited risk of losing and having to replace customers in that GEO satellites are the most efficient and economical form of broadcasting technology for content distribution over a wide geographical area. Moreover, transferring broadcasting services to a rival satellite operator involves sizeable costs for a television platform operator which requires reorienting the base of receiving antennae to another orbital position;
- a robust business model, with a large order backlog resulting in a high level of visibility with regard to future revenue;
- generally high operating margins and a high proportion of fixed costs, hence the strong operating leverage; and
- the existence of several new growth drivers, including the emergence of HDTV, 3D TV and possibly Ultra-HD television, and the development of mobile communication solutions (television on mobile phones and broadband internet on trains, commercial aircraft and ships).

According to Euroconsult, the FSS sector generated worldwide revenues of US$11.7 billion as of 31 December 2011, including US$10.3 billion in infrastructure revenue[(1)]. Total infrastructure revenue in Extended Europe and sub-Saharan Africa amounted to US$5.2 billion. In 2011, there were 258 commercially-active satellites.

The geographical breakdown of infrastructure revenues generated in 2011 by the FSS sector is shown below:

BREAKDOWN OF INFRASTRUCTURE REVENUES IN THE FSS SECTOR BY REGION



Source: Euroconsult 2012.

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

Satellite capacity supply and demand

GROWTH IN DEMAND

Demand for satellite capacity depends on several factors, in particular:

- the increase in the number of television channels;
- the development of new applications requiring more satellite capacity, such as HD, 3D, Ultra-HD and broadband internet access services;
- technological innovation enabling, notably, a reduction in the cost of access to satellite services;
- deregulation in certain geographical markets; and
- economic growth in various regions of the world.

Furthermore, certain events, such as major sporting events, *e.g.* the Olympic Games and the World Cup, together with news events, can temporarily drive up demand.

According to Euroconsult, world demand for transponders (36 MHz-equivalent) increased at a CAGR of 5.4% between 2007 and 2011.

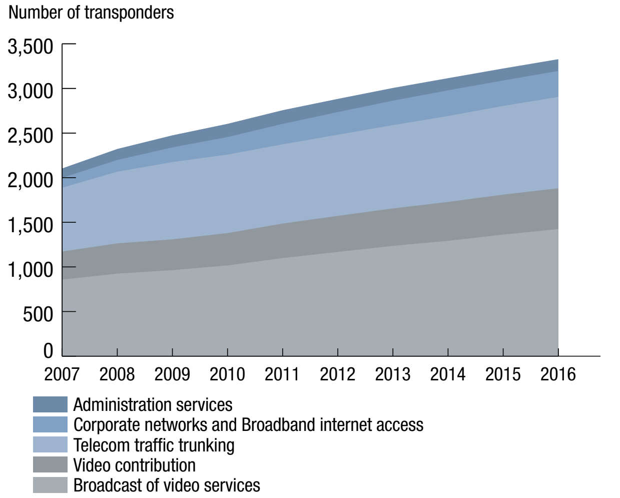
In the medium term, total global demand for satellite capacity should continue to rise at a CAGR of 3.9% between 2011 and 2016.

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

Moreover the CAGR varies considerably between geographical zones. In Extended Europe and sub-Saharan Africa, where the Group is well-established, demand for satellite capacity is expected to grow at a CAGR of 3.8% for the 2011-2016 period compared with 1.4% in North America (source: Euroconsult, 2012). Demand in the emerging regions where the Group has a strong presence should grow more rapidly with a CAGR of 4.9% for the 2011-2016 period.

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

BREAKDOWN BY APPLICATION OF TRANSPONDER DEMAND IN EXTENDED EUROPE AND SUB-SAHARAN AFRICA FOR 2007-2016



Source: Euroconsult 2012.

GROWTH IN SUPPLY

Supply of satellite capacity is determined by existing capacity and by the successful launch of new satellites.

According to Euroconsult, the world supply of transponders rose at a CAGR of 3.3% per year between 2007 and 2011.

In the medium term, the world supply of satellite capacity is expected to grow at a CAGR of 5.8% for the 2011 to 2014 period according to Euroconsult, with the rate varying between geographical zones.

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

The fleet management strategy of world satellite operators, which concentrate more than 50% of global capacity, will be key to maintaining the balance between supply and demand and avoiding excess capacity in some markets.

Regional operators (like Arabsat, Measat, RSCC and Hispasat) have, furthermore, also launched large-scale investment programmes in order to expand in their own markets and compete with global operators.

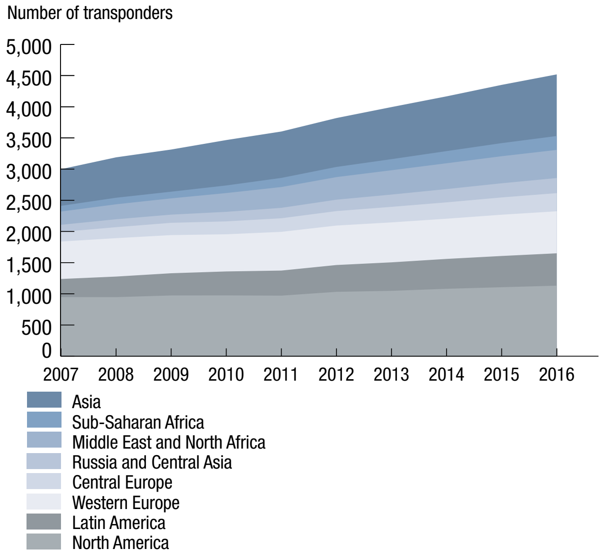
Finally, a number of national operators (such as Yahsat, Paksat, Vinasat, KazSat, Andesat and Venesat, etc.) are also likely to participate in this trend, thereby heightening competition in some regions.

Main market trends of this sector

GROWTH IN THE VIDEO APPLICATIONS MARKET

According to Euroconsult, broadcasting capacity demand for Video Applications should continue to grow at a CAGR of 4.8% between 2011 and 2016 in Extended Europe and sub-Saharan Africa.

The following chart shows the growth in the number of transponders used for Video Applications for the 2007-2016 period by geographical zone.



Source: Euroconsult, 2012.

This growth should be mainly driven by:

- **An increase in the number of television channels.** According to Euroconsult, the number of TV channels should increase by more than 10,900 in 2011 to close to 16,700 within 10 years in Extended Europe and sub-Saharan Africa. This increase is likely to be driven, in particular, by the development of TV offerings in emerging countries in Central and Eastern Europe, North Africa and the Middle East. A reduction in the cost of accessing satellite capacity should also foster the growth of theme-based and community channels.
- **The development of high-definition TV (HDTV).** Broadcasting HDTV programmes requires greater satellite capacity than traditional digital television. In MPEG 2 compression mode (the standard currently used by traditional digital television), a high-definition channel requires five times more capacity for transmission than a standard digital channel. An HD channel, using MPEG 4 compression and the DVB-S2 broadcast system, requires two and a half times more capacity than the same channel with standard digital definition using MPEG 2. The development of HDTV will also require additional satellite capacity to allow TV channels to be simulcast in both standard and high definition.

According to data published by Lyngsat in December 2011, the number of HD channels broadcast by satellite in Extended Europe and sub-Saharan Africa increased by 50% over a year, from 548 HD channels at 31 December 2010 to 824 HD channels at 31 December 2011. Euroconsult forecasts show the number of HD TV channels increasing by a CAGR of 25% in Extended Europe and sub-Saharan Africa between 2011 and 2016, reaching close to 2,500 channels in 2016.

This sharp acceleration is due to the fact that the current context is conducive to growth in HD TV, following widespread take-up of HD-ready and Full-HD TV sets in Eastern and Western Europe. Growth is being underpinned by falling prices for plasma screen sets and by the fact they are HD standardised.

According to the Digital Research Institute, nearly 83 million households in the five largest countries in Western Europe (Germany, France, United-Kingdom, Italy and Spain) had an HD-ready TV set by the end of 2011, *i.e.* more than 60% of all TV sets in use.

Games consoles are also able to read the HD format, further increasing the penetration of HD hardware.

The development of HDTV is boosting market growth for satellite operators in emerging-market countries, since multi-channel packages have an installed base of more modern set-top boxes, which are often capable of receiving HD channels, and benefit from native HD content such as American series, major sporting events and films.

Of the 824 HD channels in Extended Europe and sub-Saharan Africa, 730 belonged to pay-TV operators as of 31 December 2011.

HDTV is no longer the exclusive domain of paid premium and theme channels, but is also used by free-to-air channels, as shown by the 17 free-to-air HD channels broadcast by the Group as of 30 June 2012.

Several TV platform operators that use the Group's services in Western Europe but also Central Europe, Turkey and Russia, have developed offerings that include one or more HD channels.

Because of the additional bandwidth required to broadcast in HD, the Group believes that the gradual adoption of HD will drive up demand for satellite capacity. This will be a major source of growth for its Video Applications business.

- **The development of digital terrestrial television (DTT).** Initially launched in Western European countries like the UK, Spain, Switzerland, Germany, France and Italy, DTT is beginning to expand further in Europe. At the end of 2011, 101 million European households had access to DTT, mainly using it to watch free channels (source: Screendigest June 2012). The introduction of DTT gives satellite operators an opportunity to provide capacity to feed terrestrial retransmitters and to provide complementary coverage for DTH reception *via* satellite dishes for households located in the "shadow" areas of the terrestrial retransmitters.
- **Interactive services on digital broadcast platforms.** In order to reflect changing video consumption patterns, a large number of satellite broadcast platforms offer or plan to offer interactive services such as home shopping, betting services and video on demand (VOD). The increase in the range of interactive services available should result in greater demand for satellite capacity.
- **Increased compression rates for television signals.** In the 1990s, the development of the DVB standard prompted the Video Applications segment to gradually move from analogue to digital broadcasting. The number of channels is expected to increase significantly with the development and deployment of the DVB-S2 standard and also with the further use of statistical multiplexes, which can be used to broadcast up to 13 television channels per transponder in MPEG 2 format, thereby using less bandwidth per television channel and reducing the cost of accessing satellite capacity. The development and adoption of the MPEG 4 compression format will make it possible to broadcast up to twice as many channels per transponder.
- **Digital cinema (D-Cinema), 3D and Ultra-HD.** The cinema industry is continuing to make great strides toward digitisation. Between 2010 and 2011, the number of digitally-equipped screens increased by almost 80% in the European continent from more than 10,300 at end 2010 to above 18,500 at end 2011, representing over 50% of European cinemas (source: Mediasalles 2012). Films that are digitised into files of around 200 Gb can be distributed physically (on removable hard drives or optical discs), *via* ADSL or fibre-optic, or by satellite.

  The satellite is currently the only technology that allows, in a more or less six-hour session, low-cost broadband transmission of films to cinemas equipped with a dish and a receiver in a given region. The satellite is also capable of broadcasting live events in 2D HD or 3D to cinemas, enabling cinemas to diversify their businesses. Eutelsat has established a network of more than 650 cinemas in Europe capable of receiving 3D film live, covering major sports or artistic events. This same equipment also enables satellite transmission of digital films in cinemas.

  In addition to the advent of 3D content, the Ultra-HD technology is emerging, with Ultra-HD equipment (screens) expected to appear within a few years. The first mass consumer demonstrations of the Ultra-HD in Europe took place at the 2012 Olympic Games. In the longer term, this content will be broadcast by TV platforms and will hence drive satellite capacity demand.

GROWTH IN THE DATA AND VALUE-ADDED SERVICE MARKET

The FSS industry is benefiting from sustained growth in capacity demand for internet applications. The demand for satellite capacity to be used for Data Service applications (including internet trunking) and Value-Added Service applications is expected to grow at a CAGR of 3.3% in Extended Europe and sub-Saharan Africa between 2011 and 2016. This CAGR will reach 4.9% for only the private network and broadband internet access segments (source: Euroconsult).

Growth will be strong in emerging-market countries whose terrestrial networks are not as dense as those in Europe. Euroconsult expects capacity demand in C and Ku-band for professional network services and internet access to grow by more than 6.0% in these regions between 2011 and 2016, underpinned by the development of networks for the oil industry, banks and international organisations. According to estimates, sub-Saharan Africa and the Russian and Central Asian regions are likely to see the strongest increase in demand, with growth rates of respectively 14.5% and 7.3% over the same period.

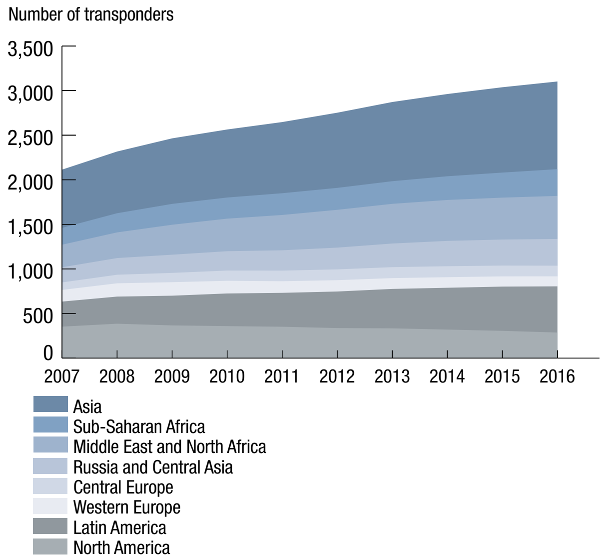
In addition, the Group believes that Value-Added Services will grow significantly due, in particular, to the development of substantial Ka-band service capacity since 2012.

Given the scarcity of available resources on Ku-band and their technical characteristics in terms of reception, the Group's view is that the Ka-band is better suited to delivering data and broadband services due, firstly, to the capacity available in this frequency band and, secondly, to its transmission characteristics which make it possible to concentrate satellite transmissions into very narrow spot beams for reception, and therefore to use small receiver antennae. The Group believes that this Ka-band offering is particularly well suited to delivering broadband in geographical areas located beyond the reach of terrestrial and broadband networks.

Satellite internet access services include connection to the internet backbone (IP connectivity) for internet Service Providers and connection to a local internet loop (IP access) for companies and local authorities and the dissemination of data under IP (IP broadcast) so as to disseminate multimedia content. This enables the interconnection of remote sites within a private and secure virtual network, particularly in regions with little or no service from terrestrial networks (DSL lines or cable).

The Group expects the market for satellite broadband services to be driven by falling prices for user terminals, improvements in the quality of service offerings and the emergence of mobility-orientated solutions (trains, aircraft, ships).

The following chart shows the growth in the number of transponders used in Data and Value-Added Services between 2007 and 2016 by geographical zone (excluding capacity allocated to broadband services distributed by multibeam satellites):



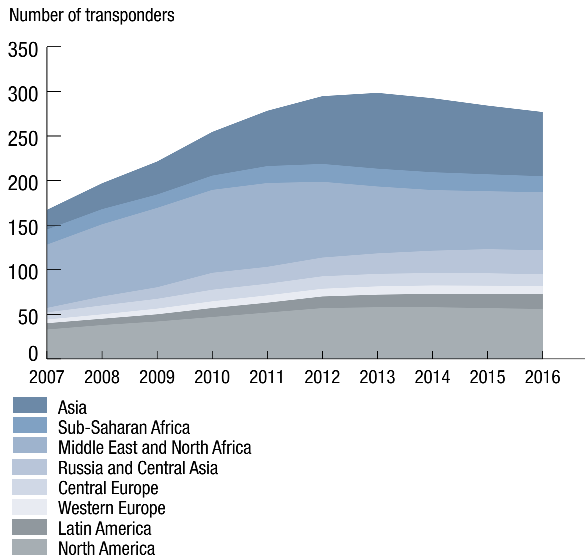
Source: Euroconsult, 2012.

RECENT DEVELOPMENTS IN THE GOVERNMENT SERVICES MARKET

This market, which mainly involves demand for satellite services from government defence and security departments, is very closely linked to changes in the international environment, especially the emergence of geopolitical conflicts and natural disasters. According to Euroconsult, the areas of the world where the Group is present are likely to experience significant growth. For example, Russia and Central Asia with, for these two regions, 7.1% growth expected over the 2011-2016 period.

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

The following chart shows the growth in the number of transponders used for government services between 2007 and 2016 by geographical zone (source: Euroconsult).



Source: Euroconsult, 2012.

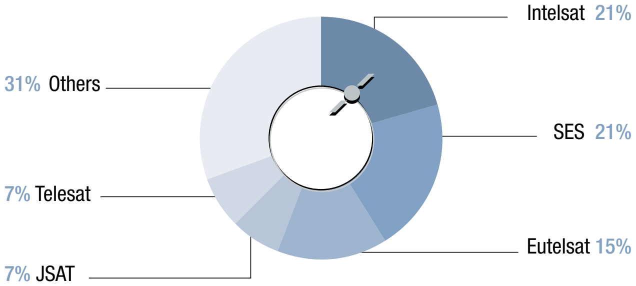
6.4 Competition

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

Satellite operators

The Group's chief competitors are the other major FSS operators, and primarily SES and Intelsat. According to Euroconsult, as of 31 December 2011 and based on infrastructure revenues, the Group is the third-largest FSS operator in the world with a market share of 15%.

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



Source: Euroconsult, 2012.

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

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

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

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

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

For most of its services, the Group considers that it is not in direct competition with satellite mobile service operators (especially Inmarsat). Inmarsat does, however, compete with the Group for some of its Value-Added Maritime Services (D-STAR™).

Terrestrial communication services

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

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

DSL networks, dedicated mainly to providing broadband internet access and television channels, can offer their services in urban and suburban areas at more competitive financial conditions than satellite operators. However, because of the technical constraints involved with this kind of distribution (constraints concerning volume and the proximity of DSLAM distribution frames), at present, DSL networks only offer limited geographical coverage and are not suitable for delivering large volumes over point-to-multipoint links.

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

Furthermore, as the performance of the Group's Value-Added Services and Video Applications clearly demonstrates, satellite transmission currently has several competitive advantages over terrestrial networks. Satellites can be used (i) for the point-to-multipoint transmission of signals, at particularly wide bandwidth, very much independent of terrestrial infrastructure and with particularly high transmission output and (ii) to provide coverage of vast geographical areas at low marginal cost, in contrast to terrestrial networks.

For example, the Group considers that the current maximum cost per subscriber or viewer for the broadcast of a digital TV channel *via* a Eurosat satellite is less than 0.01 euro per month, based on four million subscribers or viewers.

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

Lastly, the Group takes the view that satellite transmission services should make it possible to offer a complement to terrestrial networks, especially in terms of transmission to mobile terminals. In 2009, the Group set up Solaris Mobile Ltd, a joint venture with SES Astra, to develop mobile TV services *via* next generation satellite technology by making use of S-band payload on the EUTELSAT 10A satellite. The role of Solaris Mobile Ltd is to distribute TV, video and radio services, along with interactive communications across all types of mobile terminals including those built into vehicles. Solaris Mobile Ltd will be rolling out its services in the 2 GHz (S-band) frequencies reserved exclusively for satellite and terrestrial mobile services.

Solaris Mobile Ltd was granted use of 15 MHz (of a total 30 MHz available) by the European Commission in May 2009, subject to allocation of rights by the Member States.

6.5 Business overview

A diverse range of services

The Group designs and operates satellites aimed at providing capacity for Video Applications, Data and Value-Added Services, as well as for Multi-Usage Services. The services offered by the Group vary considerably in terms of output (from 4.8 kbit/s to 155 Mbit/s and more).

In geographical terms, the Group has extended its coverage beyond its original market to include Central and Eastern Europe, the Middle East, Central Asia and North Africa to take advantage of strong demand in these markets.

Video Applications constitute the Group's main area of activity and accounted for 68.6% of revenue in the financial year ended 30 June 2012 (excluding other revenues and non-recurring revenues). The Group also has a firm foothold in the Data and Value-Added Service segments, which represented 19.4% of revenue (excluding other revenues and non-recurring revenues) as of 30 June 2012. Lastly, the Group offers Multi-Usage Services, which accounted for 12.1% of revenue (excluding other revenues and non-recurring revenues) as of 30 June 2012.

Presentation of services offered by the Group by application

The following table sets out the Group's service offering in each user application area.

Video Applications Applications	Customers
BROADCASTING	
Direct broadcasting of TV and radio to households with a satellite dish (Direct-to-Home or DTH)	Pay-TV platforms and TV channels ADSL network operators
Distribution of television channels and radio stations to cable operator network head-ends and DTT retransmitters (cable, DTT)	Terrestrial network operators, cable operators, fibre network operators
PROFESSIONAL VIDEO NETWORKS	
Point-to-point connections for routing TV channels to the teleport, enabling their transmission to a direct broadcasting satellite	TV channels Teleport operators
Transmission of live reports and events to production studios of TV channels	TV channels TV channel technical service providers
Permanent connections constituting a mesh network for programme exchanges between broadcasters	European Broadcasting Union

Data and Value-Added Services Applications	Customers
DATA SERVICES	
Professional VSAT data communication networks	Integrators and operators of telecommunication networks, retail industry, oil industry
Mobile networks connection: even in the most remote areas	Telecom providers
Connection to the internet backbone	Internet service providers
VALUE-ADDED SERVICES	
Professional broadband internet access solutions D-STAR™/D-SAT™	Businesses and local authorities in regions with little or no coverage from terrestrial broadband networks
Tooway™ consumer broadband internet access solutions	Internet service providers, terrestrial network operators, local authorities
Mobile internet access solutions and mobile network extensions	Large ships, business aircraft, trains
Mobile communications services (EutelTRACS)	Road haulage companies

Multi-Usage Services Applications	Customers
Supply of capacity for government services	Government agencies, civil protection

6.5.1 Video Applications

With revenues totalling 832.2 million euros in the financial year ended 30 June 2012 (growth of 5.8%), Video Applications represent the Group's main area of business, contributing 68.6% of revenues (excluding other revenues and non-recurring revenues).

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

BROADCASTING

With 4,261 TV channels as of 30 June 2012, the Group is the European market leader in terms of the number of channels broadcast (source: Eutelsat, June 2012).

The three HOT BIRD™ satellites located at the 13° East orbital position constitute the leading transmission neighbourhood in Europe, the Middle East and North Africa with 1,093 channels transmitted as of 30 June 2012 and an audience of over 123 million households (source: Eutelsat Cable and Satellite Review, 2010). One of the Group's priorities is to consolidate this flagship position by maintaining a flexible and high-performance fleet capable of meeting users' needs and providing back-up capacity for its customers.

This leading position has been strengthened by the EUTELSAT 28A satellite, located in orbital position 28.5° East, which was broadcasting 316 TV channels as of 30 June 2012 to more than 11 million households in the UK and Ireland *via* both DTH receivers and cable (source: Eutelsat Cable and Satellite Review, 2010). EUTELSAT 28A is also used by the Sky Digital platform to broadcast its programmes.

More recently, the Group has successfully replicated the HOT BIRD™ model in fast-growing markets where it operates, with a view to building new flagship orbital positions.

With last September's launch of the EUTELSAT 7 West A satellite broadcasting television and radio programmes in the Middle East and North Africa, the Group consolidated its leadership at 7° West within the 7° West/8° West neighbourhood. The attractiveness of the 7° West position is reinforced by the satellites of Eutelsat's partner, the Egyptian operator, Nilesat. This position is the number one broadcasting position in the Middle East and North Africa with nearly 900 TV channels on Eutelsat and Nilesat satellites as of 30 June 2012 broadcast to more than 40 million households (source: Nilesat).

In collaboration with RSCC, the Group has also developed the 36° East position, with the EUTELSAT 36A and EUTELSAT 36B satellites, serving the Russian, Ukrainian and sub-Saharan African markets. It is currently used by the digital broadcasting platform DStv, operated by Multichoice Africa to sub-Saharan Africa, together with the NTV Plus and Tricolor TV broadcasting platforms aimed at Russia. This position was broadcasting 715 channels as of 30 June 2012, which represents a growth of 8.0% year-over-year. This very rapid expansion is linked, firstly, to the entry into service of the EUTELSAT 36B satellite, launched in November 2009, bringing additional capacity to the 36° East position and, secondly, to the development of the Russian and African markets. In these dynamic markets, the DTH audience at 36° East currently represents 8.1 million satellite dishes. Either in direct reception or through cabled networks, the audience of the 36° East position exceeds 17 million households (source: Eutelsat Cable and Satellite Review, 2010).

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 A

The Group estimates that the channels broadcast through these four flagship positions are received by more than 110 million households equipped with dishes for individual or community reception (source: Eutelsat Cable and Satellite Review, 2010).

In addition to these flagship positions, the Group believes that some of the orbital positions it operates are likely to become new premium transmission arrays. To harness growth in certain markets, the Group thus operates from a number of other orbital positions:

- 16° East with the entry into service of the EUTELSAT 16A satellite, which saw contract renewals and extensions with public and private broadcasters covering Central Europe and the Indian Ocean Islands. The orbital position 16° East is used by digital TV broadcast platforms like CanalSatellite Réunion and Parabole Océan Indien for the islands in the Western Indian Ocean and regional broadcast platforms in Central Europe and the Balkans (including DigitAlb and Tring TV in Albania, Total TV in Serbia, Croatia, Bulgaria, Slovenia, Montenegro and Bosnia-Herzegovina). This position was broadcasting 570 channels as of 30 June 2012, a growth of nearly 23% year-over-year. In direct reception, 16° East has an audience of some three million households (source: Eutelsat Cable and Satellite Review, 2010);
- 7° East with the EUTELSAT 7A satellite, which is used by the digital broadcast platform DigiTurk (the leading pay-TV platform in Turkey). In direct reception, the audience for 7° East stands at more than three million households (source: Eutelsat Cable and Satellite Review, 2010);
- 5° West with the EUTELSAT 5 West A satellite, which broadcasts all the French domestic channels to homes situated beyond the reach of terrestrial networks, along with the Bis platforms and the Orange package to complement its ADSL TV coverage. This satellite has been used since March 2005 to broadcast terrestrial digital channels to the head-ends of DTT retransmitter networks in France.

  The Group has also developed a service for broadcasting French free-to-air DTT channels using this satellite. This service, called Fransat™, has been available since June 2009. The digital switchover of this key French orbital position is an important part of the plan called *France numérique 2012* plan and the new broadcasting Act of 5 March 2009, aimed at giving homes in shadow zones access to DTT with no costs arising from shifting installed dishes;
- 25.5° East with the EUTELSAT 25A satellite, covering the Middle East and currently broadcasting more than 50 television channels;
- 9° East with the EUTELSAT 9A satellite, which is used by the new Greek package OTE, the Hungarian package Hello HD, by European TV channels and by the third largest German cable-operator TeleColombus to transmit TV channels to head-ends. Roots Global, the new pan-European TV package dedicated to South Asian communities living in Europe, the Middle East and North Africa, has expanded the range of channels it broadcasts using the EUTELSAT 9A satellite; with this position transmitting some 328 channels as of 30 June 2012;

The growth in the number of TV channels at positions dedicated to rapidly-growing markets was particularly strong last year, reaching over 20% between 30 June 2011 and 30 June 2012. The number of channels rose from 1,970 as of 30 June 2011 to 2,360 as of 30 June 2012. The Group was broadcasting a total of 4,261 TV channels as of 30 June 2012.

Moreover, the development of HDTV gained momentum during the financial year ended 30 June 2012. The Group was broadcasting 346 HD TV channels (17 of which were free-to-air) across its fleet as of 30 June 2012, up from 220 (14 of which were free-to-air) as of 30 June 2011.

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

PROFESSIONAL VIDEO NETWORKS

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

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

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

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

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

6.5.2 Data and Value-Added Services

Data and Value-Added Services generated revenue of 235.0 million euros in the financial year ended 30 June 2012 (growth of 0.4%).

6.5.2.1 DATA SERVICES (15.2% OF REVENUE IN THE FINANCIAL YEAR ENDED 30 JUNE 2012)

Data Services generated revenue of 185.1 million euros in the financial year ended 30 June 2012, decreasing by 1.6% as compared to the previous financial year.

PROFESSIONAL VSAT-TYPE NETWORKS

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

Network operators like Cable & Wireless, British Telecom, Telespazio, T-Systems, Belgacom, Hughes Network Systems, Algérie Télécom, BT Turkey (Turkey), Siemens (Germany) and Gulfsat (Middle East) all lease capacity on Eutelsat satellites.

MOBILE NETWORKS CONNECTION

The Group offers telecom providers a satellite connection to broaden cellular coverage, create an internet backbone or provide a back-up connection in case of failure of the terrestrial network. This capacity is used by cellular network providers such as Algérie Télécom.

INTERNET BACKBONE CONNECTIVITY

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

6.5.2.2 VALUE-ADDED SERVICES (4.1% OF REVENUE IN THE FINANCIAL YEAR ENDED 30 JUNE 2012)

Value-Added Services generated revenue of 49.9 million euros in the financial year ended 30 June 2012, increasing by 8.5% year-over-year.

The Value-Added Services offered by the Group provide customers with turnkey solutions combining capacity leasing and specific services. Value-Added Services include IP access solutions designed and developed by the Group (D-STAR™, Tooway™, D-SAT™, IP Broadcast) and mobile services like EutelTRACS and D-STAR™ maritime *via* its WINS subsidiary.

Furthermore, Value-Added Services are benefiting from the entry into service of EUTELSAT KA-SAT 9A as of 31 May 2011. The Company's Tooway™ broadband service for individual consumers and the service aimed at corporate customers mainly use the capacity available on EUTELSAT KA-SAT 9A to serve the Western and Eastern European markets and the Mediterranean Basin.

IP ACCESS SOLUTIONS

The main IP access solutions offered by the Group are the following:

D-STAR™. This service offers a bi-directional IP access satellite solution giving users with a terminal connected to a small antenna (less than one metre across) access to a permanent broadband connection to the internet or company networks. This service enables companies and local authorities in Europe or emerging-market countries with little or no service from terrestrial networks to set up "star" networks, where data streams pass through a central communications node (hub). These hubs are operated directly by the Group using its platforms in Turin and Cagliari. For example, the D-STAR™ service is used by the Irish Ministry of National Education to connect Irish schools to its information network. This service is also used to link up isolated towns in the Piedmont region of Italy to the internet, for schools in Morocco, to interconnect branches of Algeria's public bank network and to link up emergency services, as took place during the L'Aquila (Italy) earthquake in 2009. The D-STAR™ service is operated and marketed by the Skylogic S.p.A. subsidiary.

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

In partnership with Orange, Alstom and Capgemini, the Group was selected by the French railway operator, the SNCF, to deliver broadband internet access to passengers on-board the TGV East, the Eastern France high-speed train. After successful tests in 2008, the SNCF rolled out the D-STAR™ solution across the whole TGV Eastern network, allowing passengers to connect to the internet on high-speed trains in 2010.

The Group continues to develop D-STAR™ equipment for use on commercial jets, the deployment of which is handled by Arinc (around 40 aircraft equipped).

On ships, in partnership with Maltasat, Skylogic S.p.A. has launched a service for cruise ships, making it possible to have a GSM network and broadband internet access on-board (see the paragraph on WINS below).

Tooway™ consumer broadband internet access solution. In recent years, the Group has focused considerable efforts on innovation to make satellite internet access available to consumers at prices and speeds comparable to ADSL. This service was launched in two stages: a first "pre-KA-SAT" stage between 2008 and 2011 to launch the service and a second stage involving the launch of the service on the EUTELSAT KA-SAT 9A satellite.

The Tooway™ service uses the SurfBeam® DOCSIS technology from ViaSat, the world leader for communication through satellite devices. It is already provided to more than 0.5 million households in North America, and is provided in Europe through Eutelsat. Eutelsat uses a Ka-band payload on the EUTELSAT HOT BIRD 13A satellite and Ku-band resources on the EUTELSAT 33A satellite

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for "pre-KA-SAT" subscribers together with a Ka-band satellite, EUTELSAT KA-SAT 9A. Without any technological equivalent to date in Europe, this Ka-band internet access solution opens the way to universal broadband internet access, serving regions not covered by terrestrial networks. This service is already deployed in Europe, North Africa and the Middle East with 52,450 Tooway™ active terminals as of 30 June 2012. Tooway™ offers a comprehensive, complementary alternative to high speed terrestrial networks and meets the needs of a growing number of governments committed to providing universal national high-speed coverage.

Launched in 2010, EUTELSAT KA-SAT 9A forms the cornerstone of a new satellite and ground infrastructure. By offering geographical coverage based on relatively small spot-beams and the possibility of re-using unallocated frequencies between some spots, this satellite reduces the cost of accessing Ka-band satellite capacity by a factor of between six and eight. With capacity of more than 90 Gbps, EUTELSAT KA-SAT 9A is the commercial satellite with the most capacity in Europe. The relatively modest cost of the equipment for consumers (300 euros per terminal) means that this satellite can provide a high speed internet access solution at competitive prices for households located in areas not covered by broadband terrestrial networks. Market research estimates that more than 30 million households in Europe and Africa are not covered by high speed terrestrial connectivity services (Source: IDATE, April 2010). The Tooway™ service for consumers is increasingly efficient: on "pre KA-SAT", the maximum reception speed stood at 3.6 Mbps, rising to 10 Mbps on the launch of the EUTELSAT KA-SAT 9A offer and a maximum reception speed of 18 Mbps for the most-recent offer in 2012, with higher speeds for professional services. The level of performance reached by Tooway™ and the new equipment facilities now offered are likely to enable a more rapid migration to satellite internet access for households with currently only limited internet access, meaning they are not yet able to benefit from the economic and social progress offered by broadband. The technical progress achieved with the Ka-band, together with the multibeam architecture, enables the use of smaller, more-efficient equipment.

EUTELSAT KA-SAT 9A professional solutions. The entry into service of EUTELSAT KA-SAT 9A with increased resources in Ka-band also enabled the range of satellite services offered to professionals to be extended, bringing higher speed and improved service quality. There are three different types of service:

1. Data services for professionals and companies

The higher speeds available in Ka-band and the flexibility of the service are also well suited to professional and corporate needs. The main target markets are internet access for companies and communities, the interconnection of virtual private networks, the security of terrestrial networks using backup satellite connections and the installation of remote monitoring solutions (SCADA). For this type of professional use, the Tooway™ service can now deliver speeds of 40 Mbps for download and 10 Mbps for upload. An "advanced" terminal available since the autumn of 2011 delivers speeds of up to 50 Mbps for upstream and 20 Mbps for downstream.

2. NewsSpotter

Using a new generation of lightweight equipment, the NewsSpotter service broadens the opportunities for newsgathering by offering broadcasters the ability to transmit High Definition and/or Standard Definition live video from easily-deployed, more cost-effective terminals. This service is also aimed at the digital cinema sector, offering the ability to rapidly transfer video footage to editing studios, and at other markets requiring the rapid repatriation of aggregated files from the field.

Compact enough to be carried in a flight case, and light enough to be fitted into a small vehicles, the NewsSpotter terminal can instantly connect mobile news crews to studios for transmission of live recordings, image and data. Providing native IP connectivity, the satellite broadcast can be directly integrated into the information-processing systems of modern newsgathering operators and press agencies with deployment, auto pointing and connection possible in just two minutes.

3. Regional broadcasting solution

The Ka-band coverage by spot-beam is also adapted to the needs of regional customers such as RTE, the Irish national broadcaster, to ensure the exclusive broadcasting of national television and digital radio.

Launched in 2012 by RTE, this new service is aimed at complementing the coverage of TNT SAORVIEW's terrestrial network serving, live by satellite, the 1 or 2% of households located beyond the range of the terrestrial transmitters.

D-SAT™ service. This satellite IP access solution makes is possible to set up mesh networks for transferring sizeable volumes of data at high speeds, with payment based on actual usage. This service, using larger and more-expensive terminals than the D-SAT™ terminals, is notably deployed on cruise ships and ferries.

MOBILE INTERNET ACCESS SOLUTIONS AND MOBILE NETWORK EXTENSIONS

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

WINS

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

The equipment on-board the ship typically consists of a dish measuring 120 centimetres in diameter, installed on the upper deck and containing an antenna automatically pointing towards the EUTELSAT 33A and EUTELSAT 12 West A satellites. This satellite antenna is connected to a modem, which interfaces with a local distribution network delivering internet access by fixed line and Wi-Fi, and a set of four cellular relays providing optimum coverage of the ship for GSM communications.

When the ship leaves the port and loses contact with terrestrial GSM networks, the WINS satellite network takes over and is displayed on the screen of mobile phones consistent with the usual principle of international call routing between operators.

EutelTRACS

EutelTRACS was the first European satellite mobile messaging and positioning service developed for managing and securing vehicle fleets. EutelTRACS operates a closed secure network between the central office of a road haulage company and its vehicle fleet for localisation and data communication. The service, operated in co-operation with Qualcomm, draws on capacity provided by the EUTELSAT 16C satellite serving Europe, North Africa, the Middle East and Central Asia. Each EutelTRACS mobile unit is equipped with a small antenna and a terminal connecting the mobile unit to the customer's operations centre. The flexibility of the EutelTRACS system also enables clients to develop additional solutions tailored to their needs.

6.5.3 Multi-Usage Services

Multi-Usage Services generated revenues of 146.5 million euros for the financial year ended 30 June 2012 (growth of 16.7%). These services mostly involve delivering capacity to other satellite operators and providers of internet services to government agencies, particularly in the USA. The service mainly uses capacity on the EUTELSAT 25A and EUTELSAT 70A satellites.

6.6 Satellites and coverage areas

As of 30 June 2012, the Group operated a fleet of 24 geostationary satellites in stable orbit, of which three were leased to third parties. In addition, the Group operates capacity on four satellites in inclined orbit: Telecom 2D (leased from a third party), EUTELSAT 16B, EUTELSAT 16C and EUTELSAT 48A, respectively located at 8° West, 16° East and 48° East.

The Group also plans to launch seven new satellites, EUTELSAT 21B, EUTELSAT 70B, EUTELSAT 3D, EUTELSAT 25B, EUTELSAT 3B, EUTELSAT 9B and EUTELSAT 8 West B during the next three financial years

6.6.1 Satellite fleet

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 2012 in Section 20.1 "Financial information for the year ended 30 June 2012" of this reference document).

The following table shows a detailed breakdown of the satellite fleet operated by the Group as of the date of this report. Nominal capacity is the nominal number of transponders per satellite. The estimated dates indicated for the end of operational use reflect the Group's in-house estimates as of 30 June 2012 and are expressed in terms of calendar year.

New name of satellite	Former name of satellite	Orbital position	Type of transponder (Frequency band)	Nominal capacity (number of transponders)	Launch date	Estimated end of operational use in stable orbit as of 30 June 2012 (calendar year)
EUTELSAT HOT BIRD 13A	HOT BIRD™ 6	13° East	Ku/Ka	28/4	August 2002	Q2 2018
EUTELSAT HOT BIRD 13B	HOT BIRD™ 8	13° East	Ku	64	August 2006	Q1 2025
EUTELSAT HOT BIRD 13C	HOT BIRD™ 9	13° East	Ku	64	December 2008	Q3 2024
EUTELSAT 12 West A	ATLANTIC BIRD™ 1	12.5° West	Ku	19	August 2002	Q2 2018
EUTELSAT 8 West A	ATLANTIC BIRD™ 2	8° West	Ku	26	September 2001	Q1 2019
EUTELSAT 7 West A	ATLANTIC BIRD™ 7	7° West	Ku	50	September 2011	Q4 2032
EUTELSAT 5 West A	ATLANTIC BIRD™ 3	5° West	Ku/C	35/10	July 2002	Q3 2019
EUTELSAT 3C(1)	ATLANTIC BIRD™ 4A	3° East	Ku	37	February 2009	Q1 2024
EUTELSAT 7A	W3A	7° East	Ku/Ka	42/2	March 2004	Q2 2021
EUTELSAT 9A	EUROBIRD™ 9A	9° East	Ku	38	March 2006	Q4 2024
EUTELSAT KA-SAT 9A	KA-SAT	9° East	Ka	82	December 2010	Q4 2028
EUTELSAT 10A	W2A	10° East	Ku/C/S	42/10	April 2009	Q1 2023
EUTELSAT 16A	W3C	16° East	Ku/Ka	53/3	October 2011	Q3 2027
EUTELSAT 21A	W6	21.5° East	Ku	24	April 1999	Q1 2013
EUTELSAT 25A	EUROBIRD™ 2	25.5° East	Ku	16	October 1998	Q1 2013
EUTELSAT 28A	EUROBIRD™ 1	28.5° East	Ku	24	March 2001	Q3 2018
EUTELSAT 28B	W2M	28.5° East	Ku	8	December 2008	Q1 2020
EUTELSAT 33A	EUROBIRD™ 3	33° East	Ku	20	September 2003	Q2 2014
EUTELSAT 36A	W4	36° East	Ku	31	May 2000	Q1 2017
EUTELSAT 36B	W7	36° East	Ku	70	November 2009	Q4 2026
EUTELSAT 70A(2)	W5(2)	70.5° East	Ku	20	November 2002	Q4 2016
EUTELSAT 16B	EUROBIRD™ 16	16° East	Ku		February 1998	Inclined orbit
EUTELSAT 16C	SESAT™ 1	16° East	Ku		April 2000	Inclined orbit
EUTELSAT 48A	W48	48° East	Ku		November 1996	Inclined orbit

(1) Given this satellite's coverage and the associated rights and frequencies, its maximum capacity covers 37 transponders at this orbital position.
(2) Following the incident on 16 June 2008, the power of this satellite and its estimated remaining life have been reduced. See Note 6 of the consolidated accounts for the year ending 30 June 2012.

LEASED CAPACITY

Satellite	Orbital position	Type of transponder (C, Ku or Ka)	Nominal capacity (number of transponders)	Launch date	Estimated end of operational use in stable orbit as of 30 June 2012 (calendar year)
Telstar 12(1)	15° West	Ku	4	October 1999	Q2 2016
EUTELSAT 3A(2)	3° East	C	7	May 2007	Q2 2015
SESAT™ 2(3)	53° East	Ku	12	December 2003	Q1 2016
TELECOM 2D	8° West	Ku		August 1996	Inclined orbit

(1) Owned by Loral Skynet. Capacity corresponds to that operated by Eutelsat.
(2) Previously known as Sinosat3 or ChinaSat5C and owned by China Satcom. Capacity corresponds to that operated by Eutelsat.
(3) Owned by Russian Satellite Communications Company (RSCC). Capacity corresponds to that operated by Eutelsat.

6.6.1.1 SATELLITE FLEET USAGE AND PERFORMANCE

As of 30 June 2012, the Group operated a total of 801 transponders in stable orbit *versus* 742 as of 30 June 2011. This 8% increase was due mainly to the entry into the fleet of EUTELSAT 7 West A in October 2011 followed by EUTELSAT 16A in November 2011, and the redeployment of EUTELSAT 3C at 3° East.

The number of transponders in operation can vary over time depending on the electrical power of the satellites, their degree of working order, their age, the frequencies available at the orbital positions and the technical characteristics relating to the strength of signal transmitted by the satellites in-orbit.

The utilisation rate (or fill rate) represents the percentage of the Group's total allotted satellite capacity in stable orbit, which is expressed as a percentage of total operational satellite capacity in stable orbit. This stood at 75.6% as of 30 June 2012 compared to 79.2% as of 30 June 2011.

During the financial year, the Group:

- completed the de-orbit procedure on the W75 satellite (ex-HOT BIRD™ 3) in July 2011 after more than 13 years of operations at various orbital positions;
- brought the EUTELSAT 7 West A satellite into service in October 2011 (following its September launch), replacing ATLANTIC BIRD™ 4A at 7° West;
- brought the EUTELSAT 16A satellite into service in November 2011 (following its October 2011 launch) replacing SESAT™ 1, W2M and EUROBIRD™ 16 at 16° East. The EUTELSAT 16B (ex-EUROBIRD™ 16) and EUTELSAT 16C (ex-SESAT™ 1) satellites have since been operated in inclined orbit at this orbital position;
- migrated services from EUTELSAT 4A at 4° East to EUTELSAT 3C (AB4A repositioned and renamed) at 3° East in November 2011;
- repositioned the W2M satellite from 16° East to 48° East in December 2011, where it was subsequently operated between January 2012 and July 2012 under the name EUTELSAT 48B;
- completed the de-orbit procedure on EUTELSAT 4A in February 2012, the satellite having reached the end of its life after more than eleven years at various orbital positions.

Since the end of the financial year, the Group has redeployed the EUTELSAT 48B satellite to the 28.5° East orbital position where it now operates under the name EUTELSAT 28B.

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

	As of 30 June		
	2010	2011	2012
Number of operational transponders[(1)]	652	742	801
Number of leased transponders[(2)]	570	588	606
Fill rate	87.5%	79.2%	75.6%

(1) Number of transponders on satellites in stable orbit, excluding back-up capacity.
(2) Number of transponders leased on satellites in stable orbit.

6.6.1.2 GROUP-OWNED IN-ORBIT SATELLITES

As of 30 June 2012, the Group owned 24 geostationary satellites, three of which were in inclined orbit (EUTELSAT 16B, EUTELSAT 16C and EUTELSAT 48A). Most of these satellites were manufactured by Thales Alenia Space and EADS Astrium.

SATELLITES IN STABLE ORBIT

- As of 30 June 2012, with 102 Ku-band transponders and four Ka-band transponders operating in stable orbit over Europe, the **EUTELSAT HOT BIRD 13A,** the **EUTELSAT HOT BIRD 13B** and **EUTELSAT HOT BIRD 13C** satellites form one of the largest satellite broadcasting systems in the world, covering all of Europe and the Middle East, and a part of Africa and Asia.
- **EUTELSAT 12 West A,** launched in August 2002 and located at 12.5° West. Dedicated to the provision of a wide range of telecommunication services like Data Services, professional video links, the broadcasting of audiovisual programmes and connections to the internet backbone, the satellite covers Europe, the Middle-East and part of the USA, as well as South America.
- **EUTELSAT 8 West A,** launched in September 2001 and located at 8° West. Dedicated to the provision of a wide range of telecommunication services like Data Services, professional video links, the broadcasting of audiovisual programmes and connections to the internet backbone, EUTELSAT 8 West A offers extensive coverage of Europe and the American continent. With a steerable beam covering the Middle-East and Central Asia, EUTELSAT 8 West A enables direct connections between these geographical areas and Europe and the American continent, and, notably, between the USA and the Middle East (as far as Afghanistan).
- **EUTELSAT 7 West A,** launched in September 2011 and located at 7° West. Replacing ATLANTIC BIRD™ 4A (now operated at 3° East and renamed E3C), this satellite is an opportunity for Eutelsat to strengthen its relations with Nilesat, the Egyptian satellite operator with its own fleet of three satellites positioned at 7° West. Its reinforced resources consolidate the success of the 7° West orbital position, the premier position for the fast-growing digital television market covering territories from North Africa to the Middle East (MENA). This satellite also covers North-West Africa (NWA).
- **EUTELSAT 5 West A,** launched in July 2002 and located at 5° West. This satellite provides Ku-band coverage of Europe, Africa, the Middle-East, and the Eastern coast of North America. Furthermore, it provides efficient C-band coverage of Africa, Europe and some parts of the American continent.

  EUTELSAT 5 West A is used, for example, for the broadcasting of digital terrestrial channels to DTT retransmitters in France and

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Italy. The Group acquired this satellite from France Télécom in July 2002.

- **EUTELSAT 3C** has been located at 3° East since November 2011 (when it took over the services of EUTELSAT 4A) and is mainly used for multi-purpose applications for the Middle-East.
- **EUTELSAT 7A,** launched in March 2004 and located at 7° East, offers capacity in Ku-band for pan-European and sub-Saharan African coverage. EUTELSAT 7A combines frequencies in the Ku and Ka bands to serve the sub-Saharan African market and the video broadcasting, telecommunications and broadband markets in Europe, the Middle-East, Turkey and Africa.
- **EUTELSAT 9A** has been located at 9° West since February 2009, adjacent to the HOT BIRD™ orbital position at 13° East. This proximity enables homes equipped for direct satellite reception to receive offers and television channels from both orbital positions *via* the same dual-feed antenna. This satellite offers coverage of Europe, the Middle-East and North Africa.
- **EUTELSAT KA-SAT 9A,** manufactured by Astrium and launched in December 2010 for entry into operational service on 31 May 2011, is the Group's first satellite to operate exclusively in Ka-band. It is the first step in a major new satellite infrastructure programme which will considerably extend Tooway™ broadband services and access to consumers across Europe and the Mediterranean Basin, whilst offering new opportunities for local and regional television markets. EUTELSAT KA-SAT 9A is equipped with 83 narrow spotbeams (82 of which are operational), making it the most advanced multibeam satellite ever designed worldwide. As an integral part of this new infrastructure programme, a network of 10 stations, managed by Eutelsat, will enable access to EUTELSAT KA-SAT 9A, providing end-users with a comprehensive range of broadband services.

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

  The bandwidth provided by EUTELSAT KA-SAT 9A, combined with SurfBeam® DOCSIS, ViaSat's next generation ground network system, increases the satellite's operational capacity at unrivalled levels in terms of efficiency and resources, with total bandwidth of more than 90 Gigabits/second. This capacity, made available by the new infrastructure system created between the satellite and its associated access stations, constitutes a major turning point in satellite IP access, increasing the number of households with access to ADSL-equivalent speeds to over 1 million. Internet *via* satellite is thus brought within the reach of consumers at prices and bandwidths comparable to broadband. This figure should be compared with the tens of thousands of professional users who are currently using the existing Ku-band satellite capacity in Europe.

  In addition to the consumer market, EUTELSAT KA-SAT 9A also enables small and medium-sized business networks to access a professional grade broadband IP connection, helping rural areas in Europe to break out of their isolation.
- **EUTELSAT 10A,** launched in April 2009, is operated at the 10° East orbital position to carry broadcast, broadband and telephony services in Europe, Africa and the Middle East. Furthermore, since it is equipped with a payload of 10 transponders in C-band, it has boosted the Group's C-band capacity for coverage of Africa. EUTELSAT 10A also has a payload in the S-band, owned and expected to be operated by Solaris Mobile Ltd, a joint venture between Eutelsat and SES Astra. Due to non-compliance with the technical specifications on the antenna, an incident occurring during in-orbit deployment dramatically reduced the operational capacity of this payload. A claim was subsequently made to the insurers and Solaris was fully compensated for the amount claimed (see Section 6.6.3 "Equipment loss and failure" for more information). Operational tests are underway in Europe to demonstrate the use of S band capacity to feed innovative mobile communications services.
- **EUTELSAT 16A** has been operated at 16° East since November 2011, significantly strengthening Eutelsat's resources deployed to meet the strong demand for satellite broadcasting services in Central Europe and the islands in the Indian Ocean.
- **EUTELSAT 21A,** launched in April 1999, is operated at 21.5° East. It is used to develop the Middle-East and North African markets.
- **EUTELSAT 25A** has been located at 25.5° East since March 2003 (after five years of operations at 13° East) where it provides direct broadcasting services for the Middle-East.
- **EUTELSAT 28A,** positioned at 28.5° East, provides direct broadcasting services for more than 11 million homes, mainly located in the United Kingdom and Ireland. Like the HOT BIRD™ satellites, EUTELSAT 28A's considerable broadcasting power makes it suitable for broadcasting television programmes to homes equipped with dish antennae.
- **EUTELSAT 28B,** formerly known as the EUTELSAT 48B satellite (ex-W2M), was repositioned at 28.5° East in August 2012.
- **EUTELSAT 33A,** located at 33° East, is mainly used for bi-directional broadband internet services. This satellite is also used to provide capacity for Video Applications and Professional Data Networks. It covers Europe and a large part of Turkey with four high-power beams.
- **EUTELSAT 36A,** launched in May 2000, is co-located with EUTELSAT 36B at 36° East, a major video neighbourhood under development. It covers Europe, especially Russia, Ukraine and Africa, and supports the development of broadcasting platforms in these areas.
- **EUTELSAT 36B,** launched in November 2009, is equipped with a Ku-band payload connected to six beams covering Europe, Russia, Africa, the Middle-East and Central Asia. This satellite's co-location with EUTELSAT 36A makes it possible to virtually double the available bandwith for digital video services in Russia, Ukraine and sub-Saharan Africa at 36° East and has replaced all the SESAT™ 1 capacity. It supplies specialised data services (EutelTRACS) and additional resources in South Africa *via* a fixed high power beam, as well as in Central Asia with a steerable beam.

- **EUTELSAT 70A,** launched in November 2002, is operated at 70.5° East. It has helped develop the fleet's geographical coverage by enabling high-performance coverage of the Middle-East and Central Asia. Following an in-orbit incident on 16 June 2008, the electrical power of this satellite was impaired, reducing the number of operational transponders on this satellite from 24 to 20 under the current operating conditions. Furthermore, its residual operational in-orbit lifetime has been reduced by one year (see Section 6.6.3 "Equipment failures and losses" for more information).

SATELLITES IN INCLINED ORBIT

- **EUTELSAT 16B** has been operated in inclined-orbit at 16° East since November 2011, where it provides services for islands located in the Indian Ocean.
- **EUTELSAT 16C** is operated in inclined-orbit at 16° East (a location shared with EUTELSAT 16A and 16C), where it currently provides internet services for Central Asia.
- **EUTELSAT 48A** was operated in inclined-orbit at 48° East since August 2009 after having been operated at 13° East under the name HOT BIRD™ 2. During the financial year 2006-2007, it was moved to the orbital position 9° East under the name EUROBIRD™ 9. In February 2009, the satellite was replaced by the EUROBIRD™ 9A satellite, now called EUTELSAT 9A.

6.6.1.3 CAPACITY LEASED ON THIRD-PARTY SATELLITES

As of 30 June 2012, the Group drew on capacity from four satellites owned by third parties, providing it with additional coverage in Europe, part of the American continent and Africa. These satellites are:

- **Telstar 12.** This satellite, located at the orbital position 15° West, is owned by Loral Skynet and covers Europe, the American continent and the Caribbean. Under an agreement entered into with Loral Skynet on 10 December 1999, the Group is responsible for operating and marketing four Ku-band transponders on Telstar 12 until the end of its operating life in stable orbit for services between Europe and the American continent, in exchange for Loral Skynet's use of the orbital position for which Eutelsat S.A. holds the operating rights.
- **EUTELSAT 3A.** This satellite is located at 3° East where seven of its transponders are operated by Eutelsat (leased from China Satcom) to supply capacity across Europe, the Mediterranean basin and North Africa.
- **SESAT™ 2.** Thanks to a very flexible configuration of fixed and steerable beams on this satellite, launched by RSCC in December 2003, the Group has access to high-power Ku-band capacity covering Europe, Africa, the Middle East and Central Asia. This enables it to deliver telecommunications services, including broadband, broadcasting and Professional Broadband Data Networks, *via* 12 Ku-band transponders from the 53° East orbital position. This satellite boasts 24 transponders, 12 of which are used by the Group and marketed under the name SESAT™ 2 for the duration of the satellite's operational life (contractual guarantee of 12 years minimum) under an agreement entered into on 16 March 2004, the capacity on the other transponders being marketed by RSCC in Russia under the name Express AM 22.
- **Telecom 2D.** The Group also operates capacity on this satellite, operated by France Telecom in inclined orbit at 8° West.

6.6.1.4 SATELLITES ORDERED AND CURRENTLY UNDER CONSTRUCTION

The Group pursued its pro-active investment programme during the financial year with an order for two new satellites, together with the procurement of four other programmes. See Section 5.2 "Main investments".

6.6.2 TCR – Telemetry, Command and Ranging

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

The Group monitors its satellites and communications 24 hours a day, 365 days a year and, as of 30 June 2012, employed more than 100 specialist technicians and engineers in this capacity.

ACTIVITIES OF THE SATELLITE CONTROL CENTRE

As of 30 June 2012, the Group managed the 24 satellites it owned, with support from a contractor for EUTELSAT 12 West A. Telecom 2D is controlled by France Telecom, Telstar 12 by Skynet, SESAT™ 2 by RSCC, while EUTELSAT 3A is controlled by China Satcom.

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

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

The Group's satellite control activities are certified ISO 9001. This ISO 9001 certification was obtained in 2005, renewed in 2008, and again renewed in 2011 for a three-year period to June 2014. The Rambouillet teleport contains the largest number of TCR stations. This site is also used for in-orbit positioning of the new satellites in the Group's fleet. LEOP ("Launch and Early Orbit Phase") operations on a geostationary satellite were successfully performed for the first time from Rambouillet for the EUTELSAT 7A (ex-W3A) satellite in March and April 2004. Since then, LEOP operations have been carried out from the Rambouillet site for the EUTELSAT 9A, EUTELSAT HOT BIRD 13B and 13C, EUTELSAT 3C, EUTELSAT 10A, EUTELSAT 36B, EUTELSAT KA-SAT 9A, and EUTELSAT 7 West A

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satellites launched between March 2006 and September 2011. The positioning operations (LEOP) on the EUTELSAT 16A satellite were carried out by the manufacturer, Thales Alenia Space, following its launch in October 2011. Furthermore, the Group has entered into long-term service agreements with five operators who provide capacity at their transmission/reception earth stations and perform telemetry and in-orbit monitoring operations. These contracts also cover the operation and maintenance of the Group's equipment installed at their sites. Under these contracts, the Group has extended control and supervision rights. These services are currently provided from TCR stations located in Sintra in Portugal, Dubna in Russia, Caniçal in Madeira, Makarios in Cyprus and Fucino in Italy. The different stations and control centres are all linked up with a network of protected and redundant voice/data lines. The network and the location of the sites were selected so that operations could be continued even if one of the sites were to become unavailable.

ACTIVITIES OF THE COMMUNICATIONS CONTROL CENTRE (CSC)

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

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

6.6.3 Technical failures and loss of equipment

The theoretical length of operation in stable orbit of the Group's satellites is generally between twelve and fifteen years. However, because of the launch configuration and the remaining estimated propellant on-board after positioning the satellite, the operational lives of the Group's most recently launched satellites (EUTELSAT 7A, EUTELSAT 9A, EUTELSAT HOT BIRD 13B and 13C, EUTELSAT 3C, EUTELSAT 10A, EUTELSAT 36B and EUTELSAT KA-SAT 9A, EUTELSAT 7 West A and EUTELSAT 16A) were estimated at approximately fourteen to twenty years once they became operational. A number of factors can reduce the operating life of a satellite and/or affect its transmission capability, including:

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

The Group believes that its fleet of satellites is, overall, in good operating condition. Some of the Group's satellites, however, have experienced equipment failure and are currently operating with their back-up equipment.

TECHNICAL FAILURES AND LOSS OF EQUIPMENT IN-ORBIT FOR GROUP-OWNED SATELLITES

In 1999 the Group experienced operational faults on its EUTELSAT 16B (ex-EUROBIRD 16) and EUTELSAT 25A (ex-EUROBIRD 2) satellites due to a faster-than-expected deterioration in some solar panels (the energy source for the satellites). To date, these faults have had only a limited impact on these satellites (shutdown of four transponders on each of the satellites).

The EUTELSAT 12 West A (ex-ATLANTIC BIRD 1) satellite has suffered from a number of failures since it began operational service in October 2002. All necessary measures have been taken to address and rectify the problems encountered.

Additionally, the EUTELSAT 5 West A (ex-ATLANTIC BIRD 3) and EUTELSAT HOT BIRD 13A (ex-HOT BIRD™ 6) satellites have suffered from a small reduction in battery power (the reduction in battery power of EUTELSAT 5 West A was caused by the loss of six cells of a total of 108 during the eclipse period in March-April 2004). These batteries are the energy source of the satellites during the two annual eclipse periods. A loss of cells leads to a reduction in the electrical power of the satellites and may lead to reduced transmission capability during such periods. To date, these faults have only had a very limited impact on the overall performance of the satellites during eclipses.

The EUTELSAT 4A satellite experienced a service interruption lasting for several hours on 10 August 2005. Although the flexibility of the Group's fleet and the technical expertise of the Group's teams made it possible to restore services to all clients under conditions considered acceptable by 11 August 2005, this incident precipitated a significant slow-down in the growth of the Group's Value-Added D-STAR™ Services in the Middle East and affected the provision of Data Services. The failure resulted in the loss of half of the satellite's available power and an estimated 50% reduction in its residual operational life.

On 16 June 2008, EUTELSAT 70A (ex-W5) suffered a fault in one of its power generation sub-systems. The satellite's power sub-system was stabilised after a technical investigation carried out together with the manufacturer, Thales Alenia Space. However, the fault reduced the satellite's capacity from 24 to 20 transponders in current operating conditions, and reduced its estimated remaining life by 12 months (see Section 6.6.1 "The satellite fleet").

The performance of the EUTELSAT 28B (ex-EUTELSAT 48B/W2M) satellite, which was launched on 20 December 2008, does not comply with the specifications established with its constructor EADS Astrium/ISRO Antrix because of a major fault affecting its electrical power sub-system. This fault came to light on 22 January 2009 while the satellite was being transferred from its test position to its planned operational position. A claim for total loss was filed with the insurance company, which refunded the total claim during the financial year 2008-2009.

In-orbit testing of the S-band of EUTELSAT 10A (ex-W2A) payload belonging to Solaris Mobile Ltd (joint venture with SES Astra) revealed a fault with this payload's coverage and power. This required further testing to be carried out with the manufacturer, Thales Alenia Space. Since the satellite's S-band payload does not comply with its contractual specifications, Solaris Mobile Ltd filed a claim for constructive total loss with its insurers, who refunded the full claim during the financial year 2009. This incident does not affect the non-S-band operations and performance of the satellite.

On 18 April 2012, the EUTELSAT 33A satellite lost one of two telemetry transmitters that also play the role of beacons transmitted by this satellite. The loss of this equipment has no impact on the quality of service provided by the satellite. Should the remaining transponder be lost, EUTELSAT 33A's mission is likely to be terminated.

LAUNCH FAILURES

Since it started its activities (including the period prior to the Transformation), the Group has lost three satellites as a result of launch failures (Eutelsat I-F3 in September 1985, Eutelsat II-F5 in January 1994 and HOT BIRD™ 7 in December 2002).

In October 2010, the Group reported the loss of W3B satellite following an operating malfunction observed on the satellite's propulsion sub-system after its launch by an Ariane 5 rocket.

TECHNICAL FAULTS AND LOSS OF EQUIPMENT AFFECTING SATELLITES LEASED BY THE GROUP

The Group has no knowledge of technical faults or loss of equipment affecting satellites leased from third parties.

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

6.6.4 Back-up capacity and redundancy

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

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

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

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

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6.6.5 Satellite end-of-life

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

The Group complies with the principles discussed at international level by the Inter-Institution Coordination Committee on Space Debris and the United Nations Committee on the Peaceful Uses of Outer Space as well as the new French Space Operations Act, which came into force in December 2010.

In the financial year ended 30 June 2012, the W75 satellite reached the end of its useful life and underwent de-orbiting in July 2011, while the EUTELSAT 4A satellite (ex-EUROBIRD™ 4A) reached the end of its life and was de-orbited in February 2012.

6.7 Commercial and distribution policy

As a consequence of the Group's past dealings, a large portion of its revenues comes from capacity allotment agreements with telecom operators such as France Telecom/Globecast, British Telecom/Arqiva, Telespazio and Deutsche Telekom/Media Broadcast.

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

As of 30 June 2011 and 2012, the Group's top four client-distributors (France Telecom/Globecast, British Telecom/Arqiva, Telespazio and Deutsche Telekom/Media-Broadcast) accounted, respectively, for 24% and 22.2% of the Group's consolidated revenue.

This reduction in the contribution made by client-distributors to the Group's consolidated revenue reflects the willingness of some end-users of the Group's capacity to establish direct contractual links with the Group, particularly for Video Applications. Some pay-TV operators now prefer to sign contracts directly with the Group when the time comes to renew their existing allotment agreements or when they require additional capacity.

Moreover, through its teleports at Rambouillet and Turin, the Group is now able to offer satellite-capacity provision services to its clients and end-users, such as the uplinking of multiplexing services on the ground and the encryption/decryption of signals for the more than 300 TV channels broadcast by the satellite fleet.

Direct commercial activities and marketing

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

Tariff structure

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

Since the Transformation, the Group has been free to determine its own tariff policy, enabling it to adapt to market conditions more effectively. The tariffs applied by the Group for new leases depend on a number of factors, including (i) the orbital position of the satellite, (iii) the geographical region covered by the satellite, (iii) the type of applications and the amount of bandwidth requested by the customer, (iv) the type and duration of the lease, (v) the type and number of transponders leased, (vi) the existence of a pre-emption right for capacity allotted (*i.e.* the customer's right to guaranteed back-up capacity in the event of a satellite failure or malfunction), (vii) the existence of a price adjustment clause in the event of a customer requesting an existing customer's capacity and (viii) the tariffs charged by the competition for a similar service or capacity type.

Although the Group faces fierce competition, including competition in terms of pricing, it considers that it is generally able to maintain existing tariffs when contracts are renewed, including for Video Applications (particularly at the premium orbital positions). However, the Group cannot be certain that it will be able to maintain the same tariffs in the future (see Section 4.2 "Risks regarding changes in the satellite telecommunications market" and especially paragraph 4.2.6, "The Group is dependent on several major customers").

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

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

Customers

The Group's customer base includes client-distributors, who sell satellite capacity to end-users, and customers who use the Group's satellite capacity for their own requirements. In terms of utilisation of the Group's satellite capacity, note that none of the Group's end-users individually accounted for more than 10% of the Group's revenue as of 30 June 2012.

As of 30 June 2012, the Group's top 10 customers accounted for 53.4% of the Group's revenues with the breakdown as follows:

Customers	Revenue per customer (in millions of euros)	Revenue per customer (as a percentage)
Public sector entities	154.7	12.7%
France Telecom/Globecast	111.5	9.1%
Sky Italia S.r.l.	88.4	7.2%
Telespazio/Telecom Italia	67.3	5.5%
Deutsche Telekom/T-Media Broadcast	51.2	4.2%
Nilesat	48.5	4.0%
British Telecom/Arqiva	41.7	3.4%
Noorsat WLL	33.2	2.7%
Intersputnik International Organization of Space Communication	31.8	2.6%
Digital Platform Teknoloji Hizmetleri	24.3	2.0%
Total of top 10 customers	**652.6**	**53.4%**
Others	569.6	46.6%
TOTAL	**1,222.2**	**100.0%**

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

Customers	Revenue per customer (in millions of euros)	Revenue per customer (as a percentage)
Public sector entities	133.0	11.4%
France Telecom/Globecast	109.6	9.4%
Sky Italia S.r.l.	83.2	7.1%
Telespazio/Telecom Italia	71.0	6.1%
Deutsche Telekom/T-Systems/Media Broadcast	54.1	4.6%
British Telecom/Arqiva	46.0	3.9%
Nilesat	39.1	3.4%
Noorsat WLL	29.4	2.5%
Intersputnik International Organisation of Space Communication	23.0	2.0%
Multichoice Africa	21.7	1.9%
Total of top 10 customers	**610.2**	**52.2%**
Others	557.9	47.8%
TOTAL	**1,168.1**	**100.0%**

TECHNICAL QUALIFICATIONS OF THE GROUP'S CUSTOMERS AND TECHNICAL ASSISTANCE

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

CUSTOMER ALLOTMENT AGREEMENTS

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

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

- Full-time leases of capacity. These cover the lease of an entire transponder or part thereof on a full-time basis (*i.e.* 24 hours a day, seven days a week) for periods longer than one year. They can be extended over the whole of the satellite's operational life. These agreements are primarily used for broadcasting but are also used for Professional Data Services and Value-Added Services.
- Part-time and/or short-term leases of capacity. These cover either the (i) full-time (*i.e.* 24 hours a day, seven days a week) lease of an entire transponder or part thereof for periods of less than one year, (ii) occasional use, where transponder capacity is provided in increments of 10 minutes on a "first-come, first-served" basis, (iii) customised use, where capacity is provided only at pre-determined times (for a minimum of five hours a week for one year), or (iv) subscriptions for 15 hours of use per month or 180 hours of use over six months. Part-time leases of capacity are mainly used for broadcasting, for professional video

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links and, to a lesser extent, for Professional Data Networks and Value-Added Services.

- Mobile applications. These cover the lease of capacity for EutelTRACS services. For these services, customers do not lease capacity on the basis of pre-determined volume but on actual use.

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

ORDER BACKLOG

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

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

At 30 June	2011	2012
Value of contracts (in billions of euros)	5.0	5.2
Weighted remaining duration of contracts	7.5	6.9
Proportion of Video Applications	91%	92%

As of 30 June 2012, the Group's order backlog amounted to 5.2 billion euros, slightly higher than the level as of 30 June 2011. Most of the order backlog is made up of contracts for the duration of the lives of the satellites.

The proportion of the order backlog represented by Video Applications as of 30 June 2012 was 92%, unchanged on the previous year, affording the Group strong visibility on future revenues. Broadcasting platform operators have a recurring requirement for long-term capacity. The average remaining duration of the contracts in the backlog as of 30 June 2012 (weighted by value) was 6.9 years, compared with 7.5 years as of 30 June 2011.

The breakdown of the backlog by year as of 30 June 2012 was as follows:

Financial year ended 30 June	Backlog (unaudited, in millions of euros)
2013	983
2014	787
2015 and beyond	3,470
TOTAL	**5,240**

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

6.8 Regulations

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

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

6.8.1 Regulations governing frequency assignments and international coordination

All radiocommunication involves the transmission of radio waves which are characterised, *inter alia,* by their frequencies. Transmissions on identical frequencies or on frequencies that are insufficiently differentiated run the risk of creating a disturbance between the transmissions, which can result in radio interference. This interference affects the quality of the communications to some degree and, depending on the level of severity, is deemed "permissible", "acceptable" or, if it affects the communications to the point of making them unusable, "harmful". It is because of such risks of interference and the effect on the quality of radiocommunications services that, in all countries, the installation and operation of radio facilities is subject to authorisation by the competent national public authorities. These authorisations, known as "frequency assignments" are delivered at national level by governments exercising their sovereign rights, to allow usage of specified radio frequencies according to purposes and conditions specified by those authorisations. Governments must carry out international coordination to limit the risks of interference. The International Telecommunication Union (ITU), which is a specialised United Nations agency, has a body of rules to ensure such coordination. These rules are contained in the ITU's "Radio Regulations". For satellite radiocommunications, these rules make explicit provision for frequencies to be assigned to a group of countries, and it is the group of countries that then assumes joint responsibility and has joint rights and obligations in respect thereof.

The World Radiocommunication Conference (WRC 12), held in Geneva from 23 January to 17 February 2012, made several amendments to the Radio Regulations and their Appendices. The new amended Radio Regulations will come into force on 1 January 2013.

6.8.1.1 INTERNATIONAL COORDINATION OF FREQUENCY ASSIGNMENTS UNDER THE RADIO REGULATIONS

The co-ordination of frequency assignments at an international level aims to ensure the co-existence of satellite operations authorised by countries in the exercise of their sovereign rights (or groups of countries in their capacity as Parties to an intergovernmental organisation, which is the case of the assignments the Group inherited from the IGO when the Transformation to privatize the Company took place).

The rules governing coordination make it possible to determine whether satellite operations that have not yet commenced can begin as defined by the corresponding assignments or, if not, whether they have to be adjusted due to the risks of interference with other satellite operations. Similarly, when satellite operations have already started, and prove to cause harmful interference to other operations, the rules define to what extent such operations can continue, with or without adjustments, or whether they must be terminated immediately to avoid the interference.

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

- a general system governs assignments in all frequency bands assigned to space radiocommunications services in the parts of the spectrum known as "C-band", "Ku-band", "S-band" and "Ka-band" with the exception of those explicitly governed by one of the two special systems described below;
- the first special system (referred to below as the "SRS System") governs assignments in the Ku-band spectrum assigned to the Broadcasting Satellite Service (BSS) and the corresponding resources to be used for the uplinks to the broadcasting satellites; and
- the second special system (referred to below as the "FSS System") governs assignments in specific sections of the spectrum in the C and Ku-bands, assigned to the Fixed Satellite Service (FSS).

Under these three systems, the countries that have international responsibility for the given assignments, either individually or jointly, must submit through their competent regulatory authority (the "Administration" which, for France, is the ANFR) certain items of information about the assignments to the ITU Radiocommunication Bureau (RB). The RB then publishes this information in circulars sent out periodically to the administrations of all ITU Member States.

GENERAL SYSTEM

Under the general system, an initial submission ("Advance Publication") giving only limited general information about the assignments (orbital position, frequency bands) determines the start of the regulatory period during which operation of the assignments has to begin. For assignments filed under this initial submission before November 1997, this period lasts nine years and, for assignments filed after November 1997, this period lasts seven years.

A second submission, known as the "Request for Coordination", which provides very detailed information on the assignments, marks the beginning of the actual coordination process. From the date it is received by the Radiocommunication Bureau, this Request for Coordination takes priority over all assignments covered by a subsequent Request for Coordination. By virtue of this priority, when coordination between assignments covered by a subsequent Request for Coordination proves problematic or impossible, the Administration that submitted its Request for Coordination first is not required to make adjustments to its frequency assignments in order to facilitate coordination with assignments covered by a subsequent Request or Requests for Coordination.

The general system does not prohibit the implementation or operation of frequency assignments for which the coordination process has not been completed. However, in such a case, operation of these frequency assignments may have to be interrupted or adjusted if such operation causes harmful interference to operations covered by assignments with a higher priority.

Priority continues to apply for the seven or nine-year period during which assignments can be brought into operation. If the assignments have not been brought into operation when this time limit expires, the Advance Publication and Request for Coordination are both deemed to have never existed and the Administration responsible must then restart the process and re-submit the two submissions. The new Request for Coordination then gives these assignments a lower priority than the first, placing them behind all assignments for which a Request for Coordination has been submitted in the meantime.

Assignments that are brought into use before the deadline expires continue to enjoy the priority given by the Request for Coordination during the full term of validity of the assignments as declared by the relevant Administration in its Request for Coordination (30-40 years for the Group's frequency assignments). There are, however, provisions in the Radio Regulations enabling an extension in the period of validity for the assignments in operation.

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THE SPECIAL BSS AND FSS SYSTEMS

With these two special systems, the international community adopted *a priori* plans at the ITU's World Radiocommunication Conferences (WRCs). These plans guarantee all ITU Member States identical rights, irrespective of the size of their populations and territories, to make predefined use of specified amounts of radio spectrum resources in the frequency bands governed by these two systems. These predefined uses have priority over any other use of these resources. Furthermore, in contrast to the general method of coordination in which administrations that are parties to coordination can freely agree on the measures and technical conditions to be used for coordination, these special systems define highly detailed rules and technical conditions to be used for coordination.

Apart from these pre-defined frequency assignments for national coverage, public authorities may submit requests for additional frequency assignments as in the case of the general system. In this case, these two systems do not involve an initial submission (whose date, in the case of the general coordination system, determines the deadline for bringing the assignments into use), but instead call for a single detailed submission (request for registration of "additional assignments"), which, as in the general method of coordination, gives priority over subsequent submissions from the date it is received by the RB.

Under the BSS method, the submission date is the start of an eight-year period during which the assignments have to be brought into use, otherwise the entire process must be restarted with a new submission (request for registration) and a lower priority. Once operation has begun, it can continue for 15 years and is renewable once, without loss of rights, as long as the technical specifications of the uses remain the same. As under the general system of coordination, operation may begin before the end of the coordination process with priority uses that are predefined as being additional. In situations where there is harmful interference, the priority ranking will determine the uses that can be continued without adjustments and those which will have to be interrupted or adjusted, with pre-defined uses having the highest priority.

Under the FSS system, a submission does not grant priority over assignments covered by subsequent submissions. This right is acquired only if the RB finds, after reviewing the submission, that:

- the assignments do not affect the rights of any Member State, as predetermined by the plan, or the rights acquired by a Member State for assignments covered by a submission on which the RB has previously reached a favourable finding; or, if the opposite is the case;
- the administrations whose rights would have been affected have explicitly accepted that their rights can be affected.

If the RB reaches a negative finding, the submission is deemed null and void. In that case, the administration concerned has to make a new submission, which will be examined by the RB after all the other submissions that have been received by the RB in the meantime.

Until recently, the FSS system did not specify a deadline for bringing the additional assignments into use. However, since 2003, this deadline is eight years from the date of the RB's findings (the date of acquisition of the priority right).

Most of the frequency assignments the Group uses for its activities, present and future, have been granted under the general system and have either been successfully co-ordinated or benefit from a high priority.

At certain orbital positions, the Group operates satellites under frequency assignments governed by the special BSS and FSS systems. Most of these assignments have been the subject of a successful coordination procedure. In a small number of cases, however, the Group began operation under such assignments without having yet completed the coordination process.

RESOLUTION OF DISPUTES

The legal certainty obtained by satellite operators from the application of the Radio Regulations governing international coordination of frequency assignments depends on strict compliance with these procedures by all ITU Member States.

As a general rule, verified situations of harmful interference are handled through informal contacts at an operational level (control centres) between the operators concerned. In the majority of cases, the operators resolve the problem. Rare cases that cannot be settled by such means are handled through exchanges between the relevant administrations ("interference claims").The administrations can also request the assistance of the RB to establish contacts or, in very rare cases, conduct an investigation into the failure by an ITU Member State to comply with its obligations under the Radio Regulations.

However, the Radio Regulations do not contain any mechanism for mandatory resolution of disputes or compulsory enforcement. The ITU's arbitration procedure assumes the consent of the parties. Similarly, no provision of the Radio Regulations or of international law in general offers a solution in cases when this spontaneous and voluntary arbitration process does not succeed in resolving the dispute.

6.8.1.2 FREQUENCY ASSIGNMENTS UNDER JOINT RESPONSIBILITY

Most of the frequency assignments used by the Group in its business activities, both present and future, involve joint responsibility, and were, for much of it, issued to the IGO by the Member States collectively (the "Parties") prior to the Transformation. For all these frequency assignments, the Parties collectively discharged their joint obligations under the Radio Regulations through the Party of France, which was designated by them to act in their name and on their behalf.

The *Agence nationale des fréquences* (ANFR) is the French authority responsible for ensuring that France complies with its obligations under the Radio Regulations. Prior to the Transformation, therefore, the ANFR was the entity responsible for applying the international rules governing the coordination of frequency assignments on behalf of all the Parties.

After the Transformation, all frequency assignments remained under the joint responsibility of the Parties.

6.8.1.3 FREQUENCY ASSIGNMENTS GRANTED DIRECTLY TO EUTELSAT S.A.

Since the Transformation, France is the sole authority needed by the Group for new frequency assignments (see the description of applicable French regulations below under "Access to frequencies"). Eutelsat S.A. has already requested and obtained new frequency assignments, both to supplement the collective frequency assignments that were transferred to it on 2 July 2001 and to plan for future development of its activities, particularly for "mobile" telecommunications services requiring access to specific radio frequency spectrum (see paragraph 6.8.1.5 "French regulations relating to satellite frequency assignments and their operation" below).

6.8.1.4 FREQUENCY ASSIGNMENTS GRANTED TO OTHER SATELLITE OPERATORS

At some orbital positions, the Group operates satellites with frequency assignments granted to third parties.

This is the case with the EUTELSAT 28A satellite at 28.5° East operated under the German frequency assignments, and the EUTELSAT 36A satellite operated at 36° East under Russian frequency assignments held by RSCC. The Group uses these frequency assignments under agreements entered into with these operators.

6.8.1.5 FRENCH REGULATIONS RELATING TO SATELLITE FREQUENCY ASSIGNMENTS AND THEIR OPERATION

Before the adoption of French Law No. 2004-575 on 21 June 2004, satellite frequency assignments were under the sole control of the ANFR. They depended on the ANFR submitting to the ITU's Radiocommunication Bureau information required under the Radio Regulations governing international coordination of frequency assignments. Relations between the operators and the ANFR for the operation of frequency assignments were not legally formalised.

Law No. 2004-575 of 21 June 2004 concerning confidence in the digital economy (known as LCEN) contains a section on "satellite frequency assignments" and was transposed into the *Code des postes et des communications électroniques* (Postal and Electronic Communications Code, hereinafter "CPCE") in Articles L. 97.2 and subsequent Articles. This law, together with decree No. 2006-1015 of 11 August 2006, transposed into the CPCE in Articles R. 52-3-1 and subsequent Articles, establishes a new two-stage system:

- the assignment request is sent to the ANFR, which, after verifying that it complies with the national Table of Frequency Band Allocations, declares it to the ITU on behalf of France. A fee, equal to the amount invoiced by ITU to ANFR for processing the request submitted to ITU, is payable by the operator (Article R. 52-3-1 of the CPCE);
- operation of the assignment is subject to authorisation by the minister responsible for electronic communications, after obtaining the opinion of the authorities involved in assigning the frequencies concerned (*Conseil supérieur de l'audiovisuel* (CSA), the *Autorité de régulation des communications électroniques et des postes* (ARCEP), the French Ministry of Defence, etc.). This authorisation is granted on condition that the entity requesting the capacity provides proof of its ability to control the emissions of all RF stations, including earth stations, using the frequency assignment, and pays a fee to the ANFR for services rendered corresponding to the cost to the government of processing the request. The amount of this fee is established jointly by the minister in charge of the budget and the minister in charge of electronic communications. The decree of 11 August 2006 set this amount at 20,000 euros. Authorisation can be refused, for example "for the protection of public order, defence or public safety".

Persons who have asked the French government or the ANFR to declare to the ITU a frequency assignment prior to the publication of the LCEN had to request, if they wanted to retain the rights to use the frequency assignment, the authorisation provided for in Article L. 97-2 of the CPCE within a period of one year from 12 August 2006, which was the publication date of decree No. 2006-1015 of 11 August 2007 on frequency assignments to satellite systems, which amended the CPCE. This was done by the Group on 10 August 2006, and a summary of the requests submitted on that occasion was published by the ANFR.

Currently, Eutelsat S.A. is authorised to operate frequency assignments at the following orbital positions:

- 1° East (order of 3 December 2007);
- 3° East, 5° West, 8° West (order of 5 February 2008);
- 10° East – C-band – (order of 17 February 2009);
- 7° West (order of 5 August 2009);
- 76° East (order of 6 March 2010);
- 4° East, 7° East, 9° East, 10° East (other than C-band), 13° East, 16° East, 25.5° East, 33° East, 36° East, 70.5° East, 12.5° West (order of 22 June 2010).

6.8.2 Regulations governing the operation of earth stations, the deployment of networks, the operation of electronic communications networks and the provision of electronic communications services

As a satellite operator offering its services in approximately 150 countries, the Group is subject to national laws and regulations on communications and broadcasting in a large number of different countries.

Most of these countries do not require satellite operators to obtain a licence or other authorisation if their role is limited to providing satellite capacity to other entities that are themselves authorised to operate networks and/or communications services. In these countries, the Group only needs a licence or other authorisation if it intends to deploy and operate its own communications networks or install and operate earth stations. Most European countries and many of the Member States of the World Trade Organisation (WTO) have been included in this category of countries since the liberalisation of their regulations, by virtue of the commitments made under the WTO Agreement on basic telecommunications services, which came into force in February 1998.

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6.8.2.1 REGULATIONS IN FRANCE

The *Autorité de régulation des communications électroniques et des postes* (ARCEP) is the French authority responsible for ensuring that operators comply with the obligations contained in the applicable legislation and regulation.

OPERATION OF TELECOMMUNICATIONS NETWORKS

In France, the installation and operation of telecommunications networks open to the general public and the provision of telecommunications services used to require prior authorisation from the Minister of Telecommunications while independent networks reserved for a closed group of users to exchange internal communications required prior authorisation by ARCEP. Under French Law No. 2004-669 of 9 July 2004 on electronic communications and audiovisual communications services, the installation and operation of networks open to the general public are now unrestricted, provided a prior declaration is made to ARCEP. This formality does not apply to independent networks.

On 16 July 2001, the Minister of Telecommunications granted authorisation, under the previous system, for Eutelsat S.A. to establish and operate a telecommunications satellite network open to the general public in France for services other than public telephony for a period of 15 years. This authorisation also allows Eutelsat S.A. to operate and provide VSAT satellite networks and services in France. Eutelsat S.A. has deployed a certain number of bi-directional VSAT terminals on French territory. However, these activities still require payment of an administrative tax of 20,000 euros under Article L. 33-1 of the CPCE.

ACCESS TO FREQUENCIES

Moreover, the use of radio frequencies by RF earth stations is covered by authorisations issued by ARCEP ("frequency assignments"). Under the terms of Article L. 42-1 of the CPCE, these authorisations cannot exceed 20 years. ARCEP also imposes a certain number of technical requirements that must be respected by the operators to which the frequencies have been assigned. In addition, operators are required to pay an annual fee to the government for the provision of frequencies and an annual fee for their Management, under decree No. 2007-1532 and the order of 24 October 2007, as amended by decree No. 2008-656 and the order of 2 July 2008. They also have to take the necessary measures to protect the secrecy of private communications as well as the confidentiality of their customers' personal data. ARCEP has assigned to Eutelsat S.A. a certain number of frequencies for the operation of earth stations.

Non-compliance with the applicable telecommunication laws and regulations could result in administrative or criminal fines, and also sanctions imposed by ARCEP or other public authorities, including the suspension or withdrawal of the frequency assignment.

6.8.2.2 REGULATIONS IN OTHER COUNTRIES

Many countries, including most European States, have liberalised their regulatory frameworks relating to the provision of voice, data and video services. They have also increased the scope for granting authorisations to own and operate earth station equipment and to choose a provider of satellite capacity. Most countries allow authorised providers of communications services to have their own transmission equipment and to purchase satellite capacity without restriction. This facilitates end-user access to the Group's services.

The Group filed licensing applications to act as a network and earth station operator in Italy, Germany, Austria, the United Kingdom, Switzerland and Spain. The Group notably obtained a network operator licence and two general authorisations to provide interactive satellite services in Italy.

For the operation of its EUTELSAT KA-SAT 9A satellite, the Group has obtained licences for nine of the ten gateways located in France, Italy, Germany, Ireland, Spain, Finland and Cyprus. The request for the gateway to be based in Greece is still under review. The Group has also obtained authorisation to operate networks of terminals using the EUTELSAT KA-SAT 9A system in all European Union Member States except Romania and Slovenia. The applications for the required licences in all the other countries covered by the EUTELSAT KA-SAT 9A satellite are in progress.

Other countries, generally in emerging markets, have maintained strict monopolies. In these countries, a single State entity (generally the public postal, telephone and telegraph authority) often has a monopoly on the ownership and operation of communications equipment or on the provision of communications or broadcasting services to/from that country, including *via* satellite. To offer services in these countries, the Group may have to negotiate an operating agreement with the State entity, which defines the services to be offered by each party, the contractual terms of the service and tariffs. Depending on national regulatory requirements, operating agreements between the Group and the service provider may require end-user clients to obtain the Group's services through the State entity, with all associated ground services provided by that entity. These operating agreements also allow customers to possess and use their own equipment, while requiring them to purchase the Group's services through the State entity.

LANDING RIGHTS

Despite the liberalisation of national regulations following adoption of the WTO Agreement on Basic Telecommunications Services, some countries require authorisations to operate satellites in-orbit. In these countries, the Group has to obtain authorisation to provide (i) downlink services from the satellite to the earth station terminals located in these countries ("landing rights") or (ii) uplink services from the earth station terminals to the satellite ("take-off rights").

The Group has obtained these authorisations for some of its satellites in Brazil, India, Pakistan and a number of other South American countries. The Brazilian regulatory authority granted Eutelsat S.A. landing rights in April 2002 for EUTELSAT 8 West A (at 8° West), W1 (at 10° East) and EUTELSAT 12 West A (12.5° West) and, in June 2003, for EUTELSAT 5 West A (at 5° West).

ACCESS TO THE GROUP'S SATELLITES FROM THE USA

The Federal Communications Commission, or FCC, is the governmental agency in the USA responsible for regulating satellite communications. In 1997, the FCC enacted regulations permitting non-US satellite operators to request access to the US market using non-US satellites, for the provision of both international and domestic services. In 1999, the FCC streamlined the process by creating the "Permitted Space Station List".

Where a non-US satellite is added to the FCC's Permitted Space Station List, earth station operators in the USA licensed to operate with US satellites are able to access that non-US satellite without additional authorisation from the FCC. These streamlined procedures are applicable only to frequency bands that the FCC considers as being "conventional". These do not include the full spectrum of Ku-band or C-band frequencies used for transmissions to and from the Group's satellites. Earth station operators in the USA must therefore still apply for FCC authorisations to transmit to or receive from the Group's satellites in certain frequency bands even though these satellites are on the FCC's "Permitted Space Station List".

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

Name of satellite	Orbital position	Date of inclusion on the Permitted Space Station List
EUTELSAT 8 West A	8° West	30 August 2001
EUTELSAT 12 West A	12.5° West	30 August 2001

6.8.2.3 EUROPEAN UNION REGULATIONS

CURRENT REGULATORY FRAMEWORK

Over the last decade, the regulatory environment for satellite communications in the European Union (EU) has seen considerable change. Gradual liberalisation in this sector, as well as the Transformation of the IGO and the privatisation of international satellite organisations such as Intelsat and Inmarsat have created a more open and more competitive market. This trend towards liberalisation has also occurred in a number of other European countries. In particular, countries seeking admission to the EU are adapting their national legislation so as to align it with EU regulations.

EU Member States were required to adapt their national regulations by July 2003 to incorporate the provisions of five new EU directives and one EU decision, all adopted in 2002, which make up the "Telecom Package":

- European Directive 2002/19/EC of 7 March 2002 concerning access to, and interconnection of, electronic communications networks and associated facilities (the "Access" Directive);
- European Directive 2002/20/EC of 7 March 2002 on the authorisation of electronic communications networks and services (the "Authorisation" Directive);
- European Directive 2002/21/EC of 7 March 2002 on a common regulatory framework for electronic communications networks and services (the "Framework" Directive);
- European Directive 2002/22/EC of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services (the "Universal Service" Directive);
- European Directive 2002/58/EC of 12 July 2002 concerning the handling of personal data and protection of privacy in the electronic communications sector (the "Privacy and Electronic Communications" Directive);
- Decision No. 676/2002/EC of 7 March 2002 on a regulatory framework for radio spectrum policy in the European Union (the "Radio Spectrum" Decision).

These new regulations apply to electronic communications networks and services and generally reduce regulatory requirements in these areas. These directives were transposed into France's national law by the adoption of Act No. 2004-669 of 9 July 2004, which amended the CPCE.

In this regulatory context, the European Union organised the first process for selecting and authorising satellite operators at European level to provide mobile services *via* satellite.

A joint decision by the European Parliament and Council on 30 June 2008 established the principles applicable to this process, including the selection criteria.

On 7 August 2008, the Commission published a call for applications "for pan-European systems providing mobile satellite services". Solaris Mobile Ltd applied on 7 October 2008.

After the first phase of selection, involving checks to ensure compliance with various steps during the project's progress, the European Commission announced its selection decision on 13 May 2009, demand for spectrum not having exceeded the amount available. Solaris Mobile Ltd was selected and was authorised by the Member States to use the 1.995-2.010 MHz (earth to space) and 2.185-2.200 MHz (space to earth) frequencies.

As a result of this decision, Solaris Mobile Ltd must comply with the joint requirements set out in the European Parliament and Council Decision of 30 June 2008, or else it will face penalties.

REGULATORY REFORM

Further reforms to the framework applicable to the telecoms sector were adopted by the European Parliament on 24 November 2009.

One of the principles of this reform provides for the rationalisation and harmonisation of frequency management in Europe.

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

Mechanisms guaranteeing free competition will be put into place. More specifically, operators identified as exercising significant influence in a given market will be subject to more stringent obligations. As a last resort to end anti-competitive conduct, they may be ordered by the national regulator, subject to the Commission's control, to separate their businesses. This means that network operations and the provision of services could be separated into two separate entities.

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

6.8.3 Regulations governing content

6.8.3.1 "AUDIOVISUAL MEDIA SERVICES" DIRECTIVE

TV broadcasting in the European Union was first regulated by Directive 89/552/EEC of 3 October 1989, also known as the "Television without Frontiers" Directive. This Directive has been substantially changed through two amendments:

- European Directive 97/36/EEC of 30 June 1997, on the coordination of certain legislative, regulatory or administrative provisions in Member States relating to the performance of television broadcasting activities; and
- European Directive 2007/65/EC of 11 December 2007 known as the "Audiovisual Media Services" Directive. This Directive (i) extends the scope of the "Television Without Frontiers" Directive to on-demand audiovisual media services, (ii) promotes the production of and access to European works and (iii) relaxes the rules governing audiovisual advertising. The Directive was required to be transposed into the national laws of Member States by 19 December 2009, it has direct and simultaneous application throughout the European Union since this date; hence preventing any dispute over jurisdiction liable to arise from any gap in transposition between Members States and was transposed into French law by the Act of 5 March 2009 relating to audiovisual communication and the new public television service.

Following these different modifications, the Directive was codified by means of the 2010/13/EU Directive of 10 March 2010.

In accordance with this regulation, each EU Member State has to ensure that programmes transmitted by TV broadcasters under its jurisdiction comply with laws applicable to broadcasts intended for the general public.

CHANNELS ESTABLISHED IN AN EU MEMBER STATE

If the television channel is established in an EU Member State, then that Member State is automatically the competent regulatory authority. Under the regulations of most EU Member States, producers of television programmes that can be viewed by the general public must be authorised by the regulatory body. After being approved by the regulator in its home country, a channel can then broadcast its content freely in other EU States, provided that it continues to comply with its home country's laws. These laws include the provisions of Directives in force, including those covering the protection of children and banning the promotion of hatred and racial discrimination.

CHANNELS NOT ESTABLISHED IN AN EU MEMBER STATE

In the case of channels outside the EU that are broadcast by satellite received in all or part of the EU and, by definition, are established in a country that is not an EU Member, the amended "Television Without Frontiers" Directive provides for the determination of an EU Member State to regulate these channels on behalf of the other Member States.

Since, the "Audiovisual Media Services" Directive came into force on 19 December 2009, the responsible EU Member State has been the one from which the uplink is made towards the satellite (criterion No. 1) or, failing this, the one with authority over the satellite capacity used (criterion No. 2).

The Contact Committee of the European Commission, asked to identify the specific application conditions of the uplink criterion, published the document DOC CC TVSF (2009) showing that, for a same channel broadcast in Europe, when two uplinks leaving the territory of two different Member States are directed toward a single satellite, the length principle of the uplink prevails to determine the responsible Member State; when, inversely, the two uplinks are directed toward two different satellites, the criterion is that of the satellite footprint (the larger footprint directed at Europe).

The Directive was transposed in France by the law of 5 March 2009. Since 2009, most of the non-European channels broadcast by the Group in Europe use an uplink coming from an EU country which is now covered by other European regulators. The French CSA is no longer systematically the competent regulatory authority.

6.8.3.2 FRANCE'S FREEDOM OF COMMUNICATION ACT 1986

In accordance with Law No. 86-1067 of 30 September 1986 on the freedom of communication, as amended, French TV channels broadcast by the Group were subject to a convention with the CSA until the Antiterrorism Act No. 2006-64 of 23 January 2006 introducing various provisions concerning security and border controls, which terminates all prior formalities (*i.e.* all authorisation procedures) regarding the broadcasting of non-EU channels for which France has authority, and those that come under the authority of other European Member States or parties to the European Economic Area Agreement. Nevertheless, like French channels, they remain subject to French law and all restrictions on content imposed by the 1986 Act, particularly regarding human dignity, protection of minors and the safeguarding of public order, as defined in Article 1, and non-incitement to hatred and violence for reasons of race, sex, religion or nationality, as established in Article 15.

As of 30 June 2012, the Group was broadcasting approximately 1,000 non-EU channels, including programmes from the Middle East and North Africa.

As a satellite operator, the Group is not a provider of television programmes and does not therefore have to obtain authorisation from the CSA.

However, it is subject to certain obligations under the Act of 30 September 1986:

- it is required under Article 19 to provide the CSA with all information needed to identify the producers of the channels it broadcasts; and
- it is required under Article 33-1-III to inform channel producers of the regime applicable to them, including the aforementioned restrictions on the freedom of communication. Since Eutelsat S.A. has no direct contractual link with most of the channels it broadcasts, it fulfils its obligation by including in its contracts a clause stating that content broadcast on leased capacity must comply with the law in force in the country of reception.

The CSA's powers of sanction are defined in Article 42: it can serve a notice directly on Eutelsat to comply with its legal obligations. The CSA can serve a notice on Eutelsat not only to fulfil its obligations as defined in Articles 19 and 33-1, but also to cease broadcasting any non-EU TV channel that does not comply with the principles set out in the law. In practice, this provision has so far been used only to address threats against public order and incitement to racial hatred.

If Eutelsat S.A. were to fail to cease such transmissions by the specified deadline, the CSA would have the right to punish the Company by imposing a fine of up to 3% of its annual revenues and 5% in the event of a further violation of the same obligation (Articles 42-1 and 42-2).

The CSA has another legal method of ensuring compliance with a notice, *i.e.* a summary application *(référé)* to the *Conseil d'État* for an interim order requiring Eutelsat to fulfil its legal obligations. However, since this method is more cumbersome than the service of a notice and direct penalties, it has rarely been used.

These specific powers, which enable the CSA to bring pressure to bear on the satellite operator, are not expressly provided for in the Directive. The Directive does accept, however, that Member States can take this type of action.

Finally, with the framework of sanctions imposed on some States by the European Union and/or the Security Council of United Nations, Eutelsat might have to request the termination of a service if a channel broadcast by its satellites were to figure amongst the sanctioned organisations.

In technical terms, were the channel in question to refuse to stop broadcasting, to cease transmission of an uplinked signal on a given transponder, the Group has to switch off the corresponding transponder on-board the satellite even if this transponder is carrying other, authorised television channels (a 36 MHz transponder can broadcast up to 10 television channels in digital mode). For this reason, it could prove difficult to comply with any CSA injunctions without being forced to terminate contracts with other distributors that lease capacity to duly-authorised channels in the event that the channel in question does not stop broadcasting on its own initiative (see Section 4.5.5 "The Group is subject to strict regulations on the content of the programmes broadcast *via* its satellites").

6.8.4 Regulations governing Space Operations

The French Space Operations Act governing space operations was published in France's *Journal officiel* on 4 June 2008. This legislation is the direct result of France's international obligations, imposed by various UN treaties including:

- the 1967 Treaty on principles governing the activities of States in the exploration and use of outer space, including the moon and other celestial bodies; and
- the 1972 Convention on international liability for damage caused by space objects.

Two application decrees were published on 10 June 2009. Of the two, the Group is mainly affected by Decree No. 2009-643 relating to authorisations. This decree stipulates that the system will come into force one year after the publication of the relevant technical regulations and, at the latest, 18 months after publication of the decrees. The technical regulation was published by decree on 31 May 2011 and the system has thus been in force since 10 December 2010.

6.8.4.1 PRINCIPLES SET OUT IN THE ACT

The Act creates an authorisation regime for space operations that may incur France's international liability, namely the launch of a space object from France and, for a French operator, the launch of a space object from France or abroad, the control of a space object in outer space or the transfer of control of a space object that has already been authorised. These authorisations are granted by the Minister for Space within a period of four months, which may be extended by two months if there is a valid reason.

The Act also creates a licensing regime for operators involving certain guarantees. There are three levels of licence: licences attesting only the respect of moral, financial and professional guarantees; licences that, in addition, require that systems and procedures comply with the technical regulations, and licences that grant authorisation for certain operations, in which case there is only a case-by-case reporting requirement. In the first and second levels, case-by-case authorisation remains necessary for each operation, but will take less time to obtain than with the old procedure. The third level of licences only exists for in-orbit control operations, and will not cover launch operations, which remain subject to a system of case-by-case authorisations.

The Act also requires insurance (or another financial guarantee) throughout the space operation. Nevertheless, the decree relating to authorisations states that the Minister for Space may waive this obligation for an operator during the station-keeping phase of a geostationary satellite if it can produce a document confirming its solvency.

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If, as a result of an operation authorised under this Act, any operator is required to compensate a third party for damage caused by a space object during and/or after launch, the operator may benefit from a State guarantee for amounts exceeding the ceiling set out in the authorisation and enshrined by the applicable finance law. As things currently stand, the ceiling is between 50 million euros and 70 million euros as laid down by Article 119 of Law No. 2008-1443 of 30 December 2008 rectifying finances for 2008. However, the operator will not be able to claim in the event of intentional fault, and will only be able to claim if the operation is conducted from France or any EU or EEA country or using resources or facilities under the jurisdiction of any such country. Furthermore, during the orbital control phase, the guarantee will only apply if the damage is caused on the ground or in the airspace.

6.8.4.2 THE AUTHORISATION PROCESS

Decree No. 2009-643 stipulates the authorisation process, providing for delivery of authorisations by the Ministry for Space no later than four months following filing of a completed application, which can be extended by two months if the decision is justified. The process and timeframe are the same for licence applications. If the applicant already has a level 1 or 2 licence, the authorisations are delivered within one month, which may be extended by two months.

Authorisation or licence applications are in two parts:

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

These technical regulations were published by decree on 31 May 2011. Within the framework of the authorisation process, they require the availability of various studies on orbital control (studies on danger and environmental impact), risk control measures (plan for limitation of debris in space, plan for preventing collision risk, etc.), documents on quality and proof of the implementation of an organisation to deal with all the technical and organisational facts, as the case may be, potentially affecting space operations as authorised. The regulations also require the CNES to be informed of the co-contractors' and subcontractors' undertaking to comply with the technical regulations.

They also establish a number of requirements linked to the limitation of debris in space, in the form of information on the likelihood of accidental disintegration, passivation at the end of useful life, the probability of being able to dispose of the energy resources needed for end of operational life manoeuvres, etc.

The regulations provide for temporary measures and progressive entry into force (best efforts) for the various requirements, to take the current design of satellites into account and to give manufacturers the time needed to apply the new requirements to future satellites. All the legal provisions will be applicable as of 1 January 2021.

The technical part of the applications is dealt with by the CNES, which transmits its decision to the Ministry responsible for Space. Before handing down a decision, the Ministry informs the applicant of its draft decision, and the latter has a fortnight in which to make comments.

6.8.4.3 LICENCES AND AUTHORISATIONS OBTAINED BY THE GROUP

Within the framework of this process, on 24 December 2010, the Group obtained by decree a licence equivalent to authorisation for the control of space devices for its entire fleet. This licence was granted for a one-year period from the effective date of the decree insofar as the technical regulations associated with the Act had not yet been published. On 11 October 2011, the Group obtained a new licence serving as authorisation valid until 31 December 2020.

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

Any satellite launches undertaken by the Group from France or abroad remain subject to a case-by-case authorisation regime. However, on 23 December 2010, the Group obtained a licence certifying that Eutelsat has moral, financial and professional/business guarantees granting it an exemption from the administrative part of such subsequent requests and reducing the authorisation timeframe from four months to one month. On the same date, the Group was granted authorisation to proceed with the launch of its EUTELSAT KA-SAT 9A satellite on-board the Proton launcher.

On 31 March 2011 and 12 March 2012, the Group obtained authorisation to proceed with the launch of all the satellites currently being manufactured by the traditional launchers currently known. Any other launches will be subject to a new application for leave.

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

6.8.5 US export control requirements (regulations governing the activities of the Group's suppliers)

US companies and companies located in the USA must comply with US export control laws and regulations, specifically the Arms Export Control Act, the International Traffic in Arms Regulations, the Export Administration Act and the trade sanction laws and regulations administered by the US Treasury's Office of Foreign Asset Control in connection with any information, products and equipment that is regulated by US law and supplied to non-US companies. The export of satellites, satellite hardware, defence services and technical information relating to satellites to non-US satellite manufacturers, launch services providers, insurers, customers, non-US employees and other persons who do not have US nationality is regulated by the Office of Defence Trade Controls under the International Traffic in Arms Regulations of the US Department of State. Since the Group and its service providers, distributors, suppliers and sub-contractors using US technologies (including for communications),export US components for the construction of the Group's satellites and provide launch services outside the USA, they are required to obtain permits for the export of technical data and material (under technical assistance agreements) for any material they purchase for the construction of satellites or for satellite launches outside the USA.

6.8.6 Other provisions applicable to the Group

Eutelsat S.A.'s activities were originally carried out by an intergovernmental organisation, the European Telecommunications Satellite Organisation (the "IGO"). The IGO was founded by certain countries in Western Europe (the "Signatories") on 1 September 1985 (under the "Convention") to develop and operate a telecommunications satellite system for trans-European telecommunications purposes. On 2 July 2001, all the IGO's operating activities were transferred to Eutelsat S.A. (the "Transformation"). As a result of the Transformation, the Convention was amended to adjust the IGO's missions (the "Amended Convention").

Eutelsat IGO has been maintained as an intergovernmental organisation and currently covers 48 European countries.

ROLE OF EUTELSAT IGO

The main purpose of Eutelsat IGO is to ensure that Eutelsat S.A. complies with the following "basic principles" ("Basic Principles"):

- public service/universal service obligations: these obligations apply to the space segment and to its use to provide services connected to the public switched telephone network. Audiovisual services and future services will be provided in compliance with the relevant national regulations and international agreements, in particular the provisions of the European Convention on Transfrontier Television, taking account of those applying to the universal service concept and the information society;
- pan-European coverage by the satellite system: Eutelsat S.A. shall, on an economic basis, seek through the pan-European coverage of its satellite system to serve all areas where there is a need for communications services in Member States;
- non-discrimination: services shall be provided to users on an equitable basis, subject to commercial flexibility and consistent with applicable laws and regulations; and
- fair competition: Eutelsat S.A. must comply with all applicable laws and regulations relating to competition.

CURRENT RELATIONSHIP BETWEEN EUTELSAT S.A. AND EUTELSAT IGO

The relationship between Eutelsat S.A. and Eutelsat IGO is governed by an agreement that came into force on 2 July 2001 and was amended on 10 December 2004 (the "Arrangement"). The Arrangement states that, on the understanding that the management of Eutelsat S.A. is carried out on a sound economic and financial basis, Eutelsat S.A.'s principal obligation under the Arrangement shall be to observe the "Basic Principles". The principal provisions of the Arrangement are as follows:

EUTELSAT S.A.'S OBLIGATIONS

- Eutelsat IGO shall be given 60 days' notice of any proposal to change its By-laws which would materially affect the observance of the "Basic Principles".
- Eutelsat S.A. shall inform Eutelsat IGO, and take into account any recommendation made by Eutelsat IGO, in the event of any major changes to its operating, technical, marketing or financial policies that might materially affect the observance of the "Basic Principles".
- Eutelsat S.A. shall obtain written prior approval from Eutelsat IGO if it intends to go into voluntary liquidation, or if it intends to merge or combine with another entity.
- Eutelsat IGO's Executive Secretary shall be named as an Observer on Eutelsat S.A.'s Board of Directors, subject to certain conditions.
- Eutelsat S.A. shall finance Eutelsat IGO's annual operating costs (as an illustration, the budget for this was approximately 725,300 euros for the financial year ended 30 June 2012).

EUTELSAT IGO'S OBLIGATIONS

- Eutelsat IGO shall make every effort to ensure that Eutelsat S.A. can make use of all frequency assignments acquired or filed with the ITU Radiocommunication Bureau as of 2 July 2001.
- Any proposed amendment to the Amended Convention that is liable to affect Eutelsat IGO's performance of its activities shall be submitted to Eutelsat S.A., which shall have six weeks in which to communicate its observations to Eutelsat IGO.

LIAISON AND INFORMATION

- A joint committee made up of representatives of Eutelsat IGO and Eutelsat S.A. shall meet at least once per quarter to ensure that Eutelsat S.A. is observing the "Basic Principles". In this regard, Eutelsat S.A. shall send Eutelsat IGO extracts from its Five-Year Strategic Plan and its certified annual accounts and shall examine with Eutelsat IGO the impact on its activity or on its observance of the "Basic Principles" caused by any changes in regulations, particularly European or French, applicable to it.
- In his capacity as Observer, the Executive Secretary of Eutelsat IGO shall have access to information under the same conditions as those which apply to a Board Member and shall attend, but not vote at, meetings of Eutelsat S.A.'s Board of Directors.

The Arrangement also provides for a mechanism for settling disputes, including by arbitration.

RELATIONSHIP BETWEEN EUTELSAT COMMUNICATIONS AND EUTELSAT IGO

At the time of Eutelsat Communications' IPO, Eutelsat Communications and Eutelsat IGO signed a Letter-Agreement on 2 September 2005, which came into force on 6 December 2005 (the "Letter-Agreement"). Under the Letter-Agreement, Eutelsat Communications undertook:

- to give Eutelsat IGO's Executive Secretary a seat as Observer on the Board of Directors of Eutelsat Communications from the date of the latter's IPO;
- to ensure that Eutelsat S.A. is at all times able to honour its undertakings made pursuant to the Arrangement and not to take any decision which might entail any breach of the said undertakings by Eutelsat S.A.;
- in any event, and without constituting an exception to or a reduction of the undertaking set out in the above paragraph, to inform the Executive Secretary, in his capacity as Observer, of any decision taken by Eutelsat Communications which might affect Eutelsat S.A.'s compliance with the "Basic Principles" and to communicate to him all useful information on such matters;
- to inform Eutelsat IGO, through its Executive Secretary, of any crossing of a legal threshold or of a threshold contained in the By-laws, which has been notified to it by a shareholder;
- not to propose or vote for any proposal that Eutelsat S.A. distributes dividends in excess of the amount of Eutelsat S.A.'s annual net income and/or annual net income plus retained earnings and/or which would result in Eutelsat S.A.'s net debt/EBITDA ratio rising above 3.75/1, given that this ratio will not be considered as having been exceeded where any excess comes as a result of any external growth operation and that the notion of dividends is that defined under Article L. 232-12 of the French *Code de commerce;*
- to take all steps necessary so that the undertakings given by Eutelsat Communications, or those that Eutelsat Communications may give, in particular in relation to its financial needs, present or future, cannot in any way result in cross default by Eutelsat S.A., unless such undertakings given by Eutelsat Communications were also given in Eutelsat S.A.'s direct interest;
- to maintain a level of consolidated Group debt that is not contrary to market practice and sound Management of the Eutelsat Group; and
- to maintain within Eutelsat S.A. a minimum amount of equity in compliance with sound financial Management of Eutelsat S.A. and allowing it to continue complying with the "Basic Principles".

The role, position, remuneration and right to information of the Observer, as well as the right to supply information to the Parties and the settlement of any disputes relating to such supply of information, are specified in the Letter-Agreement (see Section 21.2.2 "Board of Directors, Committees and Observer" for further information on the clause in Eutelsat Communications' By-laws concerning the Observer).

The Letter-Agreement also provides for the creation of a Coordination Committee, whose main tasks are (i) to exchange useful information and views for the proper implementation of the Letter-Agreement, (ii) to examine any request for the removal of confidentiality restrictions on information received by the Observer, and (iii) to examine in particular the annual accounts and the list of third-party experts designated to resolve any problem arising as to what information may be circulated by the Observer to the Parties to the Convention.

The Letter-Agreement will become null and void upon the expiry of the Arrangement pursuant to its terms and conditions (it should be noted that the Arrangement may only be terminated by mutual agreement). Eutelsat IGO and Eutelsat Communications may, however, terminate or amend the Letter-Agreement at any time upon mutual agreement, in particular in the event where such termination or amendment proves to be helpful in facilitating the development of the Group.

In the event of assignment of Eutelsat S.A. shares by Eutelsat Communications, the latter shall inform the proposed transferee of the content of the Letter-Agreement, it being understood that Eutelsat Communications shall remain bound, in any event, by its undertakings until the expiry of the Letter-Agreement in accordance with the paragraph above.

The Letter-Agreement also contains a mechanism for settling disputes by arbitration.

7 ORGANISATIONAL Chart

The financial year ended 30 June 2012 saw the development of new Eutelsat S.A. commercial subsidiaries designed to offer the best possible solutions to the needs of the Group's customers in their various markets.

As of 30 June 2012, Eutelsat Communications S.A. directly or indirectly controlled 27 subsidiaries and held three equity interests.

The following two charts show the holdings of Eutelsat S.A., the Group's main operating subsidiary (Part 1) and all the subsidiaries and equity interests held directly or indirectly by Eutelsat S.A. (Part 2) as of 30 June 2012. Eutelsat Communications is a holding company with no operational role other than its indirect equity interest in Eutelsat S.A.

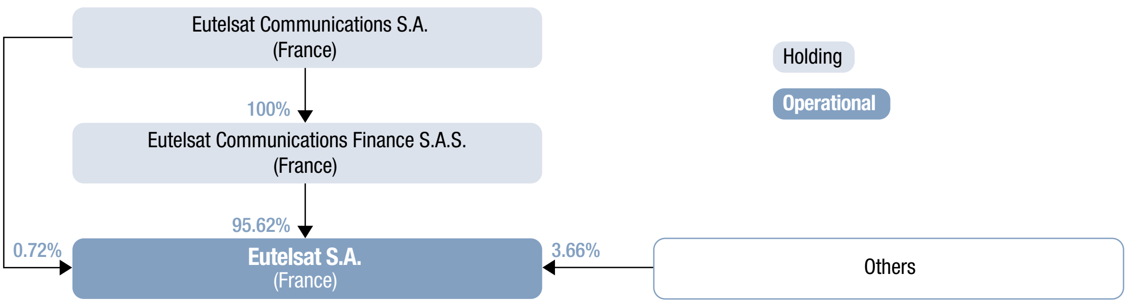
The revenues and results of the companies mentioned in Section 7.2 "Subsidiaries and Equity Interests" have been established based on the annual financial statements of these companies, in accordance with the accounting standards applicable locally. This data is not representative of the contribution of these companies to the Group's consolidated financial indicators.

The list of mandates held by the Company's management within the Group can be found in Section 14.1 "Composition of the Board of Directors" of this reference document.

7.1 The Group's Organisational Chart

The following two flow charts represent the organisation of the Group as of 30 June 2012.

GROUP ORGANISATIONAL CHART AS OF 30 JUNE 2012 (PART 1) – EUTELSAT COMMUNICATIONS ORGANISATIONAL CHART



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

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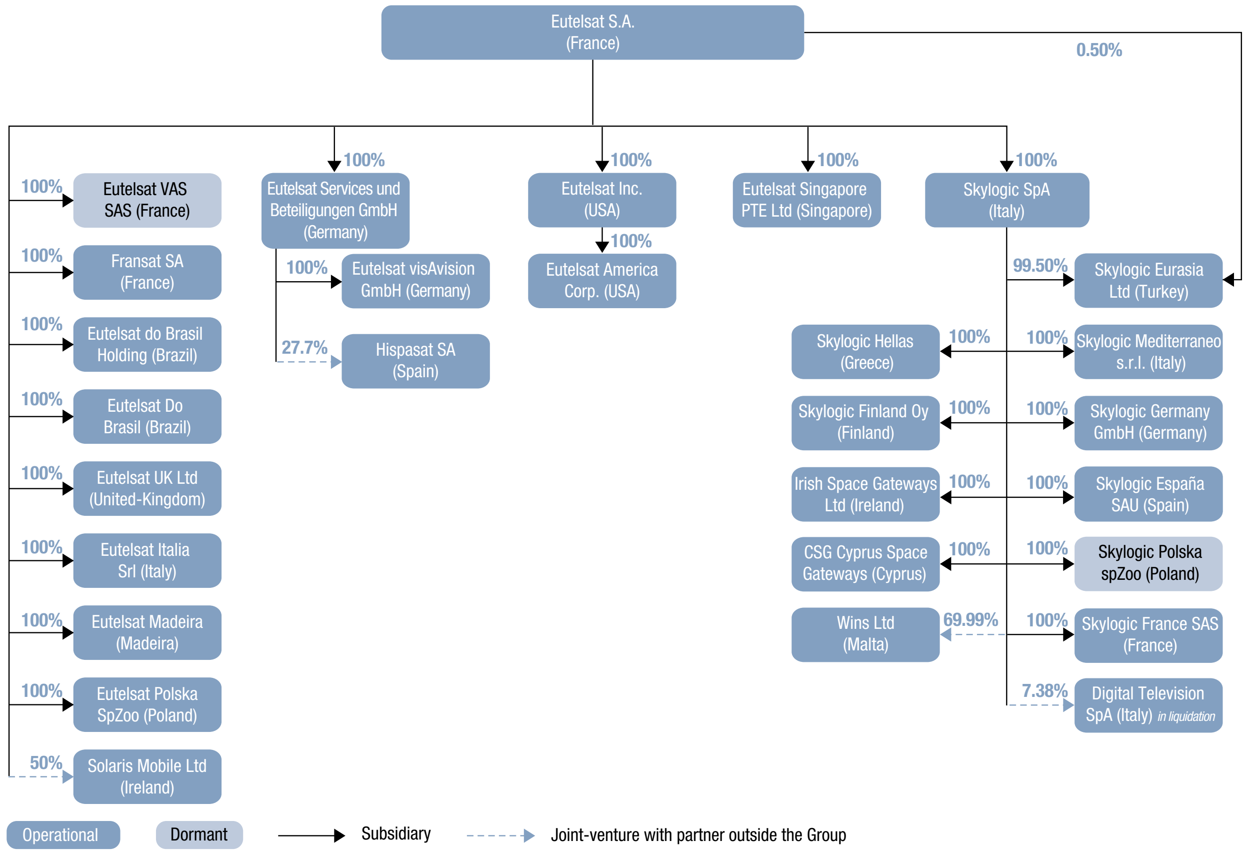
GROUP ORGANISATIONAL CHART AS OF 30 JUNE 2012 (PART 2) – EUTELSAT S.A. ORGANISATIONAL CHART



Information on the agreements between the Company and its various subsidiaries are described in Section 19 "Related Party Transactions" in this reference document.

7.2 Subsidiaries and equity interests

The Group's main operating subsidiaries are Eutelsat S.A. (France) and Skylogic S.p.A. (Italy), itself a subsidiary of Eutelsat S.A., Eutelsat do Madeira (Madeira) and Eutelsat America Corp (USA).

7.2.1 Eutelsat Communications Finance S.A.S. and Eutelsat S.A

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

Incorporated in June 2006 and 100% owned by Eutelsat Communications, Eutelsat Communications Finance S.A.S is a French *société par actions simplifiée* (joint-stock company) whose registered office is located at 70, rue Balard, 75015 Paris and whose purpose is to hold 95.62% of Eutelsat S.A.'s share capital.

On 7 March 2012, given the results forecast for Eutelsat Communications Finance S.A.S. for the financial year 2011-2012 (interim financial statements to 29 February 2012 showing distributable income of 79.8 million euros considering the advance payment of 673.8 million euros already paid on net income of 753.2 million euros and 0.4 million euros of retained earnings), an interim dividend of 73 million euros was paid to Eutelsat Communications.

As of 30 June 2012, no revenue was reported and the net income of Eutelsat Communications Finance S.A.S stood at 753.3 million euros arising from the flows from its subsidiary Eutelsat S.A.

EUTELSAT S.A. (FRANCE)

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

As of 30 June 2012, Eutelsat Communications directly and indirectly held 96.34% of Eutelsat S.A., the Group's main operating company, through which it had direct and indirect control of a number of subsidiaries and equity interests including Skylogic S.p.A. (100% subsidiary of Eutelsat S.A.), Hispasat S.A. (shareholding of 27.69% owned by Eutelsat Services and Beteilligungen GmbH, itself a 100% subsidiary of Eutelsat S.A.) and Solaris Mobile Ltd (shareholding of 50% owned by Eutelsat S.A.).

As of 30 June 2012, its revenues(1) totalled 1,177.4 million euros for net income amounting to 337.8 million euros.

7.2.2 Subsidiaries of Eutelsat S.A.

7.2.2.1 REPRESENTATION AND PROMOTION OF EUTELSAT S.A.'S ACTIVITIES

In the context of its international development, Eutelsat S.A. has subsidiaries tasked with promoting its services and representing Eutelsat S.A. whose revenues and net income are not significant.

EUTELSAT INC. (USA)

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

As of 30 June 2012, Eutelsat Inc. generated revenues of 583.2 thousand euros and net income of 13.5 thousand euros.

EUTELSAT AMERICA CORP. (USA)

Incorporated in November 2006, Eutelsat America Corp's role is to distribute Eutelsat S.A.'s capacity throughout the North American market. As of 30 June 2012, it generated revenues of 157.7 million euros and net income of 5.2 million euros.

EUTELSAT SINGAPORE PTE. LTD (SINGAPORE)

Eutelsat Singapore Pte. Ltd was incorporated in June 2012 with a capital of 1 US dollar (comprising a unique share transferred to Eutelsat S.A. soon after its incorporation).

EUTELSAT DO BRASIL (BRAZIL)

Incorporated in June 2000, Eutelsat do Brasil is responsible for promoting and marketing Eutelsat's capacity and services in Latin America. Furthermore, Eutelsat do Brasil has been granted landing rights by the Brazilian authorities, meaning it can provide satellite capacity for the Brazilian market with the EUTELSAT 12 West A and EUTELSAT 8 West A satellites.

As of 30 June 2012, this company generated revenues of 2.2 million euros and net income of 1.9 million euros.

EUTELSAT DO BRASIL HOLDING (BRAZIL)

Incorporated in June 2012, this subsidiary's purpose is to hold the Eutelsat do Brasil shares currently held by Eutelsat S.A.

EUTELSAT UK LTD (UNITED KINGDOM)

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

As of 30 June 2012, Eutelsat UK Ltd generated revenues of 1.9 million euros and net income of 72.1 thousand euros.

EUTELSAT ITALIA S.R.L. (ITALY)

Incorporated in 2002, Eutelsat Italia S.r.l. is responsible for representing and promoting the Group in Italy.

As of 30 June 2012, it generated revenues of 780.9 thousand euros and a loss of 8.7 thousand euros.

7.2.2.2 OPERATIONAL SUBSIDIARIES OF EUTELSAT S.A.

In the framework of growth in its activities, Eutelsat S.A. has created a number of operational subsidiaries responsible for new services and/or commercialising capacity dedicated to specific markets.

SKYLOGIC S.P.A. (ITALY)

Skylogic S.p.A. is Eutelsat S.A.'s main operating subsidiary and is responsible for the Value-Added Services including the satellite internet access solutions *via* D-STAR™ and Tooway™. During the financial year, Skylogic's activity focused mainly on marketing the D-STAR™ service and on developing the technical activities for Tooway™.

As of 30 June 2012, Skylogic S.p.A. generated revenues of 40.4 million euros and a net loss after tax of 39.1 million euros. As of 30 June 2012, Skylogic S.p.A. employed 149 people.

WINS LTD (MALTA)

Incorporated in September 2005, Wins Ltd (Malta) is 70%-owned by Skylogic S.p.A. and 30%-owned by Maltese operator MaltaSat. This company is responsible for marketing the D-STAR™ service to cruise ships and ferries in the Mediterranean Basin, providing them with telephony services (GSM) and broadband access.

As of 30 June 2012, Wins Ltd generated revenues of 5.6 million euros and a net profit of 0.9 million euros.

SKYLOGIC EURASIA LTD (TURKEY)

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

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

As of 30 June 2012, this company generated revenues of 263.0 thousand euros and net income of 45.9 thousand euros.

SKYLOGIC ESPAÑA S.A.U. (SPAIN)

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

As of 30 June 2012, Skylogic España S.A.U. generated revenues of 744.3 thousand euros and net loss of 1,279.0 thousand euros.

(1) Non-consolidated revenues based on annual financial statements for the period ended 30 June 2011, including billings to subsidiaries, equity interests and affiliates, but excluding revenues from subsidiaries, equity interests or affiliates of Eutelsat S.A.

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

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

As of 30 June 2012, this company posted no revenues and a net loss of 14.5 thousand euros.

SKYLOGIC MEDITERRANEO S.R.L. (ITALY)

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

As of 30 June 2012, it posted revenues of 3,899.3 thousand euros and a net loss of 719.4 thousand euros.

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

During the financial years 2010-2011 and 2011-2012, Skylogic S.p.A. set up six subsidiaries in which it owns 100% of the share capital, one in each country (excluding Italy) where the gateways required for the operation of the EUTELSAT KA-SAT 9A satellite need to be deployed:

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

EUTELSAT DO MADEIRA LDA (PORTUGAL)

Incorporated in June 2008, this company is responsible for marketing the 25 transponders on the EUTELSAT 10A satellite in the African zone and the Portuguese-speaking regions with Eutelsat S.A. transferring its full ownership in April 2009.

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

On 22 February 2012, the sole shareholder decided to increase the capital by 6.6 million euros *via* a cash injection to partially finance the acquisition of additional transponders on the EUTELSAT 16A satellite. The ensuing capital increase saw the capital rise to 85,405,000 euros.

As of 30 June 2012, Eutelsat do Madeira Lda posted revenues of 28.5 million euros and net income of 14.6 million euros.

EUTELSAT SERVICES UND BETEILIGUNGEN GMBH (GERMANY)

As of 30 June 2012, Eutelsat Services und Beteiligungen GmbH generated revenues of 1,960 thousand euros and a loss of 210.0 thousand euros.

The main subsidiary of Eutelsat Services und Beteiligungen GmbH is VisAvision GmbH (Germany), incorporated in April 2004 and 100% owned by the former. It is responsible for developing the KabelKiosk service in Germany. This service consists of providing satellite capacity and related dedicated services to a channel package (including ethnic channels) marketed by regional cable-operators to their subscribers.

EUTELSAT VISAVISION GMBH (GERMANY)

Eutelsat VisAvision GmbH, 100% owned by Eutelsat Services und Beteiligungen GmbH and incorporated in April 2004, is responsible for promoting the KabelKiosk service in Germany. This service consists of providing satellite capacity and associated dedicated services to a TV package (including ethnic channels) marketed by regional cable operators to their subscribers.

As of 30 June 2012, Eutelsat VisAvision GmbH generated revenues of 6.0 million euros and net income of 0.7 million euros.

EUTELSAT VAS S.A.S

- Eutelsat VAS S.A.S: a company with no business activity which, as of 30 June 2012, posted no revenues and net income of 1,221.7 thousand euros.
- Tooway SNC: initially intended to own the EUTELSAT KA-SAT 9A satellite and market its capacity (90% owned by Eutelsat VAS S.A.S. and 10% by Eutelsat Communications Finance S.A.S.), the company was dissolved following a decision taken by the sole shareholder on 25 November 2011, effective 31 December 2011.
- Tooway Management S.A.S.: initially intended to ensure the management of Tooway SNC (100% owned by Eutelsat VAS S.A.S.), the company was dissolved following a decision taken by the sole shareholder on 25 November 2011, effective 31 December 2011.

FRANSAT S.A. (FRANCE)

Incorporated in 2009, Fransat S.A. is responsible for developing and operating the Fransat offering on the EUTELSAT 5 West A satellite. This free-to-air offering includes all the French free-to-air DTT channels enabling households beyond the range of terrestrial services to continue to receive free French television after the end of analogue television and at minimal cost, since the switchover to digital does not require a change in the antenna already pointed towards the EUTELSAT 5 West A satellite.

In October 2011, at the General Meeting, the shareholders decided to recapitalise the company increasing the share capital to 2,323,823 euros.

As of 30 June 2012, Fransat S.A. posted revenues of 11.5 million euros and net income of 1.3 million euros.

Subsequent to the closing date of the financial year, Eutelsat Singapore Pte Ltd set up two subsidiaries: Eutelsat File UK Ltd, incorporated in July 2012 in the United Kingdom and ES 172 LLC, incorporated in August 2012 in the state of Delaware.

7.2.2.3 EQUITY INTERESTS

HISPASAT S.A. (SPAIN)

As of 30 June 2012, Eutelsat S.A. indirectly held, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the share capital and voting rights of Hispasat group, a private unlisted Spanish satellite operator. The shareholding was acquired in two stages with 21.15% being acquired on 28 December 2001, followed by a further 6.54% on 8 April 2002. As of 31 December 2011, this company posted revenues of 182.4 million euros and net income of 56.1 million euros.

The following table shows a summary of Hispasat group's annual data for the year ended 31 December 2011 (latest data published by Hispasat):

(in millions of euros)	31 December 2010	31 December 2011
Assets	985.2	1,072.7
Equity	540.5	594.3
Operating income	174.8	182.4
Net income	72.7	56.1

SOLARIS MOBILE LTD (IRELAND)

As of 30 June 2012, Eutelsat S.A. indirectly held 50% of the share capital and voting rights of Solaris Mobile Ltd, a company incorporated in Ireland and headquartered in Dublin. Jointly held at parity with SES Astra S.A. within the framework of a joint-venture agreement concluded in March 2008, Solaris Mobile Ltd's role is to operate and commercialise the S-band payload of the EUTELSAT 10A satellite.

This company was tasked with supplying S-band services enabling the marketing of television, video and radio services, as well as bi-directional communications on mobile equipment such as telephones, computers and multimedia readers.

As of 30 June 2012, Solaris Mobile Ltd did not generate any revenue and posted a net loss of 4.6 million euros.

DIGITAL TV S.P.A. (ITALY)

As of 30 June 2012, Eutelsat S.A. indirectly held, *via* Skylogic S.p.A., a 7.38% stake in the capital of Digital TV S.p.A., an Italian company which distributes audiovisual programmes and multimedia content. The company was subject to the opening of a liquidation process in application of a ruling by the Court of Milan dated 7 July 2011, although this wind-up was revoked by a ruling handed down by the Court of Milan on 9 June 2012.

7.3 Group cash flow

At the filing date of this reference document, there are no contractual relationships generating significant cash flow aside from the cash flows generated under the service agreements and centralised cash management agreements signed within the Group.

Cash flows having been the subject of regulated agreements and commitments are presented in the Statutory Auditors' report figuring in Appendix 3 of this reference document.

The following table summarises relations between the Company and its subsidiaries as of 30 June 2012:

Consolidated items (except dividends) (in millions of euros)	Eutelsat S.A. (sub-group)	Eutelsat Communications Finance	Eutelsat Communications	Consolidated total
Non-current assets (incl. goodwill)	4,544	-	11	4,555
Debt (owed to non-Group entities)	1,650	-	800	2,450
Cash assets on balance sheet	87	-	1	88
Cash flow from operating activities	689	(12)	20	697
Dividends paid to the Company	6	963	-	969

8 PROPERTY, PLANT and equipment

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8.1 Group property and equipment

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

In August 2009, Eutelsat S.A. negotiated the early renewal of the lease on the building for a nine-year period, including a fixed term of six years and five months during which the lease cannot be terminated.

The Rambouillet teleport, owned by Eutelsat since 2004, notably serves as a back-up control and satellite telecommunications centre, to be used in the event of a failure at the control centres located in Eutelsat S.A.'s technical control facility in Paris. This teleport also has the technical resources required to deliver value-added services. It hosts, amongst other things, a D-STAR™ platform and the EutelTRACS platform. Furthermore, this teleport enables the Group to offer uplink/downlink services to its clients, including for Video Applications or hosting operator platforms for satellite communications networks.

Skylogic S.p.A. has owned a teleport in Turin (Italy) since 2005. Skylogic Mediterraneo S.r.l., a company based in Cagliari (Italy) and wholly owned by Skylogic S.p.A. also owns a teleport which operates, notably, C-band and S-band services.

Since early 2009, Eutelsat do Madeira has occupied a 5,000 m^2 site in eastern Madeira where it has built a satellite control centre whose first phase was completed in June 2010.

At the filing date of this reference document, the Group also has 28 geostationary satellites in stable orbit, which are described in Section 6.6.1.2 "Group-owned in-orbit satellites".

8.2 Environment, health and safety

In the Group's view, its activities as an operator of fixed satellite communications services do not constitute a significant risk to the environment. Its business does not involve manufacturing processes that could cause serious harm to the environment, rare or non-renewable resources, natural resources or biodiversity. The Group's assets are mainly satellites in geostationary orbit at 36,000 km from Earth.

In the absence of any regulation or law applicable to de-orbiting manoeuvres, the Group complies with the principles discussed at international level by the Inter-Institutions Coordination Committee on space debris, and by the UN Committee for peaceful uses of extra-atmospheric space.

For the purposes of its business, the Group also operates ground stations that use antennae to receive and emit radioelectrical signals towards its satellite fleet. These installations all comply with the laws in force on the environment, especially the regulations on radiation from radioelectrical signals.

The Group's activities are subject to health and safety regulations, including regulations on the exposure of workers and the public to electromagnetic fields. The activities carried out at the Group's registered office in Paris and at the Rambouillet teleport are conducted in compliance with the rules governing RF exposure. Personnel working at these installations undergo specific training and are furthermore provided with equipment to measure and detect potential malfunctions.

Furthermore, some facilities operated by the Group also come under the regime governing installations classified for environmental protection (Articles L. 511-1 *et seq.* of the French Environmental Code). Indeed, some of the Group's operations require continuous electrical power. The Rambouillet teleport, in particular, has stores of fuel and batteries for emergency generators, which are subject to an official reporting procedure.

Note that the Group also commissions an inspection company to establish a map of electromagnetic fields.

In its capacity as owner or operator, and with regard to the current or past operation of some of its sites, the Group could incur high costs, including the cost of clean-up operations, fines, sanctions or third-party claims, resulting from non-compliance or liabilities under environmental, health and safety laws and regulations. However, the Group considers that its operations are carried out in compliance with these laws and regulations.

9 REVIEW OF THE FINANCIAL position and results

9.1 Preliminary note on the presentation of the financial statements

The Company is a holding company with no business activities of its own other than its indirect equity interest in Eutelsat S.A. As of 30 June 2012, the Company held 96.34% of the share capital of Eutelsat S.A.

The following paragraphs are mainly dedicated to the presentation and analysis of Eutelsat Communications' consolidated results for the financial year ended 30 June 2012.

Readers are invited to peruse the following presentation together with the reference document as a whole, including Eutelsat Communications' consolidated financial statements for the financial year ended 30 June 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"), and the Notes to those financial statements in Section 20.1 "Financial information for the financial year ended 30 June 2012" of this reference document.

The review of the Company's financial position and results for the financial years ended 30 June 2011 and 2010 are incorporated for reference purposes in this reference document and may be found, respectively, in Section 9.4 of the Company's 2010-2011 reference document and in Section 9.4 of the 2009-2010 reference document.

9.2 Overview

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

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

12 months ended 30 June	2011	2012
Video Applications	68.6%	68.6%
Data and Value-Added Services	20.4%	19.4%
of which Data Services	*16.4%*	*15.2%*
of which Value-Added Services	*4.0%*	*4.1%*
Multi-Usage Services	11.0%	12.1%
TOTAL	**100%**	**100%**

(1) Excluding other revenues and non-recurring revenues of respectively 22.1 million euros in the year ended 30 June 2011 and 8.6 million euros in the financial year ended 30 June 2012.

9.3 Analysis of the income statement

Revenues

The Group's revenues chiefly come from supplying satellite capacity. The Group's customer base includes both distributors who resell satellite capacity to end-users and end-user customers who use the Group's satellite capacity for their own needs. The Group's ability to generate revenues largely depends on its tariffs, which vary mainly according to the type of capacity offered and the orbital neighbourhood of the satellites. However, the prices charged by the Group also depend on the rates charged by the competition (see Section 6.4 "Competition").

In addition, a modest portion of the Group's revenues ("Other Revenues") principally derives from: (i) the sale or lease of terminals and equipment for business networks and mobile services; (ii) compensation paid on the settlement of business-related litigation; (iii) the financing of certain research programmes by the European Union and other organisations, and (iv) the recognition of EUR/USD foreign exchange gains/losses. It is difficult to predict trends in most of these factors.

Furthermore, a modest portion of revenues ("non-recurring revenues") results from compensation paid by satellite manufacturers in the event of a significant delay or interruption in the transmission capacity of the satellites in-orbit.

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Operating costs

Operating costs mainly include staff costs and other costs related to controlling and operating the Group's satellites, as well as satellite In-Orbit Life insurance premiums:

- **Staff costs.** These costs include wages and payroll charges of employees responsible for supplying, operating and maintaining the satellites (including the Group's statutory employee profit-sharing costs).
- **Satellite operating and control costs.** These costs include the cost of running ground stations and the cost of equipment, notably range finding, control, positioning, payload management, maintenance of software applications and Satellite Control Centre equipment, and also traffic supervision and management. The size of these costs depends on the number of satellites and satellite families operated, any possible repositioning of satellites and on the number and type of services being offered. These costs also include subcontracting costs for range-finding, control and monitoring operations for a number of satellites in-orbit as well as service contracts for satellite communications systems control. Additionally, Eutelsat S.A. has entered into service contracts related to satellite communications systems control with eight suppliers.
- **Satellite In-Orbit Life insurance premiums.** A satellite's insurance for its In-Orbit Life generally takes effect when the launch insurance policy expires (generally one year after the satellite's launch). When the Group takes out launch insurance providing In-Orbit Life coverage, the premiums for periods subsequent to the first anniversary of the launch date are treated as In-Orbit Life insurance costs. Almost all satellites in-orbit belonging to the Group are covered for amounts defined under an insurance policy structured in tranches (parts). Depending on the selected risk-management policy and the conditions in the space insurance market, insurance premium costs may vary from one year to another (see Section 4.1.13 "Insurance").
- Operating costs also include **a portion of the C.E.T.** (*"contribution économique territoriale",* C.E.T.), which is divided between operating costs and selling, general and administrative expenses (based on the corresponding staff head-count).

Selling, general and administrative expenses

Selling, general and administrative expenses include:

- costs related to commercial and administrative staff (including statutory employee profit-sharing);
- marketing expenses, such as advertising and co-marketing expenses with client-distributors and users;
- overheads for leasing of premises, external studies and logistics;
- expenses relating to developing and marketing new products;
- a portion of operating taxes (including a portion of C.E.T. taxes); and
- impairment allowances for trade and other receivables.

Expressed as a percentage of revenues, operating costs, *i.e.* operating costs and selling, general and administrative expenses, increased slightly compared to the previous period. The increase in operating costs (+9.6%) mainly reflected the:

- increased resources dedicated by the Group to the development of new activities (mainly Tooway™).
- this increase being posted despite the continued strict policy of control over the Group's costs.

Depreciation and amortisation

The depreciation charge is the Group's largest expense item and includes costs concerning the depreciation of non-current assets.

The Group's non-current assets mainly consist of its satellites and ground facilities. Capitalised satellite costs include (i) satellite construction and launch costs, (ii) launch insurance premiums (which generally include in-orbit coverage until the first anniversary of the launch date), (iii) charges for associated capitalised interest, (iv) net present value (at launch) of the incentives payable to the manufacturer throughout the satellite's operation, depending on its compliance with technical and contractual specifications, as well as (v) costs associated directly with procurement programme monitoring (research costs, employee salaries and consultancy fees).

Satellites are depreciated on a straight-line basis over their period of operation in stable orbit, which is generally ten to eighteen years.

At least once a year, the Group reviews the remaining service life of its satellites, according to forecast use and a technical assessment of their operational performance. If a change in operational life occurs, future depreciation charges are calculated on the basis of the satellite's new remaining operational life.

The Group's non-current assets also include the 23 transponders which are covered by contracts, under which its subsidiary Eutelsat S.A. has capacity on all or some of the transponders of the third-party satellites, the risks and benefits of ownership having been transferred to it. These contracts concern the SESAT™ 2, Telstar 12 and EUTELSAT 3A satellites. The aggregate capitalised amount depends on the present value of the lease payments. Capitalised capacity costs are amortised over the duration of the contract.

Operating income

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

Financial result

The financial result principally reflects (i) interest expense and bond issuance costs related to the Group's borrowings, less borrowing costs offset against the value of eligible assets, (ii) changes in the fair value of the financial instruments (primarily including changes in time value and changes in the fair value of derivatives not eligible for hedge accounting) and (iii) foreign exchange gains and losses.

Consolidated net income

Consolidated net income reflects the sum of operating income, the financial result and income from equity investments, less income tax.

Net income attributable to the Group

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

9.4 Comparative analysis of the income statements for the financial years ended 30 June 2011 and 2012

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEARS ENDED 30 JUNE 2011 AND 2012

IFRS (in millions of euros)	12-month financial year ended 30 June 2011	30 June 2012
REVENUES	**1,168.1**	**1,222.2**
Operating costs	(88.7)	(107.1)
Selling, general and administrative expenses	(153.1)	(157.8)
Depreciation and amortisation	(280.5)	(308.9)
Other operating income	235.4	0.0
Other operating charges	(236.1)	(7.1)
Operating income	**645.2**	**641.3**
Financial result	(109.2)	(129.5)
Net income before taxes	**553.8**	**523.2**
Income tax expense	(199.0)	(182.1)
CONSOLIDATED NET INCOME	**354.7**	**341.1**
Attributable to the Group	338.5	326.1
Non-controlling interests	16.3	15.0

9.4.1 Revenues

The following table provides a breakdown of revenues by service for the financial years ended 30 June 2011 and 2012:

(in millions of euros)	30 June 2011	30 June 2012	Change (in millions of euros)	Change (in %)
Video Applications	786.5	832.2	+45.7	+5.8%
Data & Value-Added Services	234.0	235.0	+1.0	+0.4%
of which Data Services	*188.0*	*185.1*	*-2.9*	*-1.6%*
of which Value-Added Services	*46.0*	*49.9*	*+3.9*	*+8.5%*
Multi-Usage Services	125.6	146.5	+20.9	+16.7%
Other revenues and non-recurring revenues[1]	22.1	8.6	-13.5	-95.9%
TOTAL	**1,168.1**	**1,222.2**	**+54.1**	**+4.6%**

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

Revenues increased from 1,168.1 million euros as of 30 June 2011 to 1,222.2 million euros as of 30 June 2012, *i.e.* an increase of 4.6%. At constant exchange rates revenues, revenue growth stood at 5.4%.

VIDEO APPLICATIONS

Video Applications posted a revenue increase of 45.7 million euros during financial year 2011-2012, *i.e.* an increase of 5.8%, moving up from 786.5 million euros as of 30 June 2011 to 832.2 million euros as of 30 June 2012.

The video business delivered strong growth for the full year reflecting, in particular, the performance of two Eutelsat video neighbourhoods:

- 7° West, addressing the Middle Eastern and North African video markets, where capacity was reinforced with the launch of EUTELSAT 7 West A. Operational since October, 2011, this satellite expanded capacity at 7° West by nearly 30%, confirming it as the leading satellite television position for the region. Capacity take-up was rapid, with high-quality long-term contracts raising the channel count to 534 channels, up by 45% yea-on-year.
- 16° East, which was consolidated by the successful entry into service in November 2011 of EUTELSAT 16A, replacing three older satellites. The channel count at this position, which principally serves the Central European and Indian Ocean island DTH (Direct to Home) markets, grew by 23% over the year, to 570 channels. Some competitive pressure was experienced in the Balkans.

Video also benefited from the strong performance of three other Eutelsat video neighbourhoods:

- 13° East, the Group's leading video neighbourhood comprising three high-power HOT BIRD satellites forming one of the largest satellite broadcasting systems in Europe, North Africa and the Middle East. Renewal of contracts drove up revenues at this orbital position.
- 36° East, occupied by EUTELSAT 36A and EUTELSAT 36B that together serve the leading pay-TV platforms in Russia and sub-Saharan Africa. As of 30 June 2012, this position was broadcasting 715 channels (+8.0% year-on-year). Growth was driven by the activation of new contracts in the fourth quarter.
- 7° East, hosting pay-TV services in Turkey where several new contracts were signed, added to revenues from contract renewals.

The first video contract was also signed on EUTELSAT KA-SAT 9A, with Ireland's national broadcaster, marking the emergence in Europe of a new market for DTH (Direct To Home) in the Ka-band.

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

Orbital positions	Market	30 June 2011	30 June 2012	Change
7° West	North Africa and Middle East	368	534	+45%
7° East	Turkey	196	213	+9%
9° East	Central and Eastern Europe	281	328	+17%
16° East	Balkans and Indian Ocean islands	462	570	+23%
36° East	Russia and Africa	663	715	+8%
TOTAL		**1,970**	**2,360**	**+20%**

In total, the number of TV programmes broadcast by the Eutelsat satellite fleet stood at 4,261 as of 30 June 2012, an increase of 381 channels (9.8%). HD TV largely contributed to this growth, increasing by 126 channels (+57.3%): as of 30 June 2012, the Eutelsat fleet was broadcasting 346 HD TV channels, 209 of which from its flagship positions at 7° West, 13° East, 28.5° East and 36° East.

DATA AND VALUE-ADDED SERVICES

Revenues from Data Services and Value-Added Services posted strong growth of 0.4% to 235.0 million euros.

Data Services revenues stood at 185.1 million euros (-1.6%). All four quarters of 2011-2012 faced tough comparisons following rapid ramp-up of leased capacity on EUTELSAT 10A (serving Europe, Africa, the Middle East and Indian Ocean islands) and EUTELSAT 36B (serving Russia and sub-Saharan Africa), which generated two consecutive years of double-digit growth. The slowdown in Data Services in 2011-2012 is also partly explained by the limited availability of capacity allocated to this application at established orbital positions. Furthermore, the African beam on EUTELSAT 16A, which entered into service late in the second quarter, faced a competitive pricing environment resulting in the slow ramp up of business.

This activity is expected to benefit from the entry into service of two data satellites, EUTELSAT 21B and EUTELSAT 70B, by the end of calendar year 2012.

The Value-Added Services activity includes broadband services targeting consumers and businesses. Its revenues increased 8.5% to 49.9 million euros, with the take-up of Tooway™ consumer services more than offsetting the sharp decline in enterprise services from D-Star. At 30 June, 52,450 Tooway™ terminals were activated for consumers, with an acceleration in the second half of the year. At 30 June, 2012, the majority of Tooway™ subscribers were located in France, Germany, the UK, Italy, Spain, Poland, Ireland and Switzerland, which together accounted for over 90% of activated terminals, reflecting the distribution network established in advance of the launch of the EUTELSAT KA-SAT 9A satellite. Initial research confirms high customer satisfaction with the service.

The roll-out of professional Services on EUTELSAT KA-SAT 9A has, however, been slower than anticipated. The Group is implementing measures to strengthen the commercial organisation around EUTELSAT KA-SAT 9A services, including refining products and distribution channel management. The performance of Tooway™ was notably increased, to deliver higher speeds and volumes.

MULTI-USAGE SERVICES

Multi-usage services, combining lease capacity for public administrations and governments, increased by 16.7%, to 146.5 million euros.

This application benefited from strong commercial performances linked to contracts signed in 2011. However, as mentioned in the third quarter sales release, the February/March 2012 contract renewal campaign proved more challenging than expected, with lower volumes mainly due to a lack of available capacity in areas where demand is highest, particularly Central Asia with connectivity to Europe. EUTELSAT 21B and EUTELSAT 70B launches will help alleviate this constraint.

OTHER REVENUES AND NON-RECURRING REVENUES

Other revenues (5.1 million euros) and non-recurring revenues (3.5 million euros) amounted to a total of 8.6 million euros as of 30 June 2012. Other revenues included revenues from service contracts with partners, the sale of equipment and the Group's foreign exchange hedging programme. Non-recurring revenues included an indemnity payment for the late delivery of the EUTELSAT 16A satellite.

GEOGRAPHICAL BREAKDOWN OF REVENUES

The Group generated nearly 23.2% of its revenues in U.S. dollars. The Group's policy is to hedge the foreign exchange risk on its sales, using forward exchange or options contracts (see Section 4.6.1 on "Foreign exchange hedges").

The following table gives a breakdown of the Group's revenue by geographical area for the financial years ended 30 June 2011 and 2012. This table is based on billing addresses and does not reflect the geographical origins of satellite capacity end-users, mainly owing to the substantial proportion of the Group's client portfolio accounted for by distributor-customers.

	12-month financial year ended			
Regions	30 June 2011		30 June 2012	
(in millions of euros and as a percentage)	Amount	%	Amount	%
Italy	183.3	15.7%	194.5	15.9%
United Kingdom	83.7	7.1%	94.3	7.6%
France	154.4	13.2%	145.2	11.9%
Europe (Rest of)	385.3	33.0%	402.2	32.9%
Americas	147.2	12.6%	171.8	14.1%
Middle East	122.4	10.5%	141.3	11.6%
Africa	74.7	6.4%	65.4	5.4%
Others(1)	17.1	1.5%	7.5	0.6%
TOTAL	**1,168.1**	**100%**	**1,222.2**	**100%**

(1) Including other products.

Owing to the Group's satellite resource distribution model and to the long duration of the contracts in its backlog, the geographical breakdown of revenues remained relatively stable during the financial year 2011-2012.

9.4.2 Operating costs and selling, general and administrative expenses

Operating costs and selling, general and administrative expenses represented 21.7% of 2011-2012 revenues, compared with 20.7% for the financial year 2010-2011.

These costs remained almost stable as a percentage of revenues, the 9.6% increase on the previous year reflecting:

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

9.4.3 Depreciation and amortisation, other operating charges and other operating income

A breakdown of trends in this line item is presented in Notes 5, 6 and 27.2 of the Notes to the consolidated financial statements shown in Section 20.1.1 of this reference document.

Depreciation and amortisation chiefly corresponds to the depreciation of satellites and ground facilities, as well as the amortisation of intangible assets recorded under "Customer Contracts and associated relationships", this item amounting to an annual 44.4 million euros.

It represents the Group's largest expense item.

As of 30 June 2012, the rise in depreciation and amortisation expenses (+10.1%) to 308.9 million euros. was due to the full year effect of EUTELSAT KA-SAT 9A, and the beginning of amortisation on EUTELSAT 7 West A and EUTELSAT 16A, launched during the first half of the financial year. These effects were not offset by EUTELSAT 21A and EUTELSAT 25A reaching the end of their accounting lives.

"Other operating income (charges)" stood at 7.1 million euros as of 30 June 2012, *versus* a 0.8 million euros charge as of 30 June 2011.

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9.4.4 Operating income

As of 30 June 2012, operating income saw a modest 0.6% decline to 641.3 million euros, representing 52.5% of revenues (*versus* 55.2% as of 30 June 2011).

9.4.5 Financial result

The financial result posted a 129.5 million euros expense as of 30 June 2012, compared with 109.2 million euros in the previous financial year.

This increase notably reflects a non-recurring effect of 28.3 million euros due to the partial dequalification and subsequent unwinding of the existing interest rate swap following the Eutelsat Communications debt-refinancing in December 2011.

9.4.6 Income tax

Income tax expense declined by 8.5% to 182.1 million euros during the financial year ended 30 June 2012, compared with 199.0 million euros as of 30 June 2011.

As of 30 June 2012, the tax rate was 35.6% *versus* 37.1% as of 30 June 2011. This decrease is due to the recognition of a deferred tax asset.

9.4.7 Consolidated net income

As of 30 June 2012, consolidated net income totalled 341.1 million euros *versus* 354.7 million euros as of 30 June 2011.

This decrease in consolidated net income notably reflected the change in financial result. However, the Group's strong commercial performance and sound cost management enabled a smaller decline in the intermediate aggregates in the income statement and particularly operating income.

9.4.8 Net income attributable to the Group

Net income attributable to the Group stood at 326.1 million euros as of 30 June 2012, compared to 338.5 million euros as of 30 June 2011.

10 LIQUIDITY and capital resources

10.1 Eutelsat Communications' equity

Investors are invited to refer to Note 15 of the consolidated financial statements for the year ended 30 June 2012 shown in Section 20.1 of this reference document, which contains information on the issuer's equity.

10.2 Changes in Eutelsat Communications' cash flow

The following table shows changes in cash flow for the financial years ended 30 June 2011 and 2012.

(in millions of euros)	2011	2012
Cash flow from operating activities	816.8	697.2
Cash flow from investing activities	(248.3)	(479.0)
Cash flow from financing activities	(478.1)	(261.9)
Impact of exchange rate on cash and cash equivalents	0.7	(1.0)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**91.1**	**(44.7)**
Cash and cash equivalents at the beginning of the year	41.3	132.4
Cash and cash equivalents at the end of the year	132.4	87.8

Cash flow from operating activities

During the financial year ended 30 June 2012, the Group continued to generate very strong cash flow from operating activities representing 57% of revenues. Cash flow from operating activities, however, declined from 816.8 million euros to 697.2 million euros.

Cash flow from investing activities

Investing activities here mainly concern satellites ("Acquisitions of satellites") and ground equipment ("Other property and equipment").

"Acquisitions of satellites" reflect the costs of satellite construction, launch, and entry into operational service. These expenses comprise construction costs (including performance-related incentive payments), launch costs and launch-plus-one-year insurance premiums. Some of the Group's procurement and launch contracts state that the Group has to pay incentives according to whether or not the satellite launch is successful and on the basis of certain technical specifications. The Group recognises the present value of these payments as a liability, and capitalises them under satellite costs. Payment of satellite performance incentives are subject to reductions or to reimbursement if the satellite does not meet the predetermined criteria.

"Acquisitions of satellites" are the largest component of the Group's capital investments. The cost of procuring and launching a satellite is generally spread over the two or three-year period prior to the satellite's launch.

"Other property and equipment" essentially comprise satellite control and monitoring equipment. A large portion of these expenses is for the three control and monitoring sites as well as equipment for the Group's registered office (such as technical facilities, office furniture and IT equipment). Investments in on-ground equipment closely mirror trends in the satellite launch programme.

The level of investment essentially depends on the satellite launch programme and may fluctuate substantially from one year to the next.

During the financial year ended 30 June 2012, cash flows from investing activities moved from (248.3) million euros as of 30 June 2011 to (479.0) million euros as of 30 June 2012. This was primarily due to the fact that, during the financial year ended 30 June 2011, the flows linked to the acquisition of satellites and other tangible assets had been offset by one-off items including the 235.1 million euros of insurance receipts from the loss of the W3B satellite and Eutelsat S.A.'s 60 million euro share of the Solaris capital reduction.

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The following table shows cash flows from investing activities, as well as the number of satellites launched during the financial years ended 30 June 2011 and 2012.

Financial year ended 30 June (in millions of euros)	12-month period 2011	2012
Acquisitions of satellites and property and equipment	(545.9)	(487.5)
Movement in equity investments	60.0	-
Insurance indemnities on property and equipment	235.1	-
Changes in other long-life assets	2.5	8.4
CASH FLOWS FROM INVESTING ACTIVITIES	**(248.3)**	**(479.0)**
Satellites launched	2	2

Cash flow from financing activities

During the financial year ended 30 June 2012, cash flow from financing activities moved from (478.1) million euros to (261.9) million euros. The change was driven primarily by (i) the increase in dividend payments and (ii) the refinancing of Eutelsat Communications' debt in December 2011.

10.3 Changes in debt and the Group's financing structure

The following paragraphs primarily describe the Group's liquidity needs and financial resources. See also the Company's historical consolidated financial statements for the financial years ended 30 June 2011 and 2012 prepared under IFRS standards and also the Notes to these financial statements.

The Group's liquidity needs mainly comprise:

- financing for satellite construction and launches;
- servicing of the Group's debt;
- financing of working capital.

The Group's financial resources

The Group's financial resources primarily comprise cash flows generated by Eutelsat S.A.'s operating activities. The Group possesses additional financial resources owing to the credit facilities that it has been granted and to its bonded debt issued by Eutelsat S.A.

Trend in the Group's net debt

The following table shows a breakdown of the Group's net debt at 30 June 2011 and 2012.

Group net debt (in millions of euros)	As of 30 June 2011	2012
Eutelsat Communications' long-term bank debt	1,465.0	800.0
Eutelsat S.A.'s long term bonded debt	850.0	1,650.0
Eutelsat S.A.'s long-term bank debt	-	-
Eutelsat S.A.'s short-term bank debt(1)	-	-
Bank debt	**2,315.0**	**2,450.0**
Cash, cash equivalents and marketable securities net of bank overdrafts(2)	(132.4)	(87.8)
Net bank debt	**2,182.6**	**2,362.2**
Long-life leases(3)	15.3	11.2
NET DEBT	**2,197.9**	**2,373.6**

(1) Including the short-term portion of long-term bank debt.
(2) Bank overdrafts stood at 4.5 million euros as of 30 June 2011 and 17.3 million euros as of 30 June 2012.
(3) Including the short-term portion of these leases.

The Group's net debt includes all bank and bonded debt, as well as debt related to satellite financing leases, less cash, cash equivalents and marketable securities net of bank credit balances (see Note 16 "Financial debt" to the consolidated financial statements for the year ended 30 June 2012 in Section 20.1 of this reference document).

THE GROUP'S NET DEBT AS OF 30 JUNE 2011

As of 30 June 2011, total Group debt amounted to 2,197.9 million euros mainly comprising: (i) 1,465 million euros from the Eutelsat Communications term loan, (ii) 850 million euros of bonds issued by Eutelsat S.A., (iii) 15.3 million euros of debt related to leased satellites financing contracts, and (iv) 132.4 million euros of cash, cash equivalents and marketable securities (net of bank credit balances).

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

GROUP'S PRINCIPAL CREDIT FACILITIES AND BONDS AT 30 JUNE 2011

(in millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan	1,465	1,465	8 June 2013
Eutelsat Communications revolving credit facility	300	-	8 June 2013
Eutelsat S.A. 2017 bond	850	850	27 March 2017
Eutelsat S.A. revolving credit facility	450	-	24 March 2015

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

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

THE GROUP'S NET DEBT AS OF 30 JUNE 2012

Since 30 June 2011, the Group has successfully refinanced the Eutelsat Communications holding company's 1,765 million euros revolving credit facility, due in June 2013. This refinancing comprised, at the level of Eutelsat Communications, a new 800 million euro term loan and 200 million euro revolving credit facility, together with a second bond issued by Eutelsat S.A. (see Group infrastructure financing).

This refinancing transaction extended the average maturity on the Group's debt from 3.8 years as of 30 June 2011 to 5.1 years at the end of the transaction.

As of 30 June 2012, the Group's consolidated net debt came to 2,374 million euros mainly comprising: (i) 800 million euros in debt under the Eutelsat Communications new term loan, (ii) 1,650 million euros of bonds issued by Eutelsat S.A. (iii) 11.2 million euros of debt related to satellite financing agreements and (iv) 87.8 million euros in cash, cash equivalents and marketable securities (net of bank overdrafts).

The Group also had a further 650 million euros available under various credit facilities that had not yet been drawn down.

GROUP'S MAIN CREDIT FACILITIES AND BOND ISSUE DURING THE YEAR ENDED 30 JUNE 2012

(in millions of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan	800	800	6 December 2016
Eutelsat Communications revolving credit facility	200	-	6 December 2016
Eutelsat S.A. 2017 Bond	850	850	27 March 2017
Eutelsat S.A. 2019 Bond	800	800	14 January 2019
Eutelsat S.A. revolving credit facility	450	0	24 March 2015

For the period ended 30 June 2012, the weighted average rate of interest on amounts drawn under Group bank debt was 3.70% after taking account of the effects of the hedge instruments. The effective interest-rates on the Eutelsat Communications term loan was 3.65% and 6.60% after hedge effects while the effective interest-rate on the Bonds issued by Eutelsat S.A. was 4.35% for those due in March 2017 and 5.17% for those due in January 2019.

As of 30 June 2012, the Group's bank debt carried interest at a variable rate (generally EURIBOR plus a margin) with the interest on the bonded debt at a fixed rate.

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

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Considering all the financial instruments at the Group's disposal as of 30 June 2012, a 10 basis point increase (+0.10%) in the EURIBOR interest rate would have a 0.5 million euros impact on the interest expenses in the income statement on an annual basis. This would be reflected in a 1.8 million euros positive variation in equity related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

The increase in the Group's net debt from 2,198 million euros to 2,374 million euros is mainly the net result of increased financing requirements for satellites under construction or commissioned during the financial year and an increased distribution to shareholders of Eutelsat S.A. and the Company in November 2011.

The Group's financing structure

EUTELSAT COMMUNICATIONS CREDIT FACILITIES AS OF 30 JUNE 2012

Eutelsat Communications S.A. concluded two new bank credit facilities on 6 December 2011 for a five-year term maturing 6 December 2016:

- a 800 million euro term loan (bullet loan) bearing interest at EURIBOR plus a margin of between 1.50% and 3.25% according to the long term ratings assigned by Standard & Poor's (S&P) and Moody's to Eutelsat Communications S.A. The initial margin stands at 2.25%. The interest periods are of six months' duration beginning 29 April and 29 October each calendar year, except for the three first periods which are shorter than six months;
- a new 200 million euro revolving credit facility (undrawn as of 30 June 2012). Amounts drawn for a maximum period of six months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin of between 1.00% and 2.75% depending on Eutelsat Communications S.A.'s long term rating assigned by S&P and Moody's. The initial margin stands at 1.75%. A non-use fee is payable representing 35% of the applicable margin mentioned above. The agreement also provides for a 0.15% utilisation commission if less than 33.33% of the revolving credit facility is used, 0.30% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.50% commission for any portion beyond 66.67%.

These credit agreements enabled the early repayment by the Group of a portion of the lines of credit concluded in June 2006 and due in June 2013.

The credit agreements carry no guarantee from Eutelsat Communications subsidiaries, nor the pledging of assets to the lenders, but they do include restrictive clauses, subject to the usual exceptions contained in loan agreements (see Note 16, "Financial debts" to the consolidated financial statements for the financial year ended 30 June 2012 in Section 20.1 of this reference document for more information on the restrictive conditions and limitations in these credit contracts). The agreement allows each lender who is a party to the agreement to request early repayment of all sums due in the event of a change in control at Eutelsat Communications and/or at Eutelsat S.A. or actions in concert.

Furthermore, Eutelsat Communications has undertaken to hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan.

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

Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as defined contractually and based on the Group's consolidated financial statements presented in accordance with IFRS), which is less than or equal to 3.75 to 1 (this ratio being tested on 30 June and 31 December of each year).

Furthermore, interest-rate hedging is required for a minimum period of three years to limit exposure to interest-rate risk for no less than 50% of the amounts drawn under the term loan facility.

The issuance costs incurred during the setting up of the term loan are spread over the term of the loan.

The costs still to be deferred as of 30 June 2012 were offset against the book value of the loans and amounted to 10.8 million euros.

EUTELSAT S.A. LINES OF CREDIT AND BONDS AS OF 30 JUNE 2012

Following the refinancing of the Eutelsat Communications holding company's credit lines by the Group during the financial year ended 30 June 2012 (see above "Group's debt position as of 30 June 2012"), Eutelsat S.A's financing structure is as follows:

- 800 million euros of seven-year bonds issued on 7 December 2011 on the Luxembourg Stock Exchange regulated market and maturing on 14 January 2019 ("the Bond Loan 2019"). The 2019 bonds carry an annual coupon of 5.000%, were issued at 99.186%, and are redeemable at maturity at 100% of their principal amount. This bond issue enabled the Group to complete the early repayment of the credit lines at Eutelsat Communications holding company level.
- 850 million euros of seven-year bonds issued on 26 March 2010 on the Luxembourg Stock Exchange regulated market and maturing on 27 March 2017 ("the Bond Loan 2017"). The 2017 bonds carry an annual coupon of 4.125%, were issued at 99.232%, and are redeemable at maturity at 100% of their principal amount.
- A 450 million euros revolving credit line (undrawn as of 30 June 2012) concluded on 24 March 2010 for a term of five years. The amounts drawn on this line of credit bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars), plus a margin of between 0.75% and 2.50%, based on the long-term rating assigned to Eutelsat S.A. by Standard & Poor's. A fee for non-use representing 40% of the margin mentioned above is payable. The agreement also provides for a 0.25% utilisation commission if more than 50% of the revolving credit facility is used, and it is only applied to the portion exceeding 50% of the aggregate amount of this credit line.
- 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 presented in accordance with IFRS) below or equal to 3.75 to 1 (this ratio is tested on 30 June and 31 December each year).

The credit agreement and the bond issues include neither a guarantee by the Group nor the pledging of assets to the lenders, but do include restrictive clauses, subject to the usual exceptions contained in loan agreements (see Note 16 "Financial debts" to the consolidated financial statements for the financial year ended 30 June 2012 in Section 20.1 of this reference document for more information on the restrictive conditions and limitations in these credit contracts) limiting the capacity of Eutelsat S.A. and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into mergers, acquisitions, asset disposals, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The eurobond issues and the credit facility allow each lender to request early repayment of all sums due in the event of the respective downgradings of Eutelsat S.A. or bonds issued by Eutelsat S.A., resulting from a change of control at Eutelsat S.A. or a change of control at Eutelsat Communications (except in the case of a takeover by the Group's main shareholders). This provision does not apply in the case of Group restructuring.

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

The costs for the bond issues were deferred over the loan period. Remaining costs as of 30 June 2012 amounted to 18.1 million euros.

Other Group commitments

The following table summarises the Group's contractual obligations (not including long-term debt) and commercial commitments as of 30 June 2012 (see the Notes to Eutelsat Communications S.A.'s consolidated financial statements for the year ended 30 June 2012 in Chapter 20.1 of this reference document).

(in millions of euros)	Total	Payments by period			
		<1 year	1-3 years	3-5 years	>5 years
Amounts due in respect of finance lease contracts	13.3	4.5	8.8	-	-
In-orbit incentive payments	13.0	5.7	6.7	0.6	-
Operating lease commitments	14.5	4.1	8.3	2.1	-
Satellite construction and launch contracts	581.9	346.5	226.9	8.4	0.0
Operating agreements and Customer contracts(1)	178.7	43.2	51.4	31.8	52.2
Retirement indemnities and other post-employment benefits(2)	10.3	-	-	-	10.3
TOTAL CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS	**811.7**	**404.1**	**302.1**	**42.9**	**62.5**

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

As of 30 June 2012, Eutelsat S.A.'s contractual and commercial commitments comprised the following:

LONG-LIFE LEASE OBLIGATIONS

SESAT™ 2 SATELLITE

In March 2004, Eutelsat S.A. entered into a lease with RSCC for 12 transponders on the SESAT™ 2 satellite for its entire operating life (with a contractual minimum of 12 years). These transponders were recognised as assets worth 60 million euros, based on the present value of future payments.

EUTELSAT 3A SATELLITE

In December 2010, Eutelsat S.A. entered into a capacity leasing agreement for 10 transponders on the EUTELSAT 3A satellite for the duration of its remaining operating life. These transponders were recognised as assets worth 16.9 million euros, based on the present value of future payments.

IN-ORBIT INCENTIVE PAYMENTS

Eutelsat S.A.'s satellite construction contracts provide for payment obligations based on satellite performance. In some contracts, a portion of the purchase price is paid to the manufacturer in instalments throughout the satellite's operating life, according to its compliance with technical and contract specifications. For the most recent contracts, Eutelsat S.A. has agreed to pay the entire satellite price upon its initial entry into operational use, including in-orbit incentives. If the satellite does not comply with technical operating requirements, the constructor has to repay to Eutelsat S.A. a portion of the incentive payments, or reduce their amount. Repayments by the constructor are generally guaranteed up to the amount of the incentive payments by a bank guarantee or a shareholders' guarantee.

Eutelsat S.A. recognises the present value of payments to be made in the future as a liability and includes those costs in the overall cost of the satellite (posted to assets). If an incentive payment is repaid, the cost of the satellite is adjusted, as well as the associated liability. Depreciation is then reviewed in a prospective manner.

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OPERATING LEASES

During the year ended 30 June 2005, Eutelsat S.A. had renewed the lease on its registered office in Paris for a nine-year period. On 25 November 2009, Eutelsat S.A. concluded a rider to the contract renewing the lease for a period of nine years as of 1 August 2009, with a firm period of six years and five months. The agreement provides for the option of terminating the lease on 31 December 2015 at the earliest, in consideration for six months' notice and payment of a termination penalty equal to 668,000 euros, or subsequently on 31 July 2018 with no penalty. As of 30 June 2012, future minimum rental payments came to around 4 million euros.

FINANCIAL GUARANTEE GRANTED TO THE IGO'S CLOSED PENSION FUND

Before the creation of Eutelsat S.A., the IGO managed a pension fund (the "Closed Pension Fund") for its staff members. The rights of Closed Pension Fund beneficiaries have been frozen, and responsibility for managing this fund and its corresponding assets transferred to a Trust (along with the related retirement liabilities). According to the Contribution Agreement of 2 July 2001, Eutelsat S.A. took over the unlimited financial guarantee arranged by IGO to cover any financial shortfall on the Pension Fund. Any financial shortfall on the Closed Pension Fund could create new obligations for the Group under the financial guarantee, which could have a significant negative effect on business, financial situation and the results of the Group.

As of 30 June 2012, the discounted value of the Trust's pension liabilities amounted to 202.7 million euros in Eutelsat Communications's consolidated financial statements, and the fair value of its assets was 155.0 million euros (see Note 22.1 to the consolidated financial statements for the year ended 30 June 2012) .The calculation of total pension liabilities is based on actuarial assumptions including the discount rate, the long-term yield on assets invested, and the estimated life expectancy of the Closed Pension Fund's beneficiaries. Estimated total pension liabilities may be higher or lower depending on the assumptions applied.

The unlimited financial guarantee taken over by Eutelsat S.A. may be activated under certain conditions to make up for any such future funding shortfall. During the year ended 30 June 2011, given the sharp fall in long-term interest-rates, the amount of guarantee being called upon was 8.2 million euros. This amount was measured on the basis of the Trust's projections, taking into account future market developments. In February 2011, an agreement was reached with the Trust for incremental payments of the amount being called upon of 4.1 million euros on 30 June 2011 and 2012.

The first payment of 4.1 million euros was made during the financial year ended 30 June 2011, and the second payment of the same amount was made during the financial year ended 30 June 2012.

Furthermore, in accordance with the agreements governing the Closed Pension Fund, the Trust's administrators have the power to liquidate the Closed Pension Fund if certain events should occur, including if they deem that the Closed Pension Fund cannot continue to be effectively managed. In the event that the 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 what amount it would potentially have to pay if the guarantee were enforced. Any financing shortfall in the Closed Pension Fund could create new obligations for the Group pursuant to the financial guarantee; this could have a significant negative impact on the Group's business, financial situation and results.

LIQUIDITY OFFERS

The Company made an offer to all beneficiaries of options granted under the Partners and the Managers I, II, III and IV plans, and to beneficiaries under the stock purchase plans of March and April 2004 (see Section 17.2 "Options granted to employees on shares of the Company or of other companies in the Group") to buy back their Eutelsat S.A. shares (see Section 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group" for more details).

Through its Eutelsat Communications Finance S.A.S. subsidiary, the Company made an initial liquidity offer for which the subscription period opened on 30 November 2009 and closed on 11 December 2009. Final settlement of the transaction took place on 18 December 2009. In respect of this transaction, 513,119 shares were purchased at a unit price of 6.00 euros per Eutelsat S.A. share.

Furthermore, in line with its prior commitments, the Company made a second liquidity offer *via* its Eutelsat Communications Finance S.A.S. subsidiary, whose subscription period opened on 15 March 2010 and closed on 26 March 2010. Final settlement of this transaction took place on 2 April 2010. This transaction saw 349,749 Eutelsat S.A. shares repurchased at a unit price of 6.85 euros per Eutelsat S.A. share.

Through its Eutelsat Communications Finance S.A.S. subsidiary, the Company made two liquidity offers in December 2010 and May 2011. In respect of these two transactions, 400,187 and 135,389 shares were repurchased at, respectively, 6.99 euros and 7.73 euros per share.

Two liquidity offers were made *via* the Company's Eutelsat Communications Finance S.A.S subsidiary in December 2011 and May 2012. In respect of these two transactions, 104,539 shares and 246,403 shares were repurchased at, respectively, 7.24 euros and 7.27 euros per share.

10.4 Expected financing sources for future investments

The Group believes that the cash flow generated by its operating activities, its cash and cash equivalents and the funds available under its credit facilities will be sufficient to meet its future financial obligations as currently anticipated, to satisfy its working capital requirements and to carry out its investment programme. However, the Group's financial performance depends on the general economic climate, the competitive, legislative and regulatory environment and other factors that are not necessarily under the Group's control. The Group cannot guarantee that its expected investment and working capital needs will materialise, nor can it guarantee that the funds made available to it under the resources mentioned above will be sufficient to meet its financial expenses and honour its obligations.

11 RESEARCH AND DEVELOPMENT, patents and licences

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When the IGO was operating as an intergovernmental organisation, its strategy was to secure for itself and for its signatories, on conditions that varied in accordance with the use of intellectual property, a free licence for any intellectual property (notably in respect of invention patents and software) developed under contracts financed by the IGO. Its status as an international organisation prevented it from filing patent applications for technologies developed jointly with third parties. At the time of the Transformation on 2 July 2001, all intellectual property developed by the IGO was transferred to Eutelsat S.A., which is now the owner thereof.

As regards trademarks, the IGO had assembled a portfolio prior to July 2001. This portfolio was transferred to Eutelsat S.A. under the contribution agreement.

At the date of this reference document, the Group owned 32 patent families, one of which held on a co-ownership basis with Invacom Ltd (UK), and one in co-ownership with the company Calearo Antenne S.p.A. (Italy), together with 60 trademarks.

Research and development activities are mainly directed at the multimedia business. No development expenses were capitalised as of 30 June 2012.

The Group spent 3.4 million euros on research and development during the financial year ended 30 June 2012.

As of 30 June 2012, patents, licenses and brands were accounted for as intangible assets for a total amount of 43.9 million euros.

12 INFORMATION on future trends

12.1 Recent developments

None.

12.2 Future prospects

Objectives for the 2012-2015 period

GROWTH AND PROFITABILITY

Through to June 2015, the Group is targeting revenue CAGR of 5% to 6%. Growth in the current year will be in the region of 3% to 4% pending the availability of two new satellites due to come on line at the end of the first half of the financial year, benefiting Data and Multi-usage activity.

The EBITDA margin is targeted at around 77% for each financial year until 2015.

ACTIVE AND TARGETED INVESTMENT POLICY

The Group will continue to pursue a targeted investment policy directed at the renewal and expansion of its infrastructure. Average capital expenditure will stand at 500 million euros *per annum* over the three financial years to June 2015. The reduction of 550 million euros is linked to the optimisation of the fleet deployment plan and covers satellites currently under construction and those under consideration but not yet announced.

SOUND FINANCIAL STRUCTURE

The Group will maintain a sound financial structure and targets a net debt to EBITDA ratio of below 3.3x (formerly 3.5x), for a solid investment grade credit rating.

ATTRACTIVE SHAREHOLDER REMUNERATION

Over the three financial years 2012-2015, the Group remains committed to sharing its profits with shareholders, with a pay-out ratio of 65% to 75% (previously 50% to 75%) of Group share of net income.

These aims are based mainly on the following assumptions: (i) the successful launch and entry into service in line with the schedule set by the Group of the seven satellites currently in the procurement stage or about to be purchased during each of the years of the period, (ii) continuing growth in demand for satellites in Western Europe and the Second Continent at reasonable rates, (iii) maintenance of the Group fleet's current operational capacity, (iv) absence of incidents occurring to satellites in-orbit, (v) ongoing policy to control operating costs and their evolution, (vi) maintenance of the general terms and conditions of the space insurance market and the space industry, (vii) development of sustained demand for broadband internet access, especially consumer demand.

The objectives, statements and forecasts summarised above are based on the data, assumptions and estimates set out above and deemed to be reasonable by Eutelsat Communications as of the filing date of this reference document.

Investors' attention is drawn to the fact that these projections depend on circumstances and events expected to occur in the future. These statements are not based on historical data and must not be interpreted as a guarantee that the facts and information will actually occur or that the objectives will be achieved. By their nature, these facts, assumptions and objectives, as well as all the variables taken into consideration to determine the aforementioned objectives, data and future-oriented statements, may prove to be incorrect or not arise and are subject to change or may be altered as a result of the uncertainty surrounding the economic, financial, competitive and regulatory environment.

Moreover, some of the data, assumptions and objectives result from or are based, in whole or in part, on assessments or decisions of Eutelsat Communications' management bodies, which could change or be modified in the future. Furthermore, the occurrence of certain risks described in Chapter 4 ("Risk factors") of this reference document could impinge adversely on the Group's business activities, financial position and results, and on its ability to attain its objectives.

13 PROFIT FORECASTS and estimates

The Company does not produce profit forecasts or estimates.

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14 ADMINISTRATIVE, MANAGEMENT and supervisory bodies and senior management

14.1 Composition of the Board of Directors

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

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

During the financial year ended 30 June 2012, the composition of the Board of Directors changed as follows:

- the terms of office of Giuliano Berretta, Jean-Luc Archambault, Francisco Reynes, Tobias Martínez Gimeno and Andrea Luminari were not renewed and expired on 8 November 2011;
- the General Meeting of Shareholders, held on 8 November 2011, appointed Jean-Paul Brillaud, Jean-Martin Folz and Abertis Infraestructuras S.A., represented by Francisco Reynes, Tradia Telecom S.A., represented by Tobias Martínez Gimeno and Retevisión I S.A., represented by Andrea Luminari, as Board Members;
- the Board of Directors acknowledged the resignation of Tradia Telecom S.A. and Retevisión I S.A. from their mandates as Board Members further to the sale by Abertis of part of its shareholding in the Company (Board of Directors meeting of 16 February 2012); and
- Abertis Telecom and Abertis Infraestructuras resigned from their mandates as Board Members on 25 June 2012.

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

Surname, first name, business address	Office	Date of first appointment/co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
Jean-Martin Folz Eutelsat Communications 70, rue Balard 75015 Paris	Board Member and Chairman	*First appointment/ Co-opting:* 8 November 2011	*Current offices and functions:* In France: • Chairman of the Board of Directors	*Current offices and functions:* In France: • Board Member of Alstom • Board Member of AXA • Board Member of Saint-Gobain • Board Member of Société Génerale Outside France: • Board Member of Solvay
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2017	*Offices and functions having expired:* None	*Offices and functions having expired:* In France: • Board Member of Carrefour
Michel de Rosen Eutelsat Communications 70, rue Balard 75015 Paris	Chief Executive Officer and Board Member	*First appointment/ Co-opting:* 9 November 2009	*Current offices and functions:* In France: • CEO and Board Member of Eutelsat S.A. • Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S. Outside France: • Board Member of Skylogic S.p.A. • Chairman of the Board and Board Member of Eutelsat Inc.	*Current offices and functions:* Outside France: • Board Member of Hispasat S.A. • Board Member of ABB Ltd • Board Member of Solaris Mobile Ltd
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2015	*Offices and functions having expired:* In France: • Deputy CEO of the Company and of Eutelsat S.A.	*Offices and functions having expired:* In France: • CEO of SGD Outside France: • CEO of Viro-Pharma

14 - ADMINISTRATIVE, MANAGEMENT and supervisory bodies and senior management

14.1 Composition of the Board of Directors

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Surname, first name, business address	Office	Date of first appointment/co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
Lord John Birt **Eutelsat Communications** 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 10 November 2006	*Current offices and functions:* None.	*Current offices and functions:* Outside France: • Non-executive Director of Infinis Ltd • Chairman of Paypal Europe • Chairman of Terra Firma's Investor Advisory Board • Member of the House of Lords • Board Member of Incinis
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2012	*Offices and functions having expired:* None	*Office and functions having expired:* In France: • Adviser to Capgemini Outside France: • Chairman of Maltby Capital Ltd
Jean-Paul Brillaud **Eutelsat Communications** 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 8 November 2011	*Current offices and functions:* In France: • Board Member of Eutelsat S.A.	*Current offices and functions:* None
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2017	*Offices and functions having expired:* In France: • Deputy CEO of Eutelsat S.A. Outside France: • Member of the Supervisory Board of Eutelsat Services & Beteiligungen GmbH • Board Member of Eutelsat Inc.	*Offices and functions having expired:* Outside France: • Board Member of Hispasat S.A. • Board Member of Solaris Mobile Ltd
Fonds Stratégique d'Investissement **Represented by:** **Thomas Devedjian** 56, rue de Lille 75007 Paris	Board Member	*First appointment/ Co-opting:* 17 February 2011	*Current offices and functions of the permanent representative, Mr. Thomas Devedjian:* In France: • Permanent representative of the *Fonds Stratégique d'Investissement* • Board Member of Eutelsat S.A.	*Current offices and functions of the permanent representative, Mr. Thomas Devedjian:* In France: • Board Member of Eramet Outside France: • Member of the Supervisory Committee of HIME
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2017	*Offices and functions of the permanent representative, Mr. Thomas Devedjian, having expired:* None	*Office and functions of the permanent representative Mr. Thomas Devedjian having expired:* Outside France: • Member of the Supervisory Board of Apcoa (Germany) • Board Member of Novaset

Surname, first name, business address	Office	Date of first appointment/co-opting and expiry date of office	Other offices and functions held within the Eutelsat Group over the past 5 years	Offices and functions held outside the Eutelsat Group over the past 5 years
Bertrand Mabille **Eutelsat Communications** 70, rue Balard 75015 Paris	Board Member	*First appointment/ Co-opting:* 10 May 2007	*Current offices and functions:* In France: • Board Member of Eutelsat S.A.	*Current offices and functions:* In France: • Executive Vice-President of CWT France-Mediterranean • Representative of Carlson Wagonlit Travel France, Chairman of Carlson Wagonlit Distribution • Representative of Carlson WagonlitTravel France, Chairman of Carlson Wagonlit Meetings & Events • Chairman of SETA (Forum Voyages) Outside France: • President of the Board of Carlson Wagonlit Italia Srl • Chairman of the Board of Acentro Turismo SPA • Managing Director of Carlson Wagonlit España S.L.U • Joint and Several Director of Viajes Lepanto, S.L.U. • Permanent representative of Carlson Wagonlit Spain Holdings II BV • Board Member of Carlson Wagonlit Maroc S.A. • Permanent representative of CWT Beheermaatschappij B.V. of the Board of Carlson Wagonlit Maroc S.A.
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2017	*Offices and functions having expired:* None	*Offices and functions having expired:* In France: • Member of the Supervisory Board of Cofitel • CEO of CWT France Outside France: • Chairman of the Supervisory Board of Jet Multimédia • Chairman of the Supervisory Board of Adeuza • Board Member of So Ouat

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

Board Members at 30 June 2012

Jean-Martin Folz (DoB: 11 January 1947 — 65 years old), a French national. J.-M. Folz is a graduate of France's *École Polytechnique* and the *École des Mines.* He began his career in the French administration where he served in various ministries from 1972 to 1978 before joining Rhône-Poulenc as plant manager and later Executive Vice President of the Chemical Specialities Division. In 1984 he became Chairman and Chief Executive Officer of Jeumont-Schneider. He joined Péchiney in 1987 as Chief Operating Officer before becoming Chairman of Carbone Lorraine (ex-Mersen) then, in 1991, Chief Executive Officer of Eridania Béghin-Say. In 1995 J.-M. Folz joined PSA Peugeot-Citroën and served as the Group's CEO from 1997 until February 2007. He was Chairman of AFEP (the French association of private companies) from 2007 to 2010. His current Board Memberships include Alstom, AXA, Saint-Gobain, Société Générale and Solvay (Belgium).

Michel de Rosen (DoB: 18 February 1951 — 61 years old), a French national, joined Eutelsat Communications on 1 July 2009 as Deputy Chief Executive Officer, before being appointed as Chief Executive Officer by the Board of Directors on 9 November 2009 and Board Member of the Company by the Eutelsat Communications General Meeting of Shareholders held on the same date. In parallel, M. de Rosen was appointed CEO of Eutelsat S.A. by the Board of Directors of Eutelsat S.A. on 10 November 2009 and Board Member of Eutelsat S.A. by the Eutelsat S.A. General Meeting of Shareholders on the same day. Mr. de Rosen graduated from the French *Hautes Études Commerciales* (HEC) Business School and the *École Nationale d'Administration* (ENA). He began his career in 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.

Jean-Paul Brillaud (DoB: 29 October 1950—62 years old), a French national. Before being appointed a Board Member, J.-M. Brillaud joined the Group in 1999 as Director of Strategic Affairs and Institutional Relationships. Mr. Brillaud was appointed to the Eutelsat S.A. Management Board in 2001 and served as Deputy Chief Executive Officer of the Company and of Eutelsat S.A. between 2005 and 2011. During his career with the Company, he oversaw the transformation of Eutelsat from an international organisation to a limited company *("société anonyme"),* led its strategic development and steered it through the IPO process. Before joining the Group, Jean-Paul Brillaud was Deputy Director of Space Telecommunications at France Télécom where he was notably responsible for managing France Télécom's space segment investments and for the operations of the satellite communications centre. He began his career with the CNT (National Centre for Telecommunications Research). Jean-Paul Brillaud is a graduate of the *École Nationale Supérieure des Télécommunications.*

Fonds Stratégique d'Investissement, currently represented by Mr. Thomas Devedjian (DoB: 16 June 1971—41 years old). T. Devedjian, a French national, is a graduate of the Paris *Institut d'Études Politiques* (IEP) and of the French *Hautes Études Commerciales* (HEC) business school, and a graduate in law and alumnus of the *École Nationale d'Administration* (ENA) (Cyrano de Bergerac, 1997-1999 promotion). T. Devedjian was a civil administrator (1999) at the Ministry of Economy, Finance and Industry and Deputy Director of the external agriculture policy (1999-2001), credit-assurance (2001-2002) and External Economic Relations departments before becoming Deputy Director of the Energy, Telecommunications and Commodities office of the Treasury Department (2002-2004). He also served as technical Adviser to the Cabinets of Nicolas Sarkozy (2004), Hervé Gaymard (2004-2005) and Thierry Breton (2005-2006) (successive French Ministers of Economy, Finance and Industry). He was Associate Director of Eurazeo investing (2006-2009), and has been a Director and member of the Executive Committee of the *Fonds Stratégique d'Investissement* (*FSI*, *Caisse des Dépôts et Consignations* group) since 2009. He is Board Member of Eramet.

Bertrand Mabille (DoB: 18 March 1964—48 years old), a French national, has been Chief Executive Officer of Carlson Wagonlit France since October 2008 and, since March 2012, Executive Vice President France and Mediterranean for CWT. He was briefly Chairman of the Supervisory Board of Jet Multimedia in late 2008, after having been successively Chief Executive Officer of SFR Entreprises in 2005 and Director of Strategy and Regulatory Affairs for the SFR Cegetel Group since 2003. From 2000 to 2003, he worked for Thomson as the Group Director for Strategic Partnerships, then Chairman and Chief Executive Officer of Nextream, a joint subsidiary of Thomson and Alcatel. From 1995 to 2000, B. Mabille worked for the French Prime Minister's office. B. Mabille is a graduate of the *École Normale Supérieure* and the *École Nationale Supérieure des Télécommunications.*

Carole Piwnica (DoB: 12 February 1958—54 years old), a Belgian national and a graduate in law from the *Université Libre de Bruxelles* (Belgium), holds a Masters degree in Law from New York University and is a member of the Paris and New York Bars. 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 Sanofi (healthcare), Louis Delhaize (retail) and Amyris Inc (industrial biotechnology). Prior to that, C. Piwnica was notably Chairman of the Board of Directors of Amylum Group, Board Member and Vice Chairman (regulatory affairs) of Tate & Lyle plc (food ingredients) and Board Member of Dairy Crest Group plc (food). She also served as a member of the Compensation Committee and Chairperson of the "Social Responsibility" Committee of the Aviva plc Board of Directors.

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

Board Members at 30 June 2012 whose terms of office expire at the General Meeting of Shareholders approving the financial statements for the year ended 30 June 2012

Lord John Birt (DoB: 10 December 1944—67 years old), a British national, served as Director General of the BBC (1992-2000) then as a Strategy Adviser to the British Prime Minister, Tony Blair (2000-2005). He was also Chairman of Waste Recycling Group (2006), Infinis Ltd (2006-2007) and Maltby Capital Ltd (2007-2010). He worked as an adviser to McKinsey (2000-2005) and Capgemini (2005-2010). Lord Birt is currently Chairman of Terra Firma's Investor Advisory Board and Chairman of Paypal Europe, and has been a Board Member of Incinis since 2007. He is a graduate of Oxford University.

Board Members resigning during the financial year ended 30 June 2012

Abertis Infraestructuras, a company incorporated under Spanish law, represented by Mr. Francisco Reynes (DoB: 8 April 1963—49 years old). F. Reynes, a Spanish national, was appointed Deputy Director of Abertis in June 2010 having been a Board Member of Abertis since May 2009. F. Reynes is an industrial engineering graduate of the Polytechnic University of Catalonia and holds an MBA from IESE. Between July 2007 and his arrival at Abertis, he was the Chief Executive Officer of Criteria CaixaCorp. Previously, F. Reynes had been a member of the Executive Committee of Gas Natural and Chief Executive Officer of Uniland. During his career, he has occupied various management positions in companies such as Johnson Controls UK, Volkswagen Group and Dogi. Since 25 June 2012, Abertis Infraestructuras has no longer been a Board Member.

Abertis Telecom, a company incorporated under Spanish law, represented by Ms. Casas Caba (DoB: 27 June 1959—53 years old). Ms. Casas Caba, a Spanish national, held various legal officer positions in the companies Cirsa and Ingesa before becoming Manager M&A at Landwell. She has also served as Vice General Secretary of Abertis Infraestructuras and member of Abertis' Audit Committee, Board Member of Sevisur Logistica S.A., Vice Secretary of the Board of Directors of Autopistas Concessionara Espanola, S.A., Vice Secretary of the Board of Directors of Autopistas Aumar, S.A. Concesionara des Estado, Vice Secretary of the Board of Directors of Iberica de Autopistas, S.A.C.E. Since 2000, Ms. Casas Caba has fulfilled the functions of General Counsel of Abertis Infraestructuras S.A., Board Member of TBI plc., Board Member and Secretary to the Board of Directors of Autopista Vasco Aragonesa, S.A., Board Member and Secretary to the Board of Inversora de Infraestructuras SL and Secretary to the Board of Areamed S.A. Since 25 June 2012, Abertis Telecom has no longer been a Board Member.

Jean-Luc Archambault (DoB: 28 April 1960—52 years old), a French national, is the founder and Chairman of Lysios, a Public Affairs consultancy based in Paris and Brussels. He also served as a member of the Supervisory Board of L.Loret & Cie and of the subsidiary AGI (*Auto Guadeloupe Investissement*) based at Pointe-à-Pitre and as Director of Strategy and External Relations for SFR-Cegetel, France's leading telecommunications carrier. Previously, he was Associate Director of BNP Private Equity, where he managed investments in the telecommunications and technology sector. Jean-Luc Archambault was also Regional Network Director at France Télécom, adviser to the Minister of Industry, and Director of Information Technology Services. J.-L. Archambault is a graduate of the *École Normale Supérieure* and the *École Nationale Supérieure des Télécommunications.* Since 8 November 2011, he has no longer been a Board Member.

Retevisión I, a company incorporated under Spanish law, represented by Mr. Andrea Luminari (DoB: 25 July 1966—46 years old). A. Luminari, an Italian national, joined Retevisión in 1998 as Director of Strategic Planning and Development. After Retevisión Audiovisual's acquisition by the Abertis group, in 2003, he became Director of Strategic Development for Abertis Telecom. Before joining Retevisión Audiovisual, he spent six years with Telecom Italia, occupying various positions. He was first appointed Internal Controller, then Project Manager in the International Affairs Division. A. Luminari has a degree in economic and industrial politics from the University L.U.I.S.S. of Rome and an MBA from the *Institute Guglielmo Tagliacarne* in Rome. Since 16 February 2012, Retevisión I has no longer been a Board Member.

Tradia Telecom, a company incorporated under Spanish law, represented by Mr. T. Martínez Gimeno, (DoB: 27 April 1959—53 years old). T. Martínez Gimeno, a Spanish national, joined the Abertis group (formerly Acesa) in 2000, to promote diversification of its business activities, especially in telecommunications infrastructure. Firstly, he was Chief Executive Officer of Tradia, after its acquisition in 2001. After the takeover of Retevisión Audiovisual in 2003, he was appointed CEO of Abertis Telecom, which included Retevisión and Tradia Telecom. He is a member of the Executive Committee of Abertis Telecom. Before joining the Abertis group, he held various positions of responsibility in consulting and technology companies. T. Martínez Gimeno holds a degree in telecommunications engineering and marketing management from the *Instituto Superior de Marketing* in Barcelona. Since 16 February 2012, Tradia Telecom has no longer been a Board Member.

Giuliano Berretta (DoB: 17 July 1940—72 years old), an Italian national, joined Eutelsat S.A. as its first Commercial Director in 1990. Between January 1999 and July 2001, he was Director General of the Intergovernmental Organisation. From July 2001 to September 2004, Mr. Berretta was Chairman of Eutelsat S.A.'s Management Board before being appointed Chairman of the Board of Directors and Chief Executive Officer of Eutelsat S.A. in September 2004. During the Eutelsat Communications General Meeting of Shareholders of 31 August 2005, having decided to proceed with the Transformation of the Company, he was appointed a Board Member then Chairman and CEO by the Board of Directors. On 10 November 2009, the Company's Board of Directors, noting the expiry of his functions as CEO, renewed his tenure as Chairman of the Board of Directors until 8 November 2011. Since 8 November 2011, G. Berretta has served as Honorary Chairman with no term of office as a Board Member.

Observer *(censeur)* within the Board of Directors

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

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

14.2 Principal Executives

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

Surname, first name, business address	Office	Date of first appointment and expiry date of office	Other offices and positions held within the Eutelsat Group over the past 5 years	Offices and positions held outside the Eutelsat Group over the past 5 years
Michel de Rosen **Eutelsat Communications** 70, rue Balard 75015 Paris	Chief Executive Officer and Board Member	*First appointment/ Co-opting:* 9 November 2009	*Current offices and functions:* In France: • CEO and Board Member of Eutelsat S.A. • Representative of Eutelsat S.A., Chairman of Eutelsat VAS S.A.S. Outside France: • Board Member of Skylogic S.p.A. • Chairman of the Board and Board Member of Eutelsat Inc.	*Current offices and functions:* Outside France: • Board Member of Hispasat S.A. • Board Member of ABB Ltd • Board Member of Solaris Mobile Ltd
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2015	*Offices and functions having expired:* In France: • Deputy CEO of the Company and of Eutelsat S.A.	*Offices and functions having expired:* In France: • Chairman and CEO of SGD Outside France: • CEO of Viro-Pharma
Michel Azibert **Eutelsat Communications** 70, rue Balard 75015 Paris	Deputy CEO	*First appointment:* 28 July 2011 (effective 1 September 2011)	*Current offices and functions:* In France: • Deputy CEO of Eutelsat S.A. Outside France: • Member of the Advisory Board of Eutelsat Services & Beteiligungen GmbH • Board Member of Eutelsat Inc.	*Current offices and functions:* Outside France: • Board Member of Hispasat • Board Member of Solaris Mobile Ltd
		Expiry date of office: General Meeting to be held to approve the accounts for the financial year ending 30 June 2015	*Offices and functions having expired:* None	*Offices and functions having expired:* In France: • Deputy CEO of TDF (2007-August 2011) • Board Member of Mediamobile, subsidiary of TDF Outside France: • Board Member of Digita • Board Member of Media Broadcast • Board Member of Levira • Board Member of Antenna Hungária • Board Member of Axión

The Board of Directors meeting of 28 July 2011 appointed Mr. Michel Azibert as Deputy Chief Executive Officer, effective 5 September 2011. Mr. Jean-Paul Brillaud remained in position as Deputy Chief Executive Officer until the General Meeting of Shareholders held on 8 November 2011 so as to ensure a smooth transition.

Michel Azibert (DoB: 27 July 1955—57 years old), a French national, fulfils the office of Deputy Chief Executive Officer having joined the Group on 5 September 2011. He is a graduate of the *École Centrale* de Paris (1978), and an alumnus of the *Institut d'Études Politiques* (IEP) of Paris and of the *École Nationale d'Administration* (ENA) (1982). He worked at the French State Council *(Conseil d'État)* between 1982 and 1989 where he advised the government on audiovisual matters and, notably, participated in the drafting of the French Media Act of 1986. At the end of 1989, he joined TDF, the leading French technical operator of terrestrial broadcasting services as its Head of International Development and Operations. He led TDF's development and supervised the operations in several new markets, in particular between 1995 and 2000 in the UK and the US (he served as Vice Chairman of Crown Castle International, the leading US tower company) and between 2000 and 2008 in Continental Europe (Spain, Finland, Estonia, Poland, the Netherlands, Germany, Hungary). Mr. Azibert became

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Director General of the TDF Group and had been Deputy Group CEO since October 2008. At TDF he was responsible for overseeing the establishment of the Group's Strategic Plan, the launch of new services in the field of digital TV/HDTV/interactive media as well as telecom and broadband internet, leading the M&A activities of the Group and ensuring the interface with the political and regulatory authorities in France and the other European countries where TDF has operations.

14.3 Relations within the administrative and management bodies

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

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

- conviction for fraud within at least the last five years;
- bankruptcy, sequestration or liquidation within at least the last five years;
- official public charges and/or sanctions handed down by statutory or regulatory authorities within at least the last five years.

Finally, to the best of the Company's knowledge, no Corporate Officer has been barred by a court from acting as a member of an administrative, management or supervisory body of an issuer, or from taking part in the management or running of the affairs of an issuer within at least the last five years.

14.4 Conflicts of interest within the administrative and management bodies

At the filing date of this reference document there are, to the best of the Company's knowledge, no potential conflicts of interest between the duties carried out by the members of the Board of Directors and the Deputy CEOs on behalf of the Company, and their private interests.

15.1 Compensation and other benefits paid to the Company's Corporate Officers and senior management

All the standard information in line with the AFEP-MEDEF recommendations, together with that required by the AMF recommendation of 22 December 2008, is presented in Chapters 15 and 17 of this reference document.

The following table presents a summary of the compensation and stock/purchase options or free shares granted to Corporate Officers and Directors during the financial years ended 30 June 2011 and 2012:

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

(in euros)	Financial year 2010-2011	Financial year 2011-2012
M. de Rosen		
Chief Executive Officer		
Compensation (see table 2 for details)	696,000	753,227
Valuation of options granted during the financial year 2011-2012	-	-
Valuation of performance shares granted during the financial year 2011-2012	-	-
TOTAL	**696,000**	**753,227**
G. Berretta		
Chairman of the Board (until 8 November 2011)		
Compensation (see table 2 for details)	322,500	315,000
Valuation of options granted during the financial year 2011-2012	-	-
Valuation of performance shares granted during the financial year 2011-2012	-	-
TOTAL	**322,500**	**315,000**
M. Azibert		
Deputy CEO (since 5 September 2011)		
Compensation (see table 2 for details)	-	266,189
Valuation of options granted during the financial year 2011-2012	-	-
Valuation of performance shares granted during the financial year 2011-2012	-	-
TOTAL	**-**	**266,189**
J.-P. Brillaud		
Deputy CEO (until 8 November 2011)	**-**	**-**
Compensation (see table 2 for details)	572,391	623,839
Valuation of options granted during the financial year 2011-2012	-	-
Valuation of performance shares granted during the financial year 2011-2012	-	-
TOTAL	**572,391**	**623,839**

15 - COMPENSATION AND BENEFITS

15.1 Compensation and other benefits paid to the Company's Corporate Officers and senior management

The following table summarises the compensation paid to executive and non-executive Directors during the financial years ended 30 June 2011 and 2012:

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

(in euros)	Financial year 2010-2011 Amounts payable	Financial year 2010-2011 Amounts paid	Financial year 2011-2012 Amounts payable	Financial year 2011-2012 Amounts paid
M. de Rosen **Deputy CEO (until November 2009)** **CEO (after November 2009)**				
Fixed salary	400,000	400,000	400,000	400,000
Variable portion of compensation	296,000	296,000	353,227	353,227
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	**696,000**	**696,000**	**753,227**	**753,227**
G. Berretta **Chairman of the Board (since November 2009 and until 8 November 2011)**				
Fixed salary	225,000	225,000	80,000	80,000
Variable portion of compensation	N/A	N/A	200,000	200,000
Attendance fees	N/A	97,500	35,000	35,000
Benefits in kind	N/A	N/A	N/A	N/A
Exceptional compensation (non-competition indemnity and exceptional bonus)	N/A	N/A	N/A	N/A
TOTAL	**225,000**	**322,500**	**315,000**	**315,000**
M. Azibert **Deputy CEO (since 5 September 2011)**				
Fixed salary	N/A	N/A	264,243	264,243
Variable portion of compensation	N/A	N/A	N/A	N/A
Attendance fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	1,946	1,946
Exceptional compensation	N/A	N/A	N/A	N/A
TOTAL	**N/A**	**N/A**	**266,189**	**266,189**
J.-P. Brillaud **Deputy CEO (until 8 November 2011)**				
Fixed salary	312,976	312,976	110,599	110,599
Variable portion of compensation	251,833	251,833	244,324	244,324
Attendance fees	N/A	N/A	40,100	40,100
Benefits in kind	7,582	7,582	3,032	3,032
Exceptional compensation	N/A	N/A	225,784	225,784
TOTAL	**572,391**	**572,391**	**623,839**	**623,839**

Mr. de Rosen's compensation

FIXED SALARY

The amount of Mr. de Rosen's fixed salary as stated for the financial year ended 30 June 2012 corresponds to the total compensation paid by Eutelsat Communications in respect of his duties as Chief Executive Officer of Eutelsat Communications.

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

VARIABLE PORTION OF COMPENSATION

The variable portion of Mr. de Rosen's compensation paid during the financial year ended 30 June 2012 consisted of a bonus whose amount depends on the achievement of performance objectives based on the Company's performance in respect of a set of predetermined financial metrics and qualitative objectives. This amounted to 353,227 euros in respect of the financial year ended 30 June 2011 and was paid during the first half of the financial year ended 30 June 2012.

Mr. Azibert's compensation

FIXED SALARY

The amount of Mr. Azibert fixed salary as stated for the financial year ended 30 June 2012 corresponds to the total compensation paid by Eutelsat Communications in respect of his duties as Deputy Chief Executive Officer of Eutelsat Communications.

VARIABLE PORTION OF COMPENSATION

Mr. Azibert received no variable compensation during the financial year ended 30 June 2012.

Mr. Berretta's compensation

FIXED SALARY

The amount of Mr. Berretta's fixed salary as stated for the financial year ended 30 June 2012 corresponds to the total compensation paid (i) by Eutelsat Communications in respect of his duties as Chairman of the Board of Directors and (ii) his duties as Sole Director by Eutelsat Italia S.r.l.

VARIABLE PORTION OF COMPENSATION

The variable portion of Mr. Berretta's compensation during the 2011-2012 financial year consisted of a discretionary bonus amounting to 200,000 euros in respect of his office as a sole Board Member of Eutelsat Italia S.r.l. This amount was paid during the first half of the financial year ended 30 June 2012.

Mr. Berretta received no other amounts, in any capacity whatsoever, from any other Group company.

Mr. Brillaud's compensation

FIXED SALARY

The amount of Mr. Brillaud's fixed salary as stated for the financial year ended 30 June 2012 corresponds to the total compensation paid by Eutelsat S.A. until his retirement date, *i.e.* 8 November 2011, during the financial years ended 30 June 2011 and 30 June 2012 in respect of Mr. Brillaud's employment contract with Eutelsat S.A.

The fixed salary paid to Mr. Brillaud during the financial year 2011-2012 corresponds to a total of 312,976 euros.

VARIABLE PORTION OF COMPENSATION

The variable compensation due to Mr. Brillaud in respect of the financial year ended 30 June 2011 and paid during the first half of the financial year ended 30 June 2012 comprised:

- a bonus whose amount varies according to performance targets taking into account the Company's performance with regard to predetermined financial metrics. The amount in respect of the financial year ended 30 June 2011 was 138,747 euros, paid during the first half of the financial year ended 30 June 2012;
- a variable bonus based on qualitative objectives which amounted to 74,813 euros for the year ended 30 June 2011 and paid during the first half of the financial year ended 30 June 2012;
- an exceptional bonus of 99,140 euros paid during the first half of the financial year ended 30 June 2012;
- a retirement benefit of 126,644 euros paid during the first half of the financial year ended 30 June 2012;
- 30,764 euros paid under the employee profit-sharing incentive and profit-sharing bonus schemes for the financial year ended 30 June 2012.

Mr. Brillaud received no other amount, in any capacity whatsoever, from any other Group company.

Evaluation criteria for the variable portion of compensation

The evaluation criteria for the variable portion of Mr. de Rosen's and Mr. Azibert's compensation are based on performance assessed with respect to the Group's key financial indicators, *i.e.* revenues, EBITDA, and net income. Moreover, at its meeting on 10 December 2008, the Board of Directors decided to adopt and apply the AFEP-MEDEF guidelines regarding the compensation of Corporate Officers.

The degree of fulfilment of the evaluation criteria was accurately established. However, it was not made public for confidentiality reasons.

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

The following table lists the attendance fees and other forms of compensation payable to the non-executive Directors and Corporate Officers in respect of the financial years ended 30 June 2011 and 30 June 2012 by the Company and the companies it controls.

Members of the Board of Directors	Financial year 2010-2011 (in euros)	Financial year 2011-2012 (in euros)
G. Berretta		
Chairman (until 8 November 2011)	**97,500**	**35,000**
Attendance fees	97,500	35,000
Other forms of compensation	0	0
J.-M. Folz		
Chairman (since 8 November 2011)	**NA**	**48,150**
Attendance fees	NA	48,150
Other forms of compensation	NA	0
J.-P. Brillaud		
Board Member (Since 8 November 2011)	**NA**	**40,100**
Attendance fees	NA	40,100
Other forms of compensation	NA	0
Lord J. Birt		
Board Member	**157,000**	**101,200**
Attendance fees	121,000	101,200
Other forms of compensation	36,000	0
Fonds Stratégique d'Investissement		
Board Member, represented by T. Devedjian	**14,000**	**74,000**
Attendance fees	14,000	74,000
Other forms of compensation	0	0
Tradia Telecom		
Board Member, represented by T. Martínez Gímeno (from 8 November 2011)	**NA**	**11,550**
Attendance fees	NA	11,550
Other forms of compensation	NA	0
A. Luminari		
Board Member (until 8 November 2011)	**67,000**	**36,562**
Attendance fees	67,000	36,562
Other forms of compensation	0	0
T. Martínez Gimeno		
Board Member (until 8 November 2011)	**51,000**	**44,250**
Attendance fees	51,000	44,250
Other forms of compensation	0	0
C. Sagasta Reussi		
Board Member (until 16 April 2010)	**2,000**	**NA**
Attendance fees	2,000	NA
Other forms of compensation	0	NA
C. Espinós-Gómez		
Board Member (until 8 November 2011)	**37,000**	**26,500**
Attendance fees	37,000	26,500
Other forms of compensation	0	0
CDC Infrastructure		
Board Member, represented by J. Bensaïd	**77,500**	**NA**
Attendance fees	77,500	NA
Other forms of compensation	0	NA
Retevisión I		
Board Member, represented by A. Luminari (from 8 November 2011)	**NA**	**12,250**
Attendance fees	NA	12,250
Other forms of compensation	NA	0
B. Mabille		
Board Member	**67,000**	**57,000**
Attendance fees	67,000	57,000
Other forms of compensation	0	0

Members of the Board of Directors	Financial year 2010-2011 (in euros)	Financial year 2011-2012 (in euros)
J.-L. Archambault		
Board Member (until 8 November 2011)	**66,000**	**32,000**
Attendance fees	66,000	32,000
Other forms of compensation	0	0
F. Reynes		
Board Member (until 8 November 2011)	**35,000**	**40,000**
Attendance fees	35,000	40,000
Other forms of compensation	0	0
Abertis Infraestructuras		
Board Member, represented by F. Reynes (from 8 November 2011)	**NA**	**23,100**
Attendance fees	NA	23,100
Other forms of compensation	NA	0
O. Rozenfeld		
Board Member	**43,000**	**63,025**
Attendance fees	43,000	63,025
Other forms of compensation	0	0
C. Piwnica		
Board Member	**56,000**	**104,000**
Attendance fees	56,000	104,000
Other forms of compensation	0	0
Abertis Telecom		
Board Member, represented by M. Casas Caba	**NA**	**34,250**
Attendance fees	NA	34,250
Other forms of compensation	NA	0
TOTAL	**770,000**	**782,937**

The General Meeting of Shareholders of 8 November 2011 maintained at 855,000 euros the amount of attendance fees to be paid to Directors for participating in the meetings of the Board of Directors and those of the specialised committees of the Board for the financial year 2011-2012, and for all financial years thereafter until a new decision by the Meeting.

The draft resolutions adopted by the Board of Directors of the Company on 30 July 2012 to be submitted for approval by shareholders during the General Meeting of Shareholders on 8 November 2012 provide for the maintenance of the gross amount of attendance fees paid to members of the Board of Directors at 855,000 euros for the financial year ending 30 June 2013 and for all financial years thereafter until a new decision by the Meeting.

At its meeting of 6 June 2012, the Board of Directors decided to modify the allocation rules for attendance fees, with the inclusion of a fixed and a variable portion, as follows:

- Board of Directors:
  - Annual fixed portion of 30,000 euros per Board Member (45,000 euros for the Vice Chairman of the Board of Directors and 60,000 euros for the Chairman);
  - Variable portion of 2,000 euros per Board Member for each Board meeting attended, with a maximum of 15,000 euros per year.
- Audit Committee:
  - Annual fixed portion of 10,000 euros per Committee member (20,000 euros for the Committee's Chairman);
  - Variable portion of 1,000 euros per Committee member for each Audit Committee meeting attended, with a maximum of 3,000 euros per year.
- Governance, Selection and Remuneration Committee
  - Annual fixed portion of 5,000 euros per Committee member (10,000 euros for the Committee's Chairman);
  - Variable portion of 1,000 euros per member for each GSRC Committee attended, with a maximum of 3,000 euros per year.

Attendance fees due to Board Members will be paid annually.

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

The Company did not put in place any stock options or stock purchase plans during the financial years ended 30 June 2010, 2011 and 2012.

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

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

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Free Share Allocation

FREE SHARE ALLOCATION PLAN OF 1 FEBRUARY 2010

On 1 February 2010, the Board of Directors approved a new plan for the allocation of free shares to all employees of the Group, including the Directors and Corporate Officers *("mandataires sociaux"),* representing a maximum of 700,000 shares and decided that the allocation plan should be implemented through the distribution of previously-repurchased shares. The allocation of free shares is subject to the condition that the beneficiaries are still employed within the Group three years as from the above-mentioned date and that they hold the shares for a further two-year period dating from the vesting date of the shares.

The characteristics of this plan are as follows:

- firstly, the grant of 600 shares per beneficiary is conditional upon the attainment of performance objectives over three financial years ending 30 June 2012, with 50% linked to a target cumulative EBITDA and the remaining 50% linked to an average ROCE[1] target;
- secondly, the grant of 368,200 shares to Directors and Corporate Officers *("mandataires sociaux")* is conditional upon the achievement, over the same three financial periods, of one 25% objective based on cumulative EBITDA, one 25% objective based on average ROCE, one 25% objective linked to cumulative EPS[2], and one 25% TSR-linked[3], objective.

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

As a result, on 30 June 2012, 495 beneficiaries of the Group fulfilling the conditions for eligibility could receive a minimum of 600 free shares in the Company.

Under this Plan and subject to the achievement of the performance objectives set by the Board of Directors, Mr. de Rosen could be entitled to a total of 66,952 free shares.

FREE SHARE ALLOCATION PLAN OF 28 JULY 2011

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

The characteristics of this plan are as follows:

- firstly, the grant of 600 shares per beneficiary is conditional upon the attainment of performance objectives over three financial years ending 30 June 2014, with 50% linked to a target cumulative EBITDA and the remaining 50% linked to an average ROCE target[1];
- secondly, the grant of 327,140 shares to Directors and Corporate Officers *("mandataires sociaux")* is conditional upon the achievement, over the same three financial periods, of one 25% objective based on cumulative EBITDA, one 25% objective based on average ROCE, one 25% objective linked to cumulative EPS[2], and one 25% TSR-linked[3] objective.

The performance objectives are based on the Group's consolidated financial statements. The definitive granting of these shares will take place as of 29 July 2014, subject to achievement of the performance objectives.

As a result, as of 30 June 2012, 604 beneficiaries of the Group fulfilling the conditions for eligibility could receive a minimum of 600 free shares in the Company.

Under this Plan and subject to the achievement of the performance objectives set by the Board of Directors Mr. de Rosen could be entitled to a total of 52,000 shares and Mr. Azibert to 32,000 shares.

(1) ROCE is Return on Capital Employed = operating result x (1 - corporate income tax)/(shareholders' equity - net debt - goodwill).

(2) EPS is defined as the Group's net earnings per share.

(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).

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

Performance shares definitively granted by the Board of Directors under delegated powers from the General Meeting to each Corporate Officer by the issuer and all companies in the Group	Date of plan and vesting	Number of shares granted on the financial year ended 30 June 2012	Valuation of shares based on method used for the consolidated financial statements (in euros)	Date of vesting	Date available	Performance plan conditions
Michel de Rosen **Chief Executive Officer**	28 July 2011 for 3 years	52,000	1,242,179	29 July 2014	29 July 2016	25% of grant based on EBITDA performance per financial year 25% of grant based on the return on capital employed
Mr. Azibert **Deputy CEO**	28 July 2011 for 3 years	32,000	764,418	29 July 2014	29 July 2016	25% of grant based on net Group earning for one share and 25% of grant based on a TSR objective
TOTAL		**84,000**	**2,006,597**			

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

Performance shares made available to Corporate Officers during the financial year ended 30 June 2012	Date of plan	Number of shares made available during the financial year ended 30 June	Vesting conditions
Giuliano Berretta **Chairman and CEO, then Chairman of the Board until 8 November 2011**	Date: 25 July 2007	38,216	50% of grant based on EBITDA performance per financial year and 50% of grant based on a 20% increase in the share price (*i.e.* €21.58) *versus* the allocation price (*i.e.* €17.99)
Jean-Paul Brillaud **Deputy CEO until 8 November 2011**	Date: 25 July 2007	12,996	50% of grant based on EBITDA performance per financial year and 50% of grant based on a 20% increase in the share price (*i.e.* €21.58) *versus* the allocation price (*i.e.* €17.99)
TOTAL		**51,212**	

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15.2 Compensation and other benefits due or likely to be payable as a result of or pursuant to the termination of office of a senior Group manager

The Group contributed to a supplementary retirement scheme with defined and supplemental benefits (pension Article 39) for its currently-serving Directors and Corporate Officers *(mandataires sociaux),* corresponding to 12% of their fixed remuneration and payable to them upon retirement. To qualify for this defined retirement benefit, Corporate Officers had to satisfy criteria based on presence and the attainment of objectives during the three years prior to their retirement. This obligation was the subject of a pension provision. As of 30 June 2012, with no Directors and Corporate Officers benefiting from this plan, all vested rights were settled by the Company and the liabilities outstanding at 30 June 2011 were thus paid off.

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 Directors	Yes	No	Yes	No	Yes	No	Yes	No
J-M. Folz[(1)] **Chairman of the Board** Appointed 8 November 2011 End of office: General Meeting approving the financial statements for the financial year ending 30 June 2017[(*)]		X[(1)]		X		X		X
M. de Rosen **Chief Executive Officer** Appointed 10 November 2009 End of office: General Meeting approving the financial statements for the financial year ending 30 June 2015[(**)]		X[(2)]		X		X		X
M. Azibert **Deputy Chief Executive Officer** Appointed 5 September 2011		X[(3)]	X			X		X
J.-P. Brillaud **Deputy Chief Executive Officer until 7 November 2011** Appointed in 2004	X[(4)]		X			X		X

(1) M. Folz was appointed Chairman of the Board of Directors of the Company at Eutelsat Communications' Annual General Meeting held on 8 November 2011. He has no employment contract with any affiliate of the Eutelsat Group.
(2) Mr. de Rosen has no employment contract with Eutelsat S.A.
(3) Mr. Azibert has no employment contract with Eutelsat S.A.
(4) Mr. Brillaud had an employment contract with Eutelsat S.A. until he retired on 7 November 2011. Since that date, Mr. Brillaud is no longer employed by Eutelsat S.A. and has no employment contract with any affiliate of the Eutelsat Group.
(*) However, if the 5th and 15th resolutions to be submitted to the Annual General Meeting of Shareholders on 8 November 2012 are adopted, the end of J.-M. Folz's term of office as a Board Member would be brought forward to the date of the Annual General Meeting of Shareholders approving the accounts for the financial year ending 30 June 2013.
(**) However, if the 11th and 15th resolutions submitted to the Annual General Meeting of Shareholders on 8 November 2012 are adopted, the end of Mr. de Rosen's term of office as a Board Member would be brought forward to the date of the Annual General Meeting of Shareholders approving the accounts for the financial year ending 30 June 2016.

16 OPERATION OF ADMINISTRATIVE and management bodies

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

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

16.2 Information on employment and service contracts binding members of the administrative and management bodies of the Company

To the best of the Company’s knowledge, with the exception of the employment contract between Mr. Jean-Paul Brillaud and Eutelsat S.A., there are no employment or service contracts between the other Board Members or Directors of the Company and its subsidiaries that provide for the grant of benefits of any kind.

16.3 Operation of the Board of Directors and the Committees

The statutory provisions relating to the Board of Directors are summarised in Section 21.2.2 entitled “Board of Directors, Committees and Observer” of this reference document.

Duties and powers of the Board of Directors

Pursuant to, *inter alia,* the provisions of Article L. 225.35 of the French *Code de commerce,* the Board of Directors is responsible for orienting the Company’s business activities and ensuring that this framework is properly implemented. Subject to the powers expressly reserved for General Meetings of Shareholders, the Board of Directors may examine any question that impinges on the proper running of the Company and the Eutelsat Group.

Note that, pursuant to its Internal Regulations, a number of decisions taken by the Chief Executive Officer require the prior approval of the Board of Directors. These decisions can be grouped under the following headings:

TRANSACTIONS AFFECTING THE COMPANY

Any transaction that results in a significant change in the Company’s capital or modification to the Company’s By-laws.

STRATEGIC TRANSACTIONS

The Strategic Plan aims to establish the Group’s strategic 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 Strategic Plan, and any operations or mergers with a significant impact on the Company’s structure or strategy, are subject to prior approval by the Board of Directors.

The Strategic Plan for the period from the 2012-2013 financial year to the 2016-2017 financial year was approved by the Board of Directors meeting of 6 June 2012.

INVESTMENTS AND FINANCIAL UNDERTAKINGS

The Group’s consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming financial year, and which is an integral part of the Strategic Plan, is subject to prior approval by the Board of Directors at the beginning of each financial year. Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount in excess of 50 million euros (if the relevant operation is included in the Group’s Annual Budget or in its Strategic Plan) or in excess of 25 million euros (if not included in the Annual Budget) is subject to prior approval by the Board of Directors.

The Annual Budget for the 2012-2013 financial year was approved by the Board of Directors on 6 June 2012.

Prior approval by the Board is also required for any loan, credit agreement, financing or refinancing agreement that is not expressly included in the Group’s Annual Budget and results in an increase in the Group’s indebtedness of more than 50 million euros. The same applies to any divestment, sale or loan of assets by the Company (other than capacity allotment agreements with customers) or any other form of transfer of assets in excess of 50 million euros that is not expressly included in the Group’s Annual Budget.

HALF-YEARLY AND ANNUAL FINANCIAL STATEMENTS

The half-yearly and full-year financial statements as well as the consolidated financial statements are closed by the Board of Directors.

MANAGEMENT OF THE COMPANY

Appointment of the Chairman of the Board of Directors and/or the Chief Executive Officer and approval of all the items of their remuneration (including supplementary pension, incentives and stock options) and annual objectives.

Meetings of the Board of Directors

The Board of Directors meets as often as the interests of the Company or the Group require.

The Board of Directors met 10 times during the financial year ended 30 June 2012. The average attendance rate by Board Members at meetings during the financial year was 95%.

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

Information communicated to the Board of Directors

In accordance with the provisions of the Board of Directors' Internal Regulations, documents for the Board of Directors are sent to its members at least five days before the Board meetings take place.

To enable Board Members to gain greater knowledge of the Group's business and operations, the Chief Executive Officer regularly updates the Board on the activities of all Group divisions during the period before the meeting of the Board of Directors, and of the projects under way in each division.

Evaluation of the Board of Directors and independence of Board Members

Further to his appointment as Board Member and Chairman of the Board of Directors, Jean-Martin Folz held a series of meetings with his fellow Board Members. These various interviews made it possible for the Chairman to evaluate the Board's mode of functioning and to make recommendations, which were presented to the members of the Governance, Selection and Remuneration Committee. After reviewing these recommendations, the Committee proposed to the Board that it amend the amount and rules of allocation of Board Members' attendance fees, disband the Strategy and Investments Committee, reduce the Board Members' term of office from six to four years ensure the smooth renewal of the Board and amend the Board's Internal Regulations to make it mandatory for Board Members to hold 2,000 shares in the Company.

Following a recommendation from the Governance, Selection and Remuneration Committee, the Board of Directors considered that the Chairman's actions could be considered as being the annual evaluation of the Board, as recommended by the AFEP-MEDEF Code.

As of 30 June 2012, the Board of Directors had eight members, four of whom were independent.

Internal Regulations of the Board of Directors

In addition to regulatory and legal provisions, the Board of Directors operates in accordance with a set of Internal Regulations which were amended by the Board of Directors on 30 July 2012.

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

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

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

Observer *(censeur)*

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

See Section 6.8.6 "Other provisions applicable to the Group", paragraph on "Current relationships between Eutelsat Communications and Eutelsat IGO" for further details.

Committees of the Board of Directors

The Board of Directors is assisted in its work by the Audit Committee and the Governance, Selection and Remuneration Committee. The missions of each of these committees were determined by the Internal Regulations of the Board of Directors.

The report of the Chairman of the Board of Directors in Appendix 1 of this reference document includes a detailed description of the Committees of the Board of Directors.

Internal control

The report of the Chairman of the Board of Directors prepared in accordance with Article L. 225-37 of the French *Code de commerce* and the Statutory Auditors' report relating thereto are shown in the Appendices to this reference document.

16.4 Operation of the management bodies

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

Pursuant to the legal and regulatory provisions (Articles L. 225-51-1, R. 225-26 and R. 225-27 of the French *Code de commerce* (Commercial Code), the Board of Directors Meeting of 10 November 2009 opted to separate the positions of Chairman of the Board of Directors and Chief Executive Officer.

During the financial year, the function of Chairman of the Board of Directors was successively fulfilled by Giuliano Berretta until 8 November 2011 then, as of that date, by Jean-Martin Folz for the duration of his term of office as a Board Member. Mr. Michel de Rosen was entrusted with responsibility for the Company's general management.

Powers of the Chief Executive Officer

The Chief Executive Officer holds the broadest powers to act under any circumstance on behalf of the Company. He exercises his powers within the limits of the corporate purpose and subject to the powers that the law expressly vests in General Meetings of Shareholders and the Board of Directors.

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

The provisions of the By-laws or the decisions of the Board of Directors limiting the powers of the CEO may not be invoked against third parties.

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

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

The Internal Regulations of Eutelsat Communications' Board of Directors, as modified on 30 July 2012 provide, that a number of strategic decisions or undertakings (listed hereinabove in paragraph "Attributions of the Board of Directors") must be submitted for prior approval by the Board.

Deputy Chief Executive Officer(s)

As proposed by the Chief Executive Officer, the Board of Directors may authorise one or more natural persons to assist the CEO as "Deputy CEO(s)". A Deputy CEO may be dismissed at any time by the Board of Directors upon the proposal by the CEO.

In conjunction with the CEO, the Board determines the extent and duration of the powers vested in the Deputy CEOs. The Board determines their compensation under the conditions established by law.

With respect to third parties, the Deputy CEOs have the same powers as the CEO. The Deputy CEOs shall, in particular, have the power to take part in court proceedings.

The number of Deputy CEOs may not exceed five.

As of 30 June 2012, Michel de Rosen, Board Member, and Michel Azibert respectively assumed the responsibilities of Chief Executive Officer and Deputy Chief Executive Officer. Michel Azibert was appointed Deputy Chief Executive Officer in September 2011, replacing Jean-Paul Brillaud, Deputy Chief Executive Officer until 8 November 2011.

16.5 Corporate governance

Following the admission to trading of its shares on the NYSE Euronext Paris market, the Company implemented internal control procedures intended to prevent and reduce the risks resulting from the Company's business activities, as well as accounting and financial risks, in accordance with the laws and regulations applicable to listed companies.

Accordingly, the Company implemented a series of measures, notably the creation of various committees as described above and the appointment of three independent Board Members to sit on the Board of Directors.

The Board of Directors of Eutelsat Communications complies with the guidelines of the AFEP-MEDEF Code and, on 30 July 2012, updated the Internal Regulations of the Company's Board of Directors.

Furthermore, to strengthen the Group's employer-employee communication policy, the Company reached an agreement with the Work Council at Eutelsat S.A., the Group's main operational subsidiary. This agreement aims to give Eutelsat S.A.'s Work Council and thereby all of Eutelsat S.A.'s employees greater insight into the Company's operations and decisions.

This resulted in the implementation of a notification procedure for Eutelsat S.A.'s Work Council should the Company go ahead with transactions likely to affect its operations or the scope of the Eutelsat S.A. operational subsidiary. In addition, the two representatives of Eutelsat S.A.'s Work Council on the Board of Directors of Eutelsat S.A. are invited to participate in the meetings of the Company's Board of Directors and receive the same information as the Board Members.

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

17 EMPLOYEES

17.1 Number of employees

As of 30 June 2012, the Company had no employees and the Group had 756 employees.

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

	Average number of employees for the financial years ended 30 June		
	2010	2011	2012
Operations	253	296	338
Commercial and administrative activities	386	394	409
TOTAL	**639**	**690**	**747**

The number of staff employed by the Group has risen over the last three financial years. The change in the number of staff is explained, in part, by the increase in the staff employed by the Group's foreign subsidiaries between June 2008 and June 2010, rising from 178 to 220 during the 2010-2011 financial year and from 220 to 233 during 2011-2012. This increase in headcount was mainly driven by the Italian subsidiaries Skylogic S.p.A. and Skylogic Mediterraneo s.r.l., and by an increase in the number of staff employed by Eutelsat S.A.'s operating activities.

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

During calendar year 2011, Eutelsat S.A. employed an average of approximately nine temporary staff per month for an average period of 15 days. Eutelsat S.A. employees had an average length of service of 11 years for the 2011 calendar year, with managers representing approximately 84% of the Company's total headcount.

The Group believes that its relations with its employees are good.

However, the Group cannot rule out future costs arising from disputes with its personnel.

17.2 Options granted to employees on shares of the Company or of other companies in the Group

At the filing date of this reference document, no stock options or stock purchase option plans had been set up by the Company.

The following table shows the stock subscription or purchase option plans set up by Eutelsat S.A. for its Corporate Officers and employees.

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

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

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	Plan No. 8	Plan No. 9
Date of Board of Directors or Management Board, as appropriate	4 July 2001 Partners plan(3)	25 Oct. 2001 Managers I plan(3)	13 Dec. 2002 Managers II plan(3)	24 Feb. 2003 Managers II plan(3)	17 Dec. 2003 Managers III plan(3)	22 March 2004 and 9 April 2004 Stock purchase option plan	8 April 2004 Managers III plan(3)	28 June 2004 Managers III *bis* plan(3)	23 Nov. 2004 Managers IV plan(3)
Total number of options granted (one option giving right to one share) including:	4,233,788	2,010,000	3,150,180	56,000	8,011,938	754,000 call options	1,102,000	325,000	3,000,000
• to Corporate Officers and Directors(1)	172,275	1,060,000	1,953,180	-	8,011,938	138,483	-	-	325,000
• granted to the top 10 employees who are not Corporate Officers or Directors	262,566	550,000	645,000	56,000	-	137,583	710,000	325,000	1,675,000
Options exercisable from	All options are exercisable	All options are exercisable	All options are exercisable	All options are exercisable	All options are exercisable	22 March 2004	All options are exercisable	All options are exercisable	All options are exercisable
Expiry date	3 July 2009	24 Oct. 2009	12 Dec. 2010	23 March 2011	16 Dec. 2011	14 May 2004	7 April 2012	27 June 2012	22 Nov. 2012
Exercise price:									
• at grant	€1.10	€2.00	-	€1.79	€1.70	€1,615	€1.70	€2.00	€2.20
• after the December 2004 adjustment	€1	€1.54	-	€1.38	€1.31	-	€1.31	€1.54	€1.70
• after the December 2005 adjustment(2)	€1	€1.48	-	€1.33	€1.26	-	€1.26	€1.48	€1.64
Number of options exercised by 30 June 2011	0	0	-	0	0	0	0	0	23,987
Number of shares underlying stock subscription options or stock purchase options outstanding on 30 June 2011(3)(4)	0	0	0	0	-	There were no more stock purchase options exercisable (85,980 options became null and void on 14 May 2004)	0	0	0

(1) For the Partners, Managers I, Managers II, Managers III Plans and the stock purchase option plan, all the members of the Management Board were granted options. For the Managers Plan IV, only one Company Officer was granted options.
(2) In accordance with the French Code de commerce, Eutelsat S.A. made an adjustment to the existing options subsequent in December 2006, to the exceptional distribution authorised by the Combined General Meeting held on 10 November 2006. The conditions of the adjustment prompted a change in the exercise price of the existing options and the number of shares for which these options provided subscription rights.
(3) Some beneficiaries under the Managers Plans signed commitments with the Company to buy and sell their underlying shares. Furthermore, the Company undertook, subject to certain conditions, to provide liquidity for the shares resulting from the exercise of options for beneficiaries who had not signed buy and sell commitments (see Sections 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group" for further information).
(4) Options granted under Plan No. 1 have been null and void since 4 July 2009.

Stock subscription or purchase options granted to the 10 employees who are not Corporate Officers who received the greatest number of options and options exercised by the latter during the financial year 2011-2012 (Table 9 – AMF Recommendation)

None.

Liquidity offers

The Company gave an undertaking to employees who are shareholders in Eutelsat S.A. or who hold Eutelsat S.A. stock subscription or stock purchase options, apart from Corporate Officers and Directors and executives who made commitments to sell their shares (see Section 21.1.6 "Options or agreements concerning the capital of the Company or of a member of the Group" for more extensive details about the commitments to sell shares made by Group officers, Directors and managers) to put in place a liquidity mechanism for their Eutelsat S.A. shares should Eutelsat Communications be floated on the stock market.

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

Eutelsat Communications made a proposal, *via* its Eutelsat Communications Finances subsidiary, to all the beneficiaries of the stock subscription options granted under the Partners, Managers I, II, III and IV plans and to beneficiaries of the stock purchase plans of March and April 2004 offering to purchase the shares they acquired under such plans. This liquidity offer opened on 21 November 2011 and closed on 2 December 2011. Final settlement of the transaction took place on 6 December 2011. At the filing date of this reference document and in respect of this transaction, 104,539 shares had been repurchased at a unit price of 7.24 euros per Eutelsat S.A. share.

Furthermore, the Company made a second liquidity proposal, *via* its Eutelsat Communications Finances subsidiary, to all the beneficiaries of the stock options granted under the Partners and Managers I, II, III and IV plans and beneficiaries of the stock purchase plans of March and April 2004, offering to purchase their shares at a unit price of 7.24 euros per Eutelsat S.A. share. This liquidity offer opened on 14 May 2012 and the subscription period closed on 25 May 2012. Final settlement of the transaction took place on 29 May 2012. At the filing date of this reference document, in respect of this transaction, 246,403 shares had been repurchased at a unit price of 7.27 euros per Eutelsat S.A. share.

Shareholdings of members of the administrative and management bodies

	Number of shares held in Eutelsat Communications S.A. at 30 June 2012
Jean Martin Folz Chairman of the Board of Directors	2,000
Michel de Rosen Board Member, Chief Executive Officer	4,597
Bertrand Mabille Board Member	1
Thomas Devedjian Permanent representative of the *Fonds Stratégique d'Investissement*	0
Jean Paul Brillaud Board Member	135,900
Olivier Rosenfeld Board Member	4,600
Lord John Birt Board Member	101
Carole Piwnica Board Member	0
Michel Azibert Deputy Chief Executive Officer	0

17.3 Free grants of the Group's shares

See Section 15.1 of this reference document "Free share allocation plan": free share allocation plan of 1 February 2010 and free share allocation plan of 28 July 2011.

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

On the filing date of this reference document, given that the Company has no employees, there were no employee profit-sharing or incentive agreements governed by the provisions of Titles I and II of Book III of the French Labour Code in force within the Company. The Company has not set up a corporate savings plan.

Employee incentive plan at Eutelsat S.A.:

- A corporate savings plan was set up at Eutelsat S.A. in July 2000.
- A savings plan is a collective savings system that provides member employees with an opportunity to build up a portfolio of securities with the help of their employer. The money invested

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in a savings plan is unavailable for five years, except in the cases of early release specified in the rules.

The corporate savings plan offers a number of different investment vehicles (corporate mutual funds governed by Article L. 214-39 of the French Monetary and Financial Code) allowing its members to choose the investment vehicle best suited to their savings strategy.

A *fonds commun de placement d'entreprise* (FCPE, corporate mutual fund), which allows investments in the securities of a Group company (FCPE governed by Article L. 214-40 of the French Monetary and Financial Code), is also offered within the savings plan. Through this FCPE, savings plan members can acquire securities of a Company within the Group under Article L. 3332-18 *et seq.* of the French Labour Code.

The corporate savings plan also allows beneficiaries of stock subscription or purchase options to exercise, as the case may be, these options through their unavailable assets in the savings plan and to keep the shares they obtain by exercising their options in the savings plan. The shares are locked-up for five years in the savings plan with no possibility of taking advantage of an early release provision.

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

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

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

(in euros)	2009-2010	2010-2011	2011-2012
Average amount of the incentive payment	1,616	1,507	2,046

- 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, 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)	2009-2010	2010-2011	2011-2012
Amount of the special profit-sharing reserve	4,584,910	6,115,101	6,339,998

18.1 Breakdown of ownership structure and voting rights

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

	30 June 2012		30 June 2011		30 June 2010	
Shareholders	Number of shares and voting rights	As a percentage	Number of shares and voting rights	As a percentage	Number of shares and voting rights	As a percentage
Abertis Telecom S.A.U.	18,396,773	8.35%	69,022,989	31.36%	69,022,989	31.36%
Blackrock Inc.	11,031,045	5.01%	NA	NA	NA	NA
China Investment Corporation (CIC)	15,541,767	7.06%	-	-	-	-
Fonds Stratégique d'Investissement (FSI)	56,399,660	25.62%	56,399,660	25.62%	56,399,660	25.62%
Radio Televizijia Slovenia	1,619,724	0.74%	1,894,724	0.86%	2,332,724	1.06%
Entreprise des Postes et Telecoms (Luxembourg)	2,395,886	1.09%	2,395,886	1.09%	2,395,886	1.09%
Other minority shareholders(1)	3,227,577	1.47%	3,227,577	1.47%	3,227,577	1.47%
Free float	110,065,101	50.00%	85,628,543	38.90%	83,734,835	38.04%
Employees and senior managers	1,436,449	0.65%	1,544,603	0.70%	3,000,311	1.36%
TOTAL SHARES	**220,113,982**	**100%**	**220,113,982**	**100%**	**220,113,982**	**100%**

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

At the filing date of this reference document, the share capital is made up of ordinary shares, all of the same class, entitling the bearer to one vote per share. For this reason, the main shareholders in the Company do not enjoy preferential voting rights.

To the best of the Company's knowledge, no other shareholders own, directly or indirectly, more than 5% of its share capital or voting rights at the date of this reference document.

To the best of the Company's knowledge, there are no other shareholders holding registered shares who own more than 1% of the Company's share capital at the date of this reference document. However, other bearer shareholders have reported to the Company that they have crossed thresholds exceeding 1% of the share capital and may therefore hold at least 1% of the Company's capital (see the annual information document in Chapter 23 "Documents available to the public" in this reference document for declarations regarding the crossing of disclosure thresholds in the financial year 2011-2012).

18.1.1 Crossing of disclosure thresholds

To the best of the Company's knowledge, no shareholder, acting alone or in concert, holds more than 50% of the shares bearing voting rights in the Company, and no shareholder, alone or in concert, controls the Company within the meaning of Article L. 233 *et seq.* of the French *Code de commerce.*

Pursuant to Article 12 of the By-laws, the Company has been notified and the Board of Directors informed of the following crossings of threshold:

Crossing of disclosure thresholds	
25 June 2012	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by Franklin Resources Inc., which owns 8,795,917 shares, representing 3.99% of the Company's share capital
21 June 2012	Notification of the upward crossing of the thresholds between 1% and 7% (inclusive) by 1% successive instalments in terms of Company capital and voting rights by China Investment Corporation ("CIC"), which owns 15,541,767 shares, representing 7.06% of the Company's share capital
21 June 2012	Notification of the downward crossing of the thresholds between 31% and 16% (inclusive) by 1% successive instalments in terms of Company capital and voting rights by Abertis Telecom which owns 18,396,773 shares, representing 8.35% of the Company's share capital
12 June 2012	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by Crédit Suisse Group, which owns 2,140,179 shares representing 0.97% of the Company's share capital
6 June 2012	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by Crédit Suisse Group, which owns 2,668,745 shares, representing 1.21% of the Company's share capital
14 May 2012	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by BNP Paribas Asset Management, which owns 2,433,340 shares, representing 1.064% of the Company's share capital
20 January 2012	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by Crédit Suisse Group , which owns 1,207,721 shares, representing 0.549% of the Company's share capital
13 January 2012	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights by Norges Bank Investment Management, which owns 5,913,410 shares, representing 2.69% of the Company's share capital
13 January 2012	Notification of the downward crossing of the thresholds between 31% and 16% (inclusive) by 1% successive instalments in terms of Company capital and voting rights by Abertis Telecom which owns 33,804,752 shares, representing 15.3% of the Company's share capital
23 November 2011	Notification of the downward crossing of the 1% threshold in terms of Company capital and voting rights by Amundi Group, which owns 1,271,826 shares, representing 0.578% of the Company's share capital
18 November 2011	Notification of the downward crossing of the 2% threshold in terms of Company capital and voting rights by Amundi Group, which owns 4,087,611 shares, representing 1.857% of the Company's share capital
15 November 2011	Notification of the upward crossing of the 1% threshold in terms of Company capital and voting rights by Crédit Suisse Group, which owns 2,568,813 shares, representing 1.167% of the Company's share capital
3 November 2011	Notification of the upward crossing of the 2% threshold in terms of Company capital and voting rights by Threadneedle Asset Management Holdings Ltd, which owns 4,692,669 shares, representing 2.132% of the Company's share capital
7 October 2011	Notification of the downward crossing of the 5% threshold in terms of Company capital and voting rights by Franklin Resources Inc., which owns 10,971,036 shares, representing 4.98% of the Company's share capital

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

18.1.2 Securities transactions by Corporate Officers

Declarations of securities trading by Corporate Officers	
September 2011	Giuliano Berretta and related party(ies): disposals of 1,500 shares

18.2 Shareholders' agreements

To the best of the Company's knowledge, there are no shareholders' agreements, actions in concert or any other form of agreement, the subsequent implementation of which might lead to a change in the control of the Company.

18.3 Agreements likely to lead to a change in control of the Company

At the filing date of this reference document, the Company has no knowledge of any agreement, shareholders' agreement, or clause of any convention providing for preferential conditions for disposing of or acquiring shares in the Company involving at least 5% of the capital or voting rights in the Company, the implementation of which could lead, at a later date, to the Company being taken over.

19 RELATED PARTY transactions

The disclosures with regard to related party agreements cited in Article L. 225-38 of the French *Code de commerce* may be found in the special Statutory Auditors' report on regulated agreements and commitments in the Appendices of this reference document.

Service agreements within the Group

The Company and its subsidiaries maintain contractual relationships linked to the organisation and operations of the Group. These operations mainly relate to the division of common administrative expenses, centralised cash management and the existence of a tax group. During the financial year ended 30 June 2012, the chargeback agreement in the event of share purchases as part of the implementation of the free share allocation plans remained in force, together with the supplementary pension scheme with defined benefits (Article 39) with Mr. Jean-Paul Brillaud as the only beneficiary.

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

20.1 Financial information for the financial year ended 30 June 2012

20.1.1 Eutelsat Communications' consolidated financial statements prepared under IFRS for the financial year ended 30 June 2012

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	30 June 2011	30 June 2012
ASSETS			
Non-current assets			
Goodwill	5	807.8	807.8
Intangible assets	5	671.0	638.2
Satellites and other property and equipment	6	1,950.2	2,169.2
Construction in progress	6	698.0	718.6
Investments in associates	7	188.4	193.8
Non-current financial assets	8,14	5.8	3.2
Deferred tax assets	21	19.4	23.9
Total non-current assets		**4,340.6**	**4,554.7**
Current assets			
Inventories	9	1.2	0.9
Accounts receivable	10	244.1	270.9
Other current assets	11	19.3	18.0
Current tax receivable	21	1.6	1.2
Current financial assets	12,14	7.6	19.6
Cash and cash equivalents	13	136.9	105.1
Total current assets		**410.6**	**415.7**
TOTAL ASSETS		**4,751.2**	**4,970.4**

(in millions of euros)	Note	30 June 2011	30 June 2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	**15**	**220.1**	**220.1**
Additional paid-in capital	15	453.2	453.2
Reserves and retained earnings		978.3	1,111.4
Non-controlling interests		77.2	63.2
Total shareholders' equity		**1,728.8**	**1,847.9**
Non-current liabilities			
Non-current financial debt	16	2,300.8	2,421.1
Other non-current financial liabilities	17,18	59.2	45.9
Non-current provisions	22	28.6	25.6
Deferred tax liabilities	21	308.0	324.2
Total non-current liabilities		**2,696.6**	**2,816.8**
Current liabilities			
Current financial debt	16	20.0	53.0
Other current financial liabilities	17,18	85.3	78.5
Accounts payable		53.2	47.2
Fixed assets payable		22.2	16.5
Taxes payable		39.7	6.5
Other current payables	20	91.3	97.5
Current provisions	22	14.1	6.5
Total current liabilities		**325.8**	**305.7**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,751.2**	**4,970.4**

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20.1 Financial information for the financial year ended 30 June 2012

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per share data)	Note	30 June 2011	30 June 2012
Revenues	23	1,168.1	1,222.2
Revenues from operations		**1,168.1**	**1,222.2**
Operating costs		(88.7)	(107.1)
Selling, general and administrative expenses		(153.1)	(157.8)
Depreciation and amortisation	5,6	(280.5)	(308.9)
Other operating income	27.2	235.4	-
Other operating expenses	6	(236.1)	(7.1)
Operating income		**645.2**	**641.3**
Financial income		16.5	18.0
Financial expenses		(125.7)	(147.5)
Financial result	**24**	**(109.2)**	**(129.5)**
Income from associates	7	17.8	11.4
Net income before tax		**553.8**	**523.2**
Income tax expense	21	(199.0)	(182.1)
Net income		**354.7**	**341.1**
Attributable to the Group		338.5	326.1
Attributable to non-controlling interests		16.3	15.0
Earnings per share attributable to Eutelsat Communications' shareholders	**25**		
Basic and diluted earnings per share in euro		1.539	1.483

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	30 June 2011	30 June 2012
Net income		**354.7**	**341.1**
Other items of gain or loss on comprehensive income			
Translation adjustment	15.5	(1.9)	(0.6)
Tax effect	21.2	0.2	-
Changes in fair value of cash-flow hedging instruments	15.4, 26.5	75.9	14.0
Tax effect	21.2	(26.0)	(4.3)
Total of other items of gain or loss on comprehensive income		**48.1**	**9.1**
TOTAL COMPREHENSIVE INCOME		**402.9**	**350.3**
Attributable to the Group		386.3	335.4
Attributable to non-controlling interests		16.6	14.9

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	30 June 2011	30 June 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		**354.7**	**341.1**
Income from equity investments	7	(17.8)	(11.4)
Tax and interest expense, other operating items		257.4	307.4
Depreciation, amortisation and provisions		282.5	301.7
Deferred taxes	21	26.5	6.8
Changes in accounts receivable		24.3	(27.9)
Changes in other assets		(6.8)	(7.1)
Changes in accounts payable		33.2	(6.2)
Changes in other debt		3.7	3.9
Taxes paid		(140.9)	(211.1)
Net cash inflow from operating activities		**816.8**	**697.2**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets	6	(545.9)	(487.5)
Movements in equity investments	7.1	60.0	-
Insurance indemnities on property and equipment	27.2	235.1	-
Changes in non-current financial assets		(0.9)	5.0
Dividends received from associates		3.4	3.4
Net cash flows from investing activities		**(248.3)**	**(479.0)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(177.1)	(227.2)
Movements in treasury shares	15.3	(13.6)	(9.9)
Increase in debt		-	1,600.0
Repayment of debt	16	(150.6)	(1,465.0)
Repayment in respect of performance incentives and long-term leases		(11.3)	(11.1)
Other loan-related expenses		-	(28.5)
Interest and other fees paid		(111.7)	(92.3)
Interest received		2.9	3.6
Premiums and termination indemnities paid for derivatives settled	26.2	(6.5)	(29.0)
Acquisition of non-controlling interests	15.3	(7.8)	(2.5)
Other changes		(2.2)	-
Net cash flows from financing activities		**(478.1)**	**(261.9)**
Impact of exchange rate on cash and cash equivalents		0.7	(1.0)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**91.1**	**(44.7)**
Cash and cash equivalents, beginning of period		**41.3**	**132.4**
Cash and cash equivalents, end of period		**132.4**	**87.8**
Cash reconciliation			
Cash	13	136.9	105.1
Overdraft included under debt(1)	16	(4.5)	(17.3)
CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT		**132.4**	**87.8**

(1) Overdrafts are included in determining "Cash and cash equivalents" in the cash-flow statement as they are repayable on demand and form an integral part of the Group's cash-flow management. They are shown as "Current financial debt" under "Current liabilities" on the balance sheet.

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Common stock						
(in millions of euros, except share data)	Number	Amount	Additional paid-in capital	Reserves and retained earnings	Share-holders' equity Group share	Non-controlling interests	Total
As of 30 June 2010	**220,113,982**	**220.1**	**497.1**	**726.0**	**1,443.2**	**69.1**	**1,512.3**
Net income for the period				338.5	338.5	16.2	354.7
Other items of gain or loss on comprehensive income				47.8	47.8	0.3	48.1
Total comprehensive income				**386.3**	**386.3**	**16.6**	**402.9**
Treasury stock				(13.6)	(13.6)	-	(13.6)
Transactions with non-controlling interests				(3.9)	(3.9)	(3.8)	(7.7)
Distributions			(43.9)	(123.0)	(166.9)	(10.3)	(177.1)
Benefits for employees upon exercising options and free shares granted				4.0	4.0	0.2	4.2
"ABSA" commitments				2.2	2.2	1.7	3.9
Liquidity offer				0.3	0.3	3.6	3.9
As of 30 June 2011	**220,113,982**	**220.1**	**453.2**	**978.3**	**1,651.6**	**77.1**	**1,728.8**
Net income for the period				326.1	326.1	15.0	341.1
Other items of gain or loss on comprehensive income				9.3	9.3	(0.1)	9.2
Total comprehensive income				**335.4**	**335.4**	**14.9**	**350.3**
Treasury stock				(9.9)	(9.9)	-	(9.9)
Transactions with non-controlling interests				(1.9)	(1.9)	(0.6)	(2.5)
Distributions				(197.6)	(197.6)	(29.6)	(227.2)
Benefits for employees upon exercising options and free shares granted				5.1	5.1	0.2	5.3
Liquidity offer and others				2.0	2.0	1.2	3.2
As of 30 June 2012	**220,113,982**	**220.1**	**453.2**	**1,111.4**	**1,784.7**	**63.2**	**1,847.9**

Notes to the consolidated financial statements

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Note 1 - Key events during the financial year

- Following its successful launch on 24 September 2011, the EUTELSAT 7 West A satellite went into operational service on 23 October 2011 (see Note 6 "Satellites and other property and equipment" and Note 27.2 "Fleet insurance").
- Following its successful launch on 07 October 2011, the EUTELSAT 16A satellite went into operational service on 09 November 2011 (see Note 6 "Satellites and other property and equipment" and Note 27.2 "Fleet insurance").
- On 6 and 7 December 2011, the Group refinanced its existing credit agreements for a total amount of 1,765 million euros with maturity date of June 2013 (see Note 16 "Financial debt").
- On 19 June 2012, Eutelsat announced that an agreement was signed with GE Capital to acquire the GE-23 satellite. The 228 million U.S. dollars transaction covers the acquisition of the GE-23 satellite and the associated business agreements and orbital rights. The transaction is expected to close in the second half of 2012 (calendar year), subject to regulatory approvals.

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 covering a large geographical area (extended Europe – including North Africa, Russia and the Middle East – the east of North America, Latin America, sub-Saharan Africa and Asia).

Eutelsat S.A. itself derives from the transfer on 2 July 2001 of all of the operating activities, assets, liabilities and commitments of the Eutelsat Intergovernmental Organisation (IGO).

As of 30 June 2012, the Group owns and operates, *via* Eutelsat S.A., 24 satellites in geostationary orbit to provide capacity (assignment and availability) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services (analogue and digital), for business telecommunications services, multimedia applications and messaging and positioning services. Furthermore, the Group uses additional capacity on four satellites belonging to third parties or to related parties.

2.2 – APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements at 30 June 2012 were prepared under the responsibility of the Board of Directors, which adopted them at its meeting on 30 July 2012.

They will be submitted to the approval of the Ordinary General Meeting of Shareholders to be held on 8 November 2012.

Note 3 - Basis of preparation of the financial information

3.1 – COMPLIANCE WITH IFRS

The financial statements at 30 June 2012 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 POLICIES

NEWLY APPLICABLE STANDARDS AND INTERPRETATIONS FOR FINANCIAL PERIODS BEGINNING ON OR AFTER 1 JULY 2011:

The standards and interpretations applicable at 30 June 2012 are identical to those applicable at 30 June 2011, except for the following texts which are required to be applied for all financial periods beginning on or after 1 July 2011:

- IAS 24 revised "Related Party Disclosures", effective for financial years beginning on or after 1 January 2011, and endorsed by the European Union on 20 July 2010;
- improvements to IFRSs released in May 2010, for amendments effective for financial years beginning on or after 1 January 2011 and endorsed by the European Union on 22 February 2011. These amendments cover:
  - IAS 1, which clarifies provisions on the statement of changes in equity by setting out that the OCI analysis must be performed for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. This amendment is applied retrospectively,
  - IFRIC 13, which clarifies the disclosure of certain items in the fair value of gift cards. This amendment is applied retrospectively,
  - IAS 34, which notes that the information provided is an update to the information provided in the latest set of annual financial statements,
  - IFRS 7 on credit risk, which requires disclosure of collateral and other credit enhancements without the effect of over-collateralisation offsetting the effect of under-collateralisation;
- IFRS 3R amendment which (i) limits the option when measuring non-controlling interests in a business combination; (ii) addresses the application of the existing IFRS 3 for adjustments to consideration from business combinations recognised under IFRS 3; (iii) clarifies the accounting treatment for un-replaced and voluntarily replaced share-based payment transactions, with application date starting on 1 July 2010;
- IFRS 7 "Disclosures about Transfers of Financial Assets" released in October 2010, effective as of 1 July 2011, and endorsed by the European Union on 26 November 2011. This amendment requires entities to provide additional information on the risks to which they remain exposed and the effect of such risks on their financial position when financial assets are transferred;

- amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement" effective for financial years beginning on or after 1 January 2011 and endorsed by the European Union on 24 July 2010.

None of these texts has had an impact on previous financial periods or on the consolidated financial statements as of 30 June 2012.

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

- IFRS 9 "Financial Instruments", effective as of 1 January 2015, and yet not endorsed by the European Union;
- improvements to IFRSs released in 2012 for amendments which are effective as of 1 January 2013 and are not yet endorsed by the European Union. These amendments concern:
  - IAS 1 and the clarification of requirements for providing comparative information,
  - IAS 16 and the classification of spare parts,
  - IAS 32 and the recognition of income tax consequence on distributions of dividends to shareholders,
  - IAS 34 and disclosures of assets and liabilities for interim financial reports.

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 JUDGEMENTS AND ESTIMATES

Preparation of the Group's consolidated accounts requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The eventual outcome of the operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment in a subsequent financial period to amounts recognised.

JUDGEMENTS

When preparing the consolidated financial statements for the period ended 30 June 2012, Management exercised its judgement, especially with regard to the dispute with Deutsche Telekom (see Note 27.4 "Litigation").

3.6 – PERIODS PRESENTED AND COMPARATIVES

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June.

The reference currency and the currency used to issue financial statements is the euro.

Note 4 - Significant accounting policies

4.1 – CONSOLIDATION METHOD

The companies controlled directly or indirectly by Eutelsat Communications, even if the Company does not directly own any of the equity of these companies, are consolidated using the full consolidation method. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The determination of control takes into account the existence of potential voting rights, provided that these are immediately exercisable or convertible.

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

Associates over which the Group exerts significant influence (generally between 20% and 50% of voting rights), are accounted for using the equity method. Significant influence is defined as the power to participate in the financial and operational policies of the investee without having joint or sole control over them.

Companies are consolidated as of the date when control, joint control or significant influence is transferred to the Group. The Group's share in the earnings of these companies subsequent to acquisition is recorded in its income statement as of the same date. Similarly, the changes in their reserves following the acquisition that are not related to operations that had an impact on the income statement are recorded in the consolidated reserves up to the limit of the Group's share. Companies cease to be consolidated as of the date when the Group transfers control, joint control or significant influence.

Intra-Group balances and transactions are eliminated on consolidation.

4.2 – ACCOUNTING TREATMENT FOR BUSINESS COMBINATIONS

AFTER STANDARD REVISION IN 2008

Since 1 July 2009, business combinations have been 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 depending on their nature, obligations are entered as debts and subsequently remeasured at fair value, with their changes recorded under income;

- costs directly attributable to the acquisition are expensed in the year during which they are incurred;
- in case of partial disposal, non-controlling interests (formerly known as "minority interests") are measured on the option determined for each combination, either at fair value, or as their proportionate share of the acquired assets and assumed liabilities (similar method used under IFRS 3);
- in a business combination achieved in stages (step acquisition), the previously held ownership interest is remeasured at its acquisition-date fair value. The difference between the fair value and the carrying amount of the ownership interest is recognised directly in income for the reporting period.

The identifiable assets, liabilities and contingent liabilities of the acquired entity, which meet IFRS criteria, are recognised at their fair values at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are measured at fair value less costs to sell.

Goodwill represents the excess of consideration transferred and the value of non-controlling interests, if any, over the fair value of the acquiree's identifiable net assets and liabilities. Depending on the option retained for the valuation of equity interest in an acquisition, the recognised goodwill represents either the only portion acquired by the Group (partial goodwill) or the aggregate of the Group's portion and the non-controlling interests' portion (full goodwill).

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

PRIOR TO STANDARD REVISION IN 2008

Under IFRS 3, business combinations were also recognised using the acquisition method. The main differences with the revised IFRS 3 are as follows:

- acquisition costs were included in the historical cost of an acquisition;
- price adjustments were also part of the cost if payment was probable and could be measured reliably and therefore any subsequent changes in the value were treated as an adjustment to the initial cost of the business combination and recorded against goodwill;
- minority interests (non-controlling interests) could only be recognised on the basis of the fair value of the net assets acquired.

4.3 – ACQUISITION/DISPOSAL OF NON-CONTROLLING INTERESTS

Since 1 July 2009, changes in ownership interests in subsidiaries without loss of control are accounted for as equity transactions and recognised directly in equity. Before the standard was applied and failing any specific provision in the IFRSs, the difference between the price paid (for acquisitions) or received (for disposals) and the carrying amount of the minority interests (non-controlling interests) acquired/transferred was recognised by the Group against goodwill (for acquisitions) or in the income statement (for disposals).

4.4 – FOREIGN CURRENCY OPERATIONS

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transactions.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the functional currency at end of period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the income statement for the period.

Conversely, foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as "Cumulative translation adjustment" within shareholders' equity.

The main foreign currency used is the U.S. dollar. The closing exchange rate used is 1.26 U.S. dollar for 1 euro and the average exchange rate for the period is 1.34 U.S. dollar for 1 euro.

TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS

Each subsidiary outside the eurozone 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 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.

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Intangible assets consist of the "Eutelsat" brand and the associated "Customer Contracts and Relationships" assets. Because its lifetime is indefinite, the "Eutelsat" brand is not amortised but is systematically tested for impairment on a yearly basis.

The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over 20 years.

This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates (see Note 4.8 "Impairment of non-current assets").

RESEARCH AND DEVELOPMENT COSTS

Development costs are recorded as intangible assets if the capitalisation criteria defined under IAS 38 "Intangible Assets" are met. Otherwise, they are expensed in the period in which they are incurred. Research costs are recorded as an item of expenditure.

For the periods ending 30 June 2011 and 2012, no development costs were incurred by the Group.

The Group spent 3.4 million euros on research and development during the financial period ended 30 June 2012.

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

4.6 – GOODWILL

Goodwill is measured at cost at the date of the business combination, representing the difference between the aggregate of the fair value of consideration transferred and the amount of non-controlling interests, and the net amount of identifiable assets acquired and liabilities assumed.

Goodwill arising from the acquisition of a subsidiary is separately identified in the consolidated balance sheet under "Goodwill". Goodwill arising from the acquisition of an associated company is included within the book value of the investment within the 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 the initial investment.

4.7 – SATELLITES AND OTHER PROPERTY AND EQUIPMENT

Satellites and other property and equipment acquired separately ("Tangible fixed assets") are recognised at their acquisition cost, which includes all costs directly attributable to preparing the asset for use, less accumulated depreciation and possible impairment.

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. 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 associated launch insurance costs, capitalised interest, performance incentives and costs directly attributable to monitoring the satellite programme (studies, staff and consultancy costs).

Satellite performance incentives – The Group has a number of contracts with its satellite manufacturers that require the Group to make certain performance incentive payments upon the initial entry into operational service of the satellites and with respect to future periods of successful satellite operation in-orbit. These items are part of the cost of the satellite and are recognised as an asset offsetting a liability equal to the net present value of the expected payments. Any subsequent change in the amount of such an incentive payment with respect to one or more periods is recognised as an adjustment to the cost of a satellite. The new value of the satellite is amortised on a prospective basis over 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 – 18 years
Traffic monitoring equipment	5 – 10 years
Computer equipment	2 – 5 years
Leasehold improvements	3 – 10 years

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When a significant change occurs, depreciation is charged for the years to come by taking into account the asset's new remaining useful life.

Construction in progress – The Construction in progress item primarily consists 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.

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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 and 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.

It is not always necessary to estimate both the fair value of an asset net of disposal costs and its value in use. If either of these amounts is greater than the book value of the asset, its value has not been impaired and there is no need to estimate the other amount.

The Group estimates value in use on the basis of the estimated future pre-tax cash flows (discounted using the Group's WACC) to be generated by an asset or a CGU during its useful life, based upon the medium-term plan approved by Management and reviewed by the Board of Directors. Using a pre-tax 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.

Future cash flows are discounted using long-term pre-tax interest rates which, in the Group’s opinion, best reflect the time value of money and the specific risks associated with the related assets or CGU.

The fair value net of disposal costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm’s length transaction between knowledgeable, willing parties, less the costs relating to the transaction.

Impairment losses and their reversals are recognised in the income statement under the items “Other operating costs” and “Other operating income” respectively. An impairment of goodwill cannot be reversed.

As of 30 June 2011 and 2012, the following CGUs have been identified for the purpose of impairment tests:

- each satellite, *i.e.* 28 as of 30 June 2012;
- investment in the Hispasat Group;
- each of the four assets related to “Customer Contracts and Relationships”.

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 mutual fund investments (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 – DERIVATIVE INSTRUMENTS

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

Where a derivative can be qualified as a hedging instrument, it is valued and recorded in accordance with the hedge accounting rules laid down 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

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

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

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified in the income statement when the hedged transaction affects profit or loss. Reclassified gains and losses are recorded under "Other operating income" or "Other operating costs" for cash flow hedges of operational exposures and under Financial Result for cash flow hedges of financing exposures.

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.

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4.10.6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which a financial asset could be exchanged, or an extinguished liability, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets and liabilities traded on active markets (as in the case of certain equity interests, 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.

4.10.7 – FIRM OR CONDITIONAL COMMITMENTS TO PURCHASE NON-CONTROLLING INTERESTS

Under the revised IAS 27 "Consolidated and Separate Financial Statements", and IAS 32 "Financial Instruments: Presentation", the Group recognises the fair value of firm or conditional commitments to purchase non-controlling interests as financial debt, offset by a reduction in non-controlling interests.

Any change in the fair value of the obligation subsequent to its initial recognition is considered as an adjustment affecting the income statement.

4.11 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents 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 represent 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 contract, payment of the difference between the contractual price and the price that would have been paid for a contract with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

Revenues are recognised over the contractual period during which services are rendered, provided that a contract exists and the price is fixed or determinable, and provided that, as of the date it is recorded in the accounts, it is probable that the amount receivable will be recovered.

Deferred revenues include 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 – DEFERRED TAXES

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.

4.15 – 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.

4.16 – POST-EMPLOYMENT BENEFITS

The Group's retirement schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits, is entered as a liability on the basis of an actuarial valuation of the obligations toward employees at year-end, using the "projected credit unit" method. This method accrues the employee's pension benefit by periods of service according to the formula for entitlement to benefits under the plan.

The value of expected future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, salary growth, and age at retirement.The rate used to discount estimated cash flows is determined by reference to long-term market yields on high quality corporate bonds.

A complete assessment of the discounted present value of the benefit is outsourced each year and reviewed at interim periods to identify any significant changes.

When actuarial gains and losses arising as a result of changes in actuarial assumptions exceed by more than 10% the greater of the following amounts, the relevant net gains or losses are amortised over the expected average remaining working lives of the employees benefiting from these plans:

- the discounted value of the defined benefit obligation at the balance sheet date;
- the fair value of plan assets at that date.

The pension cost for the period, consisting of service cost, is recognised in operating income. The net expense (income) corresponds to the interest expense (on unwinding the discount) less the expected return on plan assets, and is fully recognised in the financial result.

Management of the defined contribution plans is performed by an independent entity to which the Group has the obligation to make regular contributions. All payments made by the Group with respect to these plans are recognised in operating costs for the period.

4.17 – FINANCIAL GUARANTEE GRANTED TO A PENSION FUND

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a Trust prior to the contribution transactions that led to the creation of Eutelsat. This defined-benefit pension scheme has been closed and the vested pension rights were frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 4.16 "Post-employment benefits", despite the fact that the Group has not assumed the legal commitments entered into by the Intergovernmental Organisation ("IGO") in respect of the pension fund.

4.18 – PROVISIONS

A provision is 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.

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Note 5 - Goodwill and other intangibles

The "Goodwill and Other Intangibles" item breaks down as follows:

CHANGES IN GROSS ASSETS, DEPRECIATION AND AMORTISATION

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
GROSS ASSETS					
30 June 2010	**807.8**	**889.0**	**40.8**	**37.0**	**1,774.6**
Acquisitions	-	-	-	8.2	8.2
Disposals	-	-	-	-	-
Transfers	-	-	-	4.2	4.2
30 June 2011	**807.8**	**889.0**	**40.8**	**49.4**	**1,787.0**
Acquisitions	-	-	-	19.4	19.4
Disposals	-	-	-	-	-
Transfers	-	-	-	0.8	0.8
30 JUNE 2012	**807.8**	**889.0**	**40.8**	**69.6**	**1,807.2**
DEPRECIATION AND AMORTISATION:					
Accumulated depreciation as of 30 June 2010	**-**	**(233.5)**	**-**	**(24.2)**	**(257.6)**
Annual allowance	-	(44.5)	-	(6.2)	(50.5)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation as of 30 June 2011	**-**	**(277.8)**	**-**	**(30.4)**	**(308.1)**
Annual allowance	-	(44.5)	-	(8.5)	(53.0)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2012	**-**	**(322.3)**	**-**	**(38.9)**	**(361.2)**
Net value as of 30 June 2010	807.8	655.5	40.8	12.8	1,516.9
Net value as of 30 June 2011	807.8	611.2	40.8	19.0	1,478.8
Net value as of 30 June 2012	**807.8**	**566.7**	**40.8**	**30.7**	**1,446.0**

The economic conditions observed as prevailing as of 30 June 2012 did not lead Management to review the annual impairment test of the goodwill, carried out at 31 December 2011. At that date, the recoverable value as measured by analysing the implicit market value (fair value) of Eutelsat S.A. based on the stock-exchange value of Eutelsat Communications S.A. (and taking into account this Company's debt) compared with/corroborated by the latest private transactions involving Eutelsat S.A. shares did not call into question the amount shown on the balance sheet.

The Group's Management took the view that the current context did not alter assumptions made at 31 December 2011, the decrease in the stock price being far from requiring a new impairment test.

The share price on the stock-exchange would have to drop by at least 73% for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

Note 6 - Satellites and other property and equipment

"Satellites and other property and equipment" is broken down as follows (including assets acquired under finance leases):

CHANGES IN GROSS ASSETS, DEPRECIATION AND AMORTISATION

(in millions of euros)	Satellites (1)	Other property and equipment	Construction in progress	Total
GROSS ASSETS				
Gross value at 30 June 2010	**3,028.7**	**169.6**	**732.9**	**3,931.2**
Change in gross value	-	-	-	-
Acquisitions	15.4	40.7	532.0	588.1
Disposals and scrapping of assets	-	(9.9)	(235.9)	(245.8)
Transfers	295.9	30.7	(331.0)	(4.3)
Gross value at 30 June 2011	**3,340.0**	**231.1**	**698.0**	**4,269.1**
Acquisitions	1.2	32.6	464.9	498.7
Disposals and scrapping of assets	(296.8)	(2.1)	-	(298.9)
Transfers	445.1	(4.4)	(444.3)	(3.6)
GROSS VALUE AT 30 JUNE 2012	**3,489.5**	**257.2**	**718.6**	**4,465.3**
DEPRECIATION				
Accumulated depreciation as of 30 June 2010	**(1,305.1)**	**(95.6)**	**-**	**(1,400.7)**
Annual allowance	(207.5)	(22.3)	-	(229.9)
Reversals	-	9.6	-	9.6
Impairment	-	-	-	-
Accumulated depreciation as of 30 June 2011	**(1,512.6)**	**(108.3)**	**-**	**(1,620.9)**
Annual allowance	(224.8)	(30.8)	-	(255.6)
Reversals	296.4	2.6	-	299.0
Impairment	-	-	-	-
ACCUMULATED DEPRECIATION AS OF 30 JUNE 2012	**(1,441.0)**	**(136.5)**	**-**	**(1,577.5)**
Net value as of 30 June 2010	1,723.6	74.0	732.9	2,530.5
Net value as of 30 June 2011	1,827.4	122.8	698.0	2,648.2
Net value as of 30 June 2012	**2,048.5**	**120.7**	**718.6**	**2,887.8**

(1) Including satellites under finance leases:

(in millions of euros)	
Gross value	93.0
Net value as of 30 June 2012	32.3

In particular, this item refers to two satellites for which capacity is leased, with the relevant agreements being considered as finance leases and recognised accordingly as assets:

	Gross value	Net value		
SESAT 2(1)	60.0	20.3	12 transponders	Contract dated March 2004 covering the satellite's remaining useful life
EUTELSAT 3A	16.9	12.0	10 transponders	Agreement dated December 2010 covering the satellite's remaining useful life

(1) Gross value corresponding to the fair value of the satellites as of 4 April 2005, the date of acquisition of Eutelsat S.A. by Eutelsat Communications.

Satellite-related transfers at 30 June 2011 correspond to delivering the Eutelsat KA-SAT 9A satellite (launched during the financial year) into geostationary orbit.

Satellite-related transfers at 30 June 2012 correspond to the entry into operational service of the EUTELSAT 7 West A and EUTELSAT 16A satellites launched during the financial year.

The W75 and W1 satellites were fully depreciated and de-orbited during the financial year ended 30 June 2012.

6.1 – W3B SATELLITE

Following its launch on 28 October 2010, the W3B satellite suffered an anomaly related to its propulsion sub-system, precluding any possible entry into commercial service of the satellite. On 17 November 2010, the Group filed an insurance claim for the total loss of the spacecraft. This incident had no impact on the continuity of service provided to the Group's customers, but it resulted in Eutelsat recognising the impairment caused by the loss of the satellite under "Other operating expenses". As of 30 June 2011, Eutelsat had received the indemnity in full.

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6.2 – CONSTRUCTION IN PROGRESS

The satellites EUTELSAT 21B, EUTELSAT 70B, EUTELSAT 25B, EUTELSAT 3D, EUTELSAT 3B and EUTELSAT 9B are currently under construction. The first two satellites are expected to be launched in 2012-2013, the third and fourth in 2013-2014 and the last two in 2014-2015.

The EUTELSAT 25B and EUTELSAT 9B satellites are developed in partnership with other operators.

Note 7 - Investments in associates

At 30 June 2011 and 30 June 2012, the "Investments in associates" item is as follows:

(in millions of euros)	30 June 2011	30 June 2012
Solaris Mobile	8.1	5.8
Hispasat	180.3	188.0
Total	188.4	193.8

7.1 – SOLARIS MOBILE LTD

During the 2007-2008 financial year, the Group set up a company in partnership with SES Astra called Solaris Mobile Ltd. (Solaris) in Dublin (Ireland) to provide services in the S band.

This frequency band can distribute television, video and radio services, as well as bi-directional communications for portable mobile equipment such as telephones, computers and multimedia readers.

On 14 May 2009, the European Commission announced that Solaris Mobile Ltd was being awarded 15 MHz of S-band frequency spectrum in Europe, with the other 15 MHz of frequency spectrum in Europe being awarded to Inmarsat.

Following an anomaly observed on the S-band payload embarked on the EUTELSAT 10A satellite, the value of the S-band capacity was fully impaired as of 30 June 2009.

However, the Company remains confident in its ability to meet the commitments entered into with the European Commission with respect to frequency operation.

Solaris is 50% held by Eutelsat, which has joint control with its partner.

During the period ended 30 June 2011, Solaris reduced its capital by 120 million euros. The Group received its share, *i.e.* 60 million euros.

CHANGE IN THE CARRYING AMOUNT OF THE EQUITY INVESTMENT IN THE BALANCE SHEET

(in millions of euros)	30 June 2011	30 June 2012
Value of the equity investment at beginning of period	**71.1**	**8.1**
Capital reduction	(60.0)	-
Share of income	(3.0)	(2.3)
Impact of income and expenses directly recognised under equity	-	-
VALUE OF THE EQUITY INVESTMENT AT END OF PERIOD	**8.1**	**5.8**

The following table shows the half-year accounts of Solaris:

(in millions of euros)	30 June 2011	30 June 2012
Non-current assets	4.0	4.0
Current assets	14.0	8.4
Non-current liabilities	-	-
Current liabilities	1.7	0.7
TOTAL NET ASSETS	**16.3**	**11.7**
Operating income	-	-
Net income	(5.9)	(4.6)

7.2 – HISPASAT GROUP

At 30 June 2011 and 2012, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, a private unlisted Spanish satellite operator.

CHANGE IN THE CARRYING AMOUNT OF THE EQUITY INVESTMENT IN THE BALANCE SHEET

(in millions of euros)	30 June 2011	30 June 2012
Value of the equity investment at beginning of period	**161.8**	**180.3**
Share of income	20.7	13.7
Impact of income and expenses directly recognised under equity and dividends	(2.2)	(6.0)
VALUE OF THE EQUITY INVESTMENT AT END OF PERIOD	**180.3**	**188.0**

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat Group:

(in millions of euros)	30 June 2011	30 June 2012
Intangible rights[(1)]	27.7	27.7
Service agreement[(2)]	1.0	0.8
Investment in Hisdesat	5.0	5.0
Sub-total	**33.7**	**33.5**
Hispasat net assets	146.6	154.5
TOTAL	**180.3**	**188.0**

(1) These relate to rights to the use of frequencies at the 30°West orbital position, together with long-term contractual relationships with customers. The useful life of this intangible asset is considered indefinite, given the high probability of renewal of the administrative authorisations for the use of frequencies (which are given for a period of 75 years) and the specific nature of existing customer contracts. An impairment test is performed by the Company each year.
(2) The useful lives of the other identified intangible assets have been estimated at 15 years.

The following table presents the annual accounts of the Hispasat group.

(in millions of euros)	31 December 2010	31 December 2011
Non-current assets	818.3	892.8
Current assets	166.8	179.9
Non-current liabilities	323.8	388.4
Current liabilities	120.8	90.0
TOTAL NET ASSETS	**540.5**	**594.3**
Operating income	174.8	182.4
Net income	72.7	56.1

At 30 June 2011 and 2012, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from:

- Hispasat, after amortisation of the identified intangible assets;
- Solaris Mobile Ltd.

Note 8 - Non-current financial assets

Non-current financial assets are primarily made up of long-term loans and advances.

Long-term loans and advances mainly consist of loans to social welfare bodies for 1.4 million euros and guarantee deposits paid for renting Eutelsat S.A. premises in Paris for a total of 0.9 million euros.

Note 9 - Inventories

Gross and net inventories amount to 3.5 million euros and 1.2 million euros at 30 June 2011 and 2.8 million euros and 0.9 million euros at 30 June 2012. They mainly comprise receive antennas and modems.

The allowance for stock depletion was 2.3 million euros and 1.9 million euros respectively for the financial periods ended 30 June 2011 and 2012.

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 2011, the net book value of these receivables was 244.1 million euros and the corresponding impairment charge was 22.7 million euros.

As of 30 June 2012, the net value of these receivables was 270.9 million euros. The corresponding impairment charge stood at 28.1 million euros.

Accounts receivable at 30 June 2011 and 2012 are for short-term amounts and bear no interest.

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The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2012 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 2011-2012, the Group began to experience the impact of the current economic crisis in some of the areas in which it operates. Consequently, particular vigilance is called for with regard to clients in geographical areas considered as being most exposed to the effects of the financial crisis. Nonetheless, the Company considers that dealing with bad debt represents only a limited risk, as unrecoverable debt is estimated at around 2.9% of the value of accounts receivable as of 30 June 2012.

The amount of bad debt represents 1.1 million euros and 2.0 million euros at 30 June 2011 and 2012 respectively.

10.1 – EVOLUTION OF THE ALLOWANCE FOR BAD DEBT

(in millions of euros)	Total
Value at 30 June 2010	**20.5**
Annual allowance	12.7
Reversals (used)	(1.0)
Reversals (unused)	(9.5)
Value at 30 June 2011	**22.7**
Annual allowance	15.1
Reversals (used)	(1.2)
Reversals (unused)	(8.5)
VALUE AT 30 JUNE 2012	**28.1**

10.2 – ANALYSIS OF ACCOUNTS RECEIVABLE (MATURED AND UNMATURED)

(in millions of euros)	30 June 2011	30 June 2012
Non-matured receivables	182.1	187.3
Unimpaired matured receivables	55.7	86.7
Between 0 and 30 days	*34.5*	*60.3*
Between 30 and 90 days	*5.0*	*4.4*
More than 90 days	*16.2*	*22.0*
Matured and impaired receivables	29.0	25.0
Between 0 and 30 days	-	-
Between 30 and 90 days	*12.1*	*20.6*
More than 90 days	*16.9*	*4.4*
Impairment	(22.7)	(28.1)
TOTAL	**244.1**	**270.9**

10.3 – GUARANTEES AND COMMITMENTS RECEIVED, WHICH REDUCE THE CREDIT RISK

	30 June 2011		30 June 2012	
(in millions of euros)	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	93.7	42.2	86.8	32.1
Bank guarantees	72.7	52.0	81.2	61.4
Guarantees from the parent company	37.7	37.7	15.9	15.9
TOTAL	**204.1**	**131.9**	**183.9**	**109.4**

Guarantee deposits are recognised in "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 2011	30 June 2012
Prepaid expenses	6.6	6.2
Tax and employee-related receivables	12.7	11.8
TOTAL	**19.3**	**18.0**

Note 12 - Current financial assets

(in millions of euros)	30 June 2011	30 June 2012
Hedging instruments[1]	2.1	0.3
Other receivables	5.5	19.3
TOTAL	**7.6**	**19.6**

(1) See Note 26.5 "Financial Instruments".

Note 13 - Cash and cash equivalents

Cash and cash equivalents are as follows:

(in millions of euros)	30 June 2011	30 June 2012
Cash	63.3	38.3
Cash equivalents	73.6	66.8
TOTAL	**136.9**	**105.1**

Cash equivalents are mainly composed of deposit certificates, the great majority of which mature less than one month on the date of acquisition, and mutual fund investments 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 indicates its fair value, whether or not the instrument was recognised at fair value when the balance sheet was prepared:

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2011 Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value at 30 June 2011
ASSETS						
Non-current financial assets						
Unconsolidated investments	Available-for-sale	-	-			-
Long-term loans and advances	Receivables	5.8	5.8			5.8
Current financial assets						
Accounts receivable	Receivables	244.1	244.1			244.1
Other receivables	Receivables	5.4	5.4			5.4
Financial instruments[(1)]						
• Qualified as cash flow hedges	N/A	1.7		1.7		1.7
• Non-qualified as cash flow hedges	Held for trading purposes	0.5			0.5	0.5
Cash and cash equivalents						
Cash	N/A	63.3	63.3			63.3
Mutual fund investments[(2)]	Fair value option	66.2	66.2			66.2
Other cash equivalents	Receivables	7.4	7.4			7.4

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2012 Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value at 30 June 2012
ASSETS						
Non-current financial assets						
Unconsolidated investments	Available-for-sale	-	-			-
Long-term loans and advances	Receivables	3.2	3.2			3.2
Current financial assets						
Accounts receivable	Receivables	270.9	270.9			270.9
Other receivables	Receivables	19.3	19.3			19.3
Financial instruments[(1)]						
• Qualified as cash flow hedges	N/A	0.3		0.3		0.3
• Non-qualified as cash flow hedges	Held for trading purposes	-			-	-
Cash and cash equivalents						
Cash	N/A	38.3	38.3			38.3
Mutual fund investments[(2)]	Fair value	59.6	59.6			59.6
Other cash equivalents	Receivables	7.2	7.2			7.2

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

Note 15 - Shareholders' equity

15.1 – SHAREHOLDERS' EQUITY

As of 30 June 2012, the share capital of Eutelsat Communications S.A. comprised 220,113,982 ordinary shares with a par value of 1 euro per share. As of the same date, in terms of treasury stock, the Group holds 151,895 treasury shares amounting to 3.4 million euros under a liquidity agreement. As of 30 June 2011, the Group was holding 44,156 such shares corresponding to a total amount of 1.4 million euros. Furthermore, under the free share allocation plans (see below), the Group holds 800,000 equity shares amounting to 21.1 million euros.

The aggregate amount of treasury stock is deducted from shareholders' equity.

Changes in the share capital and the additional paid-in capital of the Company since 30 June 2011 are presented below:

Definitive date of each operation	Operations	Number of shares issued/ cancelled	Nominal capital increase/ reduction (in millions of euros)	Additional paid-in capital (in millions of euros)	Nominal share capital after each operation (in millions of euros)	Cumulative number of shares	Par value of shares (in euros)
30/06/2011		-	-	453.2	220.1	220,113,982	1
08/11/2011	Distribution of dividends (GM of 08/11/2011)	-	-	-	220.1	220,113,982	1
30/06/2012		-	-	453.2	220.1	220,113,982	1

15.2 – DIVIDENDS

On 8 November 2011, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 0.90 euro per share, *i.e.* a total of 197.6 million euros, taken from net income for the financial year 2010-2011.

The amount of the distribution for the financial year ended 30 June 2012, which is being proposed to the General Meeting of 8 November 2012, is 219.3 million euros, *i.e.* 1.00 euro per share.

15.3 – SHARE-BASED COMPENSATION

STOCK-OPTIONS

At 30 June 2012, the Group no longer offers stock-option plans.

FREE SHARE ALLOCATION

There are currently two such plans implemented by the Group in February 2010 and July 2011.

Under the two plans, the expense recognised for the financial period ended 30 June 2012, with a double entry to shareholders' equity, was 5.3 million euros.

Features	Plan 02/2010	Plan 07/2011
Vesting period	February 2010-February 2013	July 2011-June 2014(1)
Settled in	Shares	Shares
Lock-up period	February 2013-February 2015	July 2014-June 2016(2)
Maximum number of attributable shares	700,000	700,000
Expense for the period	€4.0 million	€1.3 million
Aggregate valuation of plan at 30/06/2012	€11.9 million	€4.6 million

(1) For foreign subsidiaries, the vesting period is July 2011 to July 2015.
(2) There is no lock-up period for foreign subsidiaries.

Furthermore, in accordance with IAS 32 "Financial Instruments: Presentation", the acquisition cost of shares bought back by the Group under the above free share allocation plans will be recorded as a reduction to the Group's share of shareholders' equity.

LIQUIDITY OFFER FOR EMPLOYEES OF THE GROUP WHO ARE SHAREHOLDERS IN EUTELSAT S.A.

Since 30 June 2011, under a liquidity agreement implemented in December 2011 and May 2012, the Group has acquired 350,942 Eutelsat S.A. shares from Eutelsat S.A. employees.

The acquisition cost amounted to 2.5 million euros.

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15.4 – CHANGE IN THE REVALUATION RESERVE OF FINANCIAL INSTRUMENTS

All financial instruments that have an impact upon the revaluation reserve are cash-flow hedges for the effective portion.

(in millions of euros)	Total
Balance at 30 June 2011	**(49.1)**
Changes in fair value within equity	(37.5)
Transfer to the income statement[(1)]	51.5
BALANCE AT 30 JUNE 2012	**(35.1)**

(1) Including 28.3 million euros corresponding to coupons due and matured on the swap and 23.1 million euros corresponding to the share of the swap for which hedging relationships were interrupted (see Note 26.2 "Interest-rate risk").

15.5 – TRANSLATION RESERVE

(in millions of euros)	Total
Balance at 30 June 2011	**(0.6)**
Change over the period	1.9
BALANCE AT 30 JUNE 2012	**1.3**

The translation reserve does not include the (2.5) million euros change in the translation adjustment for Hispasat.

Note 16 - Financial debt

At 30 June 2011 and 2012, all debt was denominated in euros.

FINANCIAL INFORMATION AT 30 JUNE 2011 AND 2012

(in millions of euros)	Rate	30 June 2011	30 June 2012	Maturity
Term loan	Variable	1,465.0	-	08 June 2013
Term loan 2016	Variable	-	800.0	06 December 2016
Eurobond 2017[(1)]	4.145%	850.0	850.0	27 March 2017
Eurobond 2019[(2)]	5.000%	-	800.0	14 January 2019
Sub-total of debt (non-current portion)		**2,315.0**	**2,450.0**	
Loan set-up fees and premiums		(14.2)	(28.9)	
Total of debt (non-current portion)		**2,300.8**	**2,421.1**	
Bank overdrafts		4.5	17.3	
Accrued interest not yet due		15.4	35.6	
Portion of the loans due within one year (excluding revolving credit)		0.1	-	
TOTAL OF DEBT (CURRENT PORTION)		**20.0**	**53.0**	

(1) Fair values are €859.4 million and €939.8 million at 30 June 2011 and 2012 respectively.
(2) Fair value is €886.5 million at 30 June 2012.

The weighted average interest rate on amounts drawn under the revolving credit facility for the period ended 30 June 2012 is 2.51%.

The Group also has 650.0 million euros available under its various lines of undrawn revolving credit.

CHANGE IN STRUCTURE

Since 30 June 2011, the Group has refinanced its existing credit agreements at Eutelsat Communications' holding level for a total amount of 1,765 million euros with maturity date of June 2013.

The refinancing is expected to take place through:

- A seven-year 800 million euros inaugural Eurobond issued on 7 December 2011 on the Luxembourg Stock Exchange regulated market, with maturity date of 14 January 2019. This bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 5.000% *per annum*, issued at 99.186%, and redeemable at maturity at 100% of its principal amount.
- Two new five-year credit facilities entered into by Eutelsat Communications S.A. on 6 December 2011 with maturity date of 6 December 2016:
  - a 800 million euro term loan issued by Eutelsat Communications S.A. bearing interest at EURIBOR plus a margin of between 1.50% and 3.25% according to the long-term ratings assigned by Standard & Poor's (S&P) and Moody's to Eutelsat Communications S.A. The initial margin stands at 2.25%. Interest periods are periods of six months beginning 29 April and 29 October each calendar year, except for the three first periods which are less than six months;
  - a new 200 million euro revolving credit facility granted to Eutelsat Communications S.A. Amounts drawn for a maximum period of 6 months bearing interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin of between 1.00% and 2.75%, depending on Eutelsat Communications S.A.'s long-term rating assigned by Standard & Poor's and Moody's. The initial margin stands at 1.75%. A fee

for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a 0.15% utilisation commission if less than 33.33% of the revolving credit facility is used, 0.30% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.50% commission for any portion exceeding 66.67%.

The credit agreement and the bond issue 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 Communications and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into mergers, acquisitions, asset disposals, or lease transactions (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 eurobond issue allows each party to request early repayment of all sums due in case of unregulated downgrading, at the end of a period of 120 or 180 days as appropriate, of Eutelsat S.A. or bonds issued by Eutelsat S.A. respectively as a result of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (other than control acquisition by the Group's reference shareholders). This provision does not apply in case of Group restructuring.

The credit 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.

The credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRSs:

- Eutelsat Communications and Eutelsat S.A. are required to maintain a total net debt to annualised EBITDA ratio (as defined contractually), which is less than or equal to 3.75 to 1, this ratio being tested as of 30 June and 31 December each year;
- Furthermore, interest rate hedging is required for a minimum period of three years to limit exposure to interest rate risk for no less than 50% of the amounts drawn under the term loan facility.

The proceeds of the bond issue and the newly implemented credit facilities were used by the Group to reimburse the previous credit lines.

DEBT MATURITY ANALYSIS

At 30 June 2012, 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
Eutelsat Communications term loan	800.0	-	800.0	-
Eutelsat S.A. revolving credit facility	-	-	-	-
Eurobond 2017	850.0	-	850.0	-
Eurobond 2019	800.0	-	-	800.0
TOTAL	**2,450.0**	**-**	**1,650.0**	**800.0**

COMPLIANCE WITH BANKING COVENANTS

As of 30 June 2012, the Group was in compliance with all banking covenants under its credit facilities.

RISK MANAGEMENT

Information on interest rate risk and liquidity risk is available in Note 10 "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 2011	30 June 2012
Financial instruments[1]	55.2	38.5
Performance incentives[2]	18.2	12.5
Finance leases[3]	15.4	11.2
Other liabilities	55.7	62.2
TOTAL	**144.5**	**124.4**
Incl. current portion	*85.3*	*78.5*
Incl. non-current portion	*59.2*	*45.9*

(1) See Note 26 "Financial instruments".
(2) Including interest related to "Performance incentives" of €5.9 million at 30 June 2011 and €4.1 million at 30 June 2012.
(3) Including interest related to finance leases for amounts lower than €0.1 million at 30 June 2011 and at 30 June 2012.

"Other liabilities" comprise advance payments and deposits from clients, as well as debt related to the EUTELSAT 48B satellite.

17.1 – COMMITMENT IN RESPECT OF EUTELSAT 48B

On 22 January 2009, the EUTELSAT 48B satellite suffered a major anomaly. On 27 February 2009, a submission was sent to insurers with proof of the loss and quantification of the claim.

The loss was treated as a constructive total loss by all insurers involved in the programme. An insurance indemnity of 120.5 million euros representing the full amount of the loss insured was therefore paid to Eutelsat in June 2009.

The agreement with insurers also provides that if the satellite can be brought into commercial service at some time in the future, a portion of the revenues would be returned to insurers, subject to a total repayment ceiling of 30 million euros.

Any revenues would be recognised annually from 1 July 2009 but the first annual payment of the insurers' portion would not be settled before August 2012, under the suspensive condition of it still being possible to operate the satellite commercially as of 1 July 2012.

The satellite being operated commercially as of the date of preparing these annual financial statements, a 7.1 million euros provision has been recorded to settle the insurance indemnity.

Note 18 - Financial liabilities

18.1 – BREAKDOWN BY CATEGORY

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2011 – Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value at 30 June 2011
LIABILITIES						
Financial debt						
Credit lines	At amortised cost	1,460.1	1,460.1			1,460.1
Bond	At amortised cost	840.7	840.7			859.4
Fixed rate loans	At amortised cost	0.1	0.1			0.1
Floating rate loans	At amortised cost	-	-			-
Bank overdrafts	N/A	4.5	4.5			4.5
Other financial liabilities						
Non-current	At amortised cost	59.2	59.2			59.2
Current	At amortised cost	30.1	30.1			30.1
Financial instruments(1)						
• Qualified as cash-flow hedges		55.2		55.2		55.2
• Qualified as trading instruments		-			-	-
Accounts payable	At amortised cost	53.2	53.2			53.2
Fixed assets payable	At amortised cost	22.2	22.2			22.2

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2012 – Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value at 30 June 2012
LIABILITIES						
Financial debt						
Credit lines	At amortised cost	789.1	789.1			789.1
Bond	At amortised cost	1,631.9	1,631.9			1,826.3
Fixed rate loans	At amortised cost	-	-			-
Floating rate loans	At amortised cost	-	-			-
Bank overdrafts	N/A	17.3	17.3			17.3
Other financial liabilities						
Non-current	At amortised cost	45.9	45.9			45.9
Current	At amortised cost	40.0	40.0			40.0
Financial instruments(1)						
• Qualified as cash-flow hedges		33.8		33.8		33.8
• Qualified as trading instruments		4.7			4.7	4.7
Accounts payable	At amortised cost	47.2	47.2			47.2
Fixed assets payable	At amortised cost	16.5	16.5			16.5

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

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Note 19 - Operating and finance leases

19.1 – OPERATING LEASES

Eutelsat S.A. pays rent for use of its registered office located in Paris. The operating lease was renewed in advance on 25 November 2009 for a nine year-period starting on 1 August 2009 with contractual maturity date at 31 July 2018 and a fixed term of six years and five months. The rent expense amounted to 3.8 million euros and 3.9 million euros for the financial years ended 30 June 2011 and 2012 respectively. Future payments with respect to the lease agreement are detailed in the following table:

(in millions of euros)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future payments for operating leases	14.5	4.1	10.4	-

19.2 – FINANCE LEASES

The Group operates four satellites under finance leases. None of the finance leases contains a purchase option at the expiry of the lease term. The last finance lease contract expires in 2016.

At 30 June 2012, three of the four finance leases were pre-paid.

Financial expenses for satellites operated under finance leases amounted to 0.1 million euros at 30 June 2011 and 0.6 million euros at 30 June 2012.

Note 20 - Other payables and deferred revenues

20.1 – NON-CURRENT PORTION

Other non-current debts only comprise deferred revenue.

20.2 – CURRENT PORTION

Other current payables and deferred revenues were as follows at 30 June 2011 and 2012:

(in millions of euros)	30 June 2011	30 June 2012
Deferred revenues	44.1	54.4
Tax liabilities	11.9	10.9
Liabilities for social contributions(1)	35.3	32.2
TOTAL	**91.3**	**97.5**

(1) Including the liability related to the liquidity offer of €9.7 million at 30 June 2011 and €4.8 million at 30 June 2012 (see Note 15.3 "Share-based payment").

Note 21 - Current and deferred tax

The scope of the tax consolidation for the Group headed by Eutelsat Communications includes the following subsidiaries: Eutelsat S.A., Eutelsat VAS S.A.S., Eutelsat Communications Finance S.A.S., Fransat S.A. and Skylogic France S.A.S.

The companies Eutelsat Communications and Eutelsat S.A., which are included in the tax consolidation group headed by Eutelsat Communications, are subject to a tax audit for financial years ended 30 June 2009, 2010 and 2011. Eutelsat Communications has not received any notification as of the date of preparation of the financial statements. At this stage, the Company is not informed of any pronouncement that is likely to generate a potential liability.

21.1 – INCOME-STATEMENT TAX BALANCES

"Income tax expense" shows current and deferred tax expenses for consolidated entities.

The Group's income tax expense is as follows:

(in millions of euros)	30 June 2011	30 June 2012
Current tax expense	(169.3)	(178.3)
Deferred tax income (expense)	(29.7)	(3.8)
TOTAL INCOME TAX EXPENSE	**(199.0)**	**(182.1)**

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 2011	30 June 2012
Income before tax and income from equity investments	536.0	511.8
Standard French corporate tax rate	*34.43%*	*36.10%*
Theoretical income-tax expense	(184.6)	(184.8)
Permanent differences and other items	(14.5)	2.7
CORPORATE TAX EXPENSE IN THE INCOME STATEMENT	**(199.0)**	**(182.1)**
Actual corporate tax rate	*37.1%*	*35.6%*

As of 30 June 2011, the tax rate amounted to 37.1%. The tax rate distortion is mainly explained by losses of foreign subsidiaries which were not recognised as active deferred taxes.

As of 30 June 2012, the difference between the actual corporate income tax rate and the theoretical income tax rate is mainly explained by the recognition of a deferred tax asset.

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 2011 and 30 June 2012 were as follows:

(in millions of euros)	30 June 2011	Net income for the period	Recognised in equity	30 June 2012
DEFERRED TAX ASSETS				
Financial Instruments	16.4	0.8	(4.8)[1]	12.4
Provisions for impairment of assets	11.8	(2.3)	-	9.5
Capitalisation of losses carried forward	-	12.0	-	12.0
Bad-debt provisions	20.1	(2.6)	-	17.5
Financial guarantee granted to the pension fund	5.2	0.1	-	5.3
Performance incentives and capitalised salaries	0.4	(0.8)	-	(0.4)
Provisions for risks and expenses	2.7	(1.2)	-	1.5
Accrued liabilities	5.3	(0.5)	-	4.8
Pension provision	2.7	0.1	-	2.8
Sub-total (a)	**64.6**	**5.7**	**(4.8)**	**65.4**
DEFERRED TAX LIABILITIES				
Intangible assets	(224.5)	14.6	-	(209.9)
Exceptional depreciation	(119.5)	(26.7)	-	(146.2)
Capitalised interest	(3.1)	0.5	-	(2.6)
Finance leases	(1.2)	0.1	-	(1.1)
Other	(4.9)	(1.0)	-	(5.9)
Sub-total (b)	**(353.2)**	**(12.5)**	**-**	**(365.7)**
TOTAL = (A) + (B)	**(288.6)**	**(6.8)[3]**	**(4.8)[2]**	**(300.3)**
REFLECTED AS FOLLOWS IN THE FINANCIAL STATEMENTS:				
Deferred tax assets	19.4			23.9
Deferred tax liabilities	(308.0)			(324.2)
TOTAL	**(288.6)**			**(300.3)**

(1) This amount does not include changes in respect of equity investments amounting to €0.4 million for the period.
(2) This amount does not include the change in shareholders' equity of equity investments with regard to translation adjustments amounting to €0.6 million.
(3) Excluding reversal of contingency provisions for €3.0 million.

Deferred tax assets and liabilities break down as follows:

(in millions of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	10.4	(17.0)
Due after one year	13.5	(307.2)
TOTAL	**23.9**	**(324.2)**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 A

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 euros amortisation of customer contracts over 20 years generates a deferred tax income;
- accelerated depreciation ("amortissements dérogatoires") of satellites.

Note 22 - Provisions

(in millions of euros)	30 June 2011	Allowance	Reversal		30 June 2012
			Used	Unused	
Financial guarantee granted to a pension fund	19.1	0.3	(4.1)	-	15.3
Retirement indemnities	7.5	0.8	(0.3)	-	8.0
Post-employment benefits(1)	2.0	0.5	(0.2)	-	2.3
Total post-employment benefits	**28.6**	**1.6**	**(4.6)**	**-**	**25.6**
Litigation(2)	10.3	0.9	(2.0)	(3.3)	5.9
Other	3.8	0.1	(3.3)	-	0.6
TOTAL PROVISIONS	**42.7**	**2.6**	**(9.9)**	**(3.3)**	**32.0**
Incl. non-current portion	*28.6*	*1.6*	*(4.6)*	*-*	*25.6*
Incl. current portion	*14.1*	*1.0*	*(5.3)*	*(3.3)*	*6.5*

(1) The other post-employment benefits relate to end-of-contract indemnity payments within various subsidiaries and also to the balance of a provision entered in respect of a fixed contractual contribution to the health-insurance "mutuelle" for former employees of the IGO who had taken pension as of the date the business was transferred to Eutelsat S.A.

(2) Litigation recorded at end of period comprises business and employee litigation.

22.1 – FINANCIAL GUARANTEE GRANTED TO A PENSION FUND

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 fund established by the IGO. Before this date, the pension fund was closed and the accrued rights frozen.

This guarantee can be called under certain conditions to compensate for future under-funding of the plan. During the year ended 30 June 2011, as a result of the significant decline in long-term interest rates, the guarantee was called upon in the amount of 8.2 million euros. This amount was measured on the basis of the Trust's projections, taking into account future market developments. In February 2011, an agreement was reached with the Trust to spread payment of the amount called to the tune of 4.1 million euros at 30 June 2011 and 2012.

Both payments for 4.1 million euros were made during the financial periods ended 30 June 2011 and 30 June 2012.

The actuarial valuation performed on 30 June 2011 and 2012 used the following assumptions:

	30 June 2011	30 June 2012
Discount rate	5.00%	3.50%
Expected rate of return on assets	4.00%	3.50%
Rate for pension increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Overall expenses (as a % of assets)	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	61 years	61 years

As of 30 June 2011 and 2012, the position was as follows:

COMPARATIVE SUMMARY:

(in millions of euros)	30 June 2008	2009	2010	2011	2012
Present value of obligations wholly or partly funded	133.4	134.2	163.9	151.7	202.7
Fair value of plan assets	(145.8)	(148.0)	(151.6)	(156.2)	(155.0)
Net financing requirement	**(12.4)**	**(13.8)**	**12.3**	**(4.5)**	**47.7**
Actuarial differences and other gains/(losses) – amortised	40.7	36.5	9.6	23.6	(32.4)
Net (asset)/liability recorded in the balance sheet	**28.3**	**22.7**	**21.9**	**19.1**	**15.3**

RECONCILIATION BETWEEN THE PRESENT VALUE OF THE OBLIGATIONS AT BEGINNING AND END OF PERIOD

(in millions of euros)	30 June 2011	30 June 2012
Present value of the obligations at beginning of period	**163.9**	**151.7**
Service cost for the period	-	-
Finance cost	7.3	7.5
Actuarial differences: (gains)/losses	(16.5)	49.1
Benefits paid	(3.0)	(5.6)
PRESENT VALUE OF THE OBLIGATIONS AT END OF PERIOD	**151.7**	**202.7**

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

RECONCILIATION BETWEEN THE FAIR VALUE OF PLAN ASSETS AT BEGINNING AND END OF PERIOD

(in millions of euros)	30 June 2011	30 June 2012
Fair value of plan assets at beginning of period	**151.6**	**156.2**
Expected return on plan assets	6.0	6.2
Actuarial differences: gains/(losses)	(2.4)	(5.9)
Contributions paid	4.1	4.1
Benefits paid	(3.1)	(5.6)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**156.2**	**155.0**

The fair value of plan assets includes no amounts relating to any financial instruments issued by Eutelsat S.A. nor any property occupied by, or other assets used by, Eutelsat S.A.

The actual return on the plan's assets was 3.6 million euros and 0.4 million euros at 30 June 2011 and 2012 respectively.

NET EXPENSE (NET GAINS) RECOGNISED IN THE INCOME STATEMENT

(in millions of euros)	30 June 2011	30 June 2012
Service cost for the period	-	-
Finance cost	7.3	7.5
Expected return on plan assets	(6.0)	(6.3)
Actuarial differences: (gains)/losses – amortised	-	(0.9)
NET EXPENSE (NET GAINS) RECOGNISED IN THE INCOME STATEMENT	**1.3**	**0.3**

RECONCILIATION OF ASSETS AND OBLIGATIONS RECOGNISED IN THE BALANCE SHEET

(in millions of euros)	30 June 2011	30 June 2012
Provision at beginning of period	**21.9**	**19.1**
Net expense/(net gains) recognised in the income statement	1.3	0.3
Contributions paid	(4.1)	(4.1)
PROVISIONS AT END OF PERIOD	**19.1**	**15.3**

22.2 – POST-EMPLOYMENT BENEFITS

A) RETIREMENT INDEMNITIES

French law requires payment of a lump sum retirement indemnity, where appropriate. This indemnity is paid to employees based upon years of service and compensation at retirement. Benefits only vest when an employee retires from Eutelsat. This scheme is not funded.

The actuarial valuations performed at 30 June 2011 and 2012 were based on the following assumptions:

	30 June 2011	30 June 2012
Discount rate	5.00%	3.50%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TF/TH04-06	TF/TH04-06
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. and is reviewed every three years.

Age (years)	2011 Turnover	2012 Turnover
25	10.72	10.72
30	7.21	7.21
35	5.21	5.21
40	3.97	3.97
45	3.14	3.14
50	2.23	2.23
55	0.00	0.00
60	0.00	0.00

As of 30 June 2011 and 2012, the position was as follows:

COMPARATIVE SUMMARY

	30 June				
(in millions of euros)	2008	2009	2010	2011	2012
Present value of obligations not financed	6.4	7.1	7.9	8.0	9.3
Past-service cost (amortised)	1.2	1.2	1.1	1.0	1.0
Actuarial differences: gains/(losses) – amortised	(1.6)	(2.2)	(2.4)	(1.5)	(2.3)
LIABILITY RECOGNISED ON BALANCE SHEET	**6.0**	**6.1**	**6.6**	**7.5**	**8.0**

RECONCILIATION BETWEEN THE PRESENT VALUE OF THE OBLIGATIONS AT BEGINNING AND END OF PERIOD

(in millions of euros)	30 June 2011	30 June 2012
Present value of the obligations at beginning of period	**7.9**	**7.9**
Service cost for the period	0.5	0.5
Finance cost	0.4	0.4
Actuarial differences and (gains)/losses	(0.8)	0.8
Termination indemnities paid	(0.1)	(0.3)
PRESENT VALUE OF THE OBLIGATIONS AT END OF PERIOD	**7.9**	**9.3**

NET EXPENSE RECOGNISED IN THE INCOME STATEMENT

(in millions of euros)	30 June 2011	30 June 2012
Service cost for the period	0.5	0.5
Financial cost	0.4	0.4
Amortisation of past service cost	(0.1)	(0.1)
Actuarial differences: (gains)/losses – amortised	0.1	-
NET EXPENSE RECOGNISED IN THE INCOME STATEMENT	**0.9**	**0.8**

RECONCILIATION BETWEEN THE AMOUNT RECOGNISED ON THE BALANCE SHEET AT BEGINNING AND END OF PERIOD

(in millions of euros)	30 June 2011	30 June 2012
Provision at beginning of period	**6.6**	**7.4**
Net expense recognised in the income statement	0.9	0.9
Termination indemnities paid	(0.1)	(0.3)
PROVISION AT END OF PERIOD	**7.4**	**8.0**

HISTORY OF EXPERIENCE AND CHANGES IN ASSUMPTIONS

(in millions of euros)	30 June 2012
History of experience regarding the value of obligations: (gains)/losses	(0.1)
Impact of changes in assumptions	0.9
	0.8

B) SUPPLEMENTARY SCHEMES

The Group also has a defined-contribution funded plan for its employees working in France (excluding Directors and Corporate Officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the French Social Security threshold. There are no other commitments in relation to these contributions. Employer's contributions paid under the plan stood at 1.4 million euros and 1.5 million euros as of 30 June 2011 and 2012 respectively.

Some Directors and Corporate Officers of Eutelsat Communications S.A. and Eutelsat S.A. (among key management personnel) have a supplementary defined benefits plan, which is financed by quarterly contributions to the fund managers. As of 30 June 2011 and 2012, the expense for the period amounts to 0.2 million euros and 0.1 million euros respectively. Considering that as of 30 June 2012, there are no Directors and Corporate Officers eligible to the plan, all vested rights were settled by the Company and liabilities outstanding at 30 June 2011 were paid off.

C) MANDATORY SCHEMES

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension schemes. There are no other commitments in relation to these contributions. The employer's contributions paid under these schemes were 6.2 million euros and 6.6 million euros at 30 June 2011 and 2012 respectively.

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Note 23 - Segment information

The Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

The information presented below is intended for the Managing Director, the Deputy Managing Director and the Chief Financial Officer who together make up the Group's main operational decision-making body.

Management data is presented according to IFRS principles applied by the Group for its consolidated financial statements as described in the Notes to the financial statements.

The performance indicators that are monitored by the decision making body include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense), financial expense, cash flow for investment in tangibles and equity interests and net consolidated Group debt (net debt includes all bank debt and all liabilities from long-term lease agreements, less cash and cash equivalents and marketable securities 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 2011	30 June 2012
Total revenues	**1,168.1**	**1,222.2**
Total operating costs	(241.8)	(265.0)
EBITDA	**926.4**	**957.2**
Depreciation and amortisation	(280.5)	(308.9)
Other operating income (expenses), net	(0.8)	(7.0)
Operating income	**645.2**	**641.3**
Total interest	(94.5)	(132.4)
Income tax	(199.0)	(182.1)
Other financial income (expenses)	(14.6)	2.8
Net income before revenue from equity investments and non-controlling interests	**337.0**	**329.7**
Income from equity investments	17.8	11.4
Net income	**354.7**	**341.1**
Non-controlling interests	(16.3)	(15.0)
Net income attributable to the Group	**338.5**	**326.1**
Tangible investments and equity investments (cash flow)	250.8	487.5
NET DEBT (INCLUDING FINANCE LEASES)	**2,197.9**	**2,373.6**

23.2 – INFORMATION PER GEOGRAPHICAL ZONE

Group revenues by geographical zone, based on invoice addresses, for the financial periods ended 30 June 2011 and 2012 are as follows:

(in millions of euros and as a percentage)	30 June 2011		30 June 2012	
Regions	Amount	%	Amount	%
France	154.4	13.2	145.2	11.9
Italy	183.3	15.7	194.5	15.9
United Kingdom	83.7	7.2	94.3	7.7
Europe (other)	385.3	33.0	402.2	32.9
Americas	147.2	12.6	171.8	14.1
Middle East	122.3	10.5	141.3	11.6
Africa	74.7	6.4	65.4	5.4
Other(1)	17.2	1.5	7.5	0.6
TOTAL	**1,168.1**	**100.0**	**1,222.2**	**100.0**

(1) Including €4.7 million and €3.5 million in indemnity payments for late delivery for the periods ended 30 June 2011 and 2012 respectively.

Most of the Group's assets are satellites in-orbit. The remaining assets are mainly located in France and in Italy.

Note 24 - Financial result

The financial result is made up as follows:

(in millions of euros)	30 June 2011	30 June 2012
Interest expense (banks)(1)	(114.3)	(119.6)
Capitalised interest and other interest expense(2)	27.0	22.7
Loan set-up fees	(4.3)	(12.1)
Commitment fees and other similar charges	(3.0)	(3.8)
Changes in financial instruments(3)	(3.8)	(24.3)
Provisions for risks and expenses	(1.3)	(0.3)
Provisions on financial assets	(0.4)	-
Foreign-exchange losses(4)	(25.7)	(10.1)
Financial expenses	**(125.7)**	**(147.5)**
Changes in financial instruments(3)	0.8	-
Interest income	3.1	3.9
Reversal of provisions for risks and expenses	-	-
Foreign-exchange gains(4)	12.6	14.1
Financial income	**16.5**	**18.0**
FINANCIAL RESULT	**(109.2)**	**(129.5)**

(1) Interest expense (banks) includes the effects of the interest-rate risk hedging instruments employed. Coupons due and matured on the swaps and caps that are qualified as interest-rate risk hedges have affected the interest expense for the years ended 30 June 2011 and 2012 by €42.8 million and €28.3 million respectively.

(2) The amount shown is the interest expense net of loan costs charged to the value of the eligible assets. During the period, the capitalised costs amounted to €30.0 million at 30 June 2011 and €23.0 million at 30 June 2012. They are highly contingent on the progress and number of satellite construction programmes during the financial period concerned.

The portion of the capitalised interest expense paid is included within financing expenses in the consolidated cash-flow statement under the heading "Interest and other fees paid".

The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 4.4% at 30 June 2011 and 4.8% at 30 June 2012. "Other interest expense" also includes interest related to satellite performance incentives and financial expenses attributable to satellites under finance lease agreements for €1.3 million and €1.5 million at 30 June 2011 and 30 June 2012 respectively.

(3) Gains or losses in the fair value of financial instruments mainly include changes in the fair value of the non-qualifying derivative instruments in a hedging relationship and the ineffective portion of qualifying derivatives in a hedging relationship and disqualifications/disposals of hedging instruments (see Note 26.2 "Interest rate risks").

(4) Foreign-exchange options' contracts are put in place to hedge future sales in U.S. dollars. Changes in the time value of these instruments (excluded from the hedging relationship) have a direct impact on income. The intrinsic value of options exercised during the financial year, taking into account that the hedged item has also affected the result for the year, has also been recognised directly within income or expense. Changes in the intrinsic value of hedging instruments where the hedged item has not yet affected the result have been recognised within equity and have not affected the result for the year.

RESULTS ON FINANCIAL INSTRUMENTS PER ACCOUNTING CATEGORY

(in millions of euros)	30 June 2011	30 June 2012
Net result on instruments measured at fair value per result on the option (cash equivalents)	0.1	-
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	0.1	(2.8)
Financial income on assets valued at amortised cost (loans and long-term advance payments and other receivables)	-	-
Interest expense on loans (excluding hedging effect)	(71.5)	(91.2)
Reversals and (depreciation) of financial assets (accounts receivable)	(2.2)	(5.4)

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):

(in millions of euros)	30 June 2011	30 June 2012
Net income	354.7	341.1
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(16.0)	(14.8)
NET EARNINGS USED TO COMPUTE DILUTED EARNINGS PER SHARE	**338.7**	**326.3**

There are no dilutive instruments as of 30 June 2011 and 30 June 2012.

Note 26 - Financial instruments

The Group is exposed to market risks, principally in terms of currency and interest-rates. Exposure to such risks is actively managed by Management, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, *i.e.* the Group never sells assets it does not possess, or about which it is uncertain whether it will subsequently possess them.

26.1 – FOREIGN-EXCHANGE RISK

During the financial years ended 30 June 2011 and 2012, the Group only sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk at 30 June 2012 is as follows:

(in millions of euros)	
Assets	57.4
Liabilities	(41.5)
Net position before risk management	**15.9**
Off-balance-sheet position (foreign exchange hedging)	(7.9)
Net position after risk management	**(8.0)**

The Group's main exposure to foreign exchange risk concerns the U.S. dollar.

The Group may use foreign exchange hedges to the tune of 130 million U.S. dollars over the next twelve months against its exposure to the euro/U.S. dollar volatility risk.

Considering its exposure to foreign-currency risk, the Group believes that a 10-cent decrease in the euro/U.S. dollar exchange rate would have a 2.0 million euros impact on Group income and would result in a negative change in Group equity amounting to 9.6 million euros.

26.2 – INTEREST RATE RISK

INTEREST RATE RISK MANAGEMENT

In the context of the refinancing operation described in Note 16 "Financial debt", which resulted in the hedged item being reduced to 665 million euros, the existing pay fixed/receive floating swap put in place in September 2006 (initially maturing in June 2013) was partially terminated to the tune of 665 million euros at a 28.3 million euros cost. The terminated portion, which was previously accumulated under equity, was recognised as a financial expense for 23.4 million euros.

During the financial year and in accordance with its hedging policy, the Group introduced new hedging instruments with a deferred start date on the date of maturity of the existing swap:

- 2 swaps for a notional amount of 350 million euros;
- 2 collars for a notional amount of 350 million euros;
- 1 cap for a notional amount of 100 million euros.

SENSITIVITY TO INTEREST-RATE RISK

Considering the full range of financial instruments available to the Group at 30 June 2012, a ten base-point increase (+0.10%) over the EURIBOR interest rate would not have any impact on the interest expense, but it would require revaluing financial instruments, which would have a positive 0.5 million euros effect on the income statement. It would result in a positive change amounting to 1.8 million euros in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

26.3 – KEY FIGURES AT 30 JUNE 2011 AND 2012

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 2011 and 2012. The instruments are valued by an independent expert and this valuation is verified/validated by the Group's banking counterparts.

(in millions of euros)	Notional 30 June 2011	Notional 30 June 2012	Fair values 30 June 2011	Fair values 30 June 2012	Change in fair value over the period	Impact on income (excl. coupons)[1]	Impact on equity
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	107.2	103.3	1.7	(4.8)	(6.5)	(0.9)	(5.6)
Total forex derivatives	**107.2**	**103.3**	**1.7**	**(4.8)**	**(6.5)**	**(0.9)**	**(5.6)**
Swap[2]	1,465.0	800.0	(55.2)	(27.1)	5.0	(21.4)	26.4
Future Swaps	-	350.0	-	(3.9)	(3.9)	-	(3.9)
Collars	-	350.0	-	(2.2)	(2.2)	(0.7)	(1.5)
Caps[3]	200.0	100.0	-	0.3	(0.4)	(0.4)	-
Collars[4]	100.0	100.0	0.5	(0.4)	(0.9)	(0.9)	-
Total interest rate derivatives	**1,765.0**	**1,700.0**	**(54.7)**	**(33.3)**	**(2.4)**	**(23.4)**	**21.0**
TOTAL DERIVATIVES			**(53.0)**	**(38.1)**	**(8.9)**	**(24.3)**	**15.4**
Equity interests							(1.4)
TOTAL							**14.0**

(1) The ineffective portion of the hedges was not significant and has not been isolated.
(2) Swap disqualified as a hedge for €23.4 million down to €665 million since 21 December 2011. The change in fair value does not include termination indemnities settled (€28.3 million) excluding accrued interest (€5.2 million).
(3) The change in fair value does not include termination indemnities settled for €0.7 million.
(4) Instrument not qualifying as hedges.

At 30 June 2012, the cumulative fair value of financial instruments was positive at 0.3 million euros and negative at 38.4 million euros (cf. Note 17 "Other Financial Liabilities" and Note 12 "Other Financial Assets").

IMPACT ON INCOME STATEMENT AND EQUITY

The impact on the income statement and equity of changes in fair value of derivatives qualified as interest rate hedges on future cash flows is as follows: the coupons on swaps that qualify as cash flow hedges are directly recognised under income, as well as the share of the swap for which the hedging relationship was interrupted following cancellation of hedged interest rate flows. Changes recognised in equity with respect to these instruments correspond to changes in fair value excluding coupons ("clean fair value").

26.4 – COUNTERPARTY 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 and maintained within predetermined limits.

The Group does not foresee any loss resulting from a failure by its counterparts to respect their commitments under the agreements it has concluded.

26.5 – LIQUIDITY RISK

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurrent cash flow 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.

67% of the Group's debt matures in 2016-2017 and 33% in 2018-2019.

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BREAKDOWN OF NET FINANCIAL LIABILITIES BY MATURITY (in millions of euros)

At 30 June 2011	Balance-sheet value	Total contractual cash flows	06/2012	06/2013	06/2014	06/2015	06/2016	More than 5 years
Term loan Eutelsat Com.	(1,460.1)	(1,538.2)	(36.6)	(1,501.6)	-	-	-	-
Eutelsat S.A. bond	(840.7)	(1,060.4)	(35.1)	(35.0)	(35.1)	(35.0)	(35.1)	(885.1)
Eutelsat S.A. revolver loan	-	-	-	-	-	-	-	-
Wins Ltd. Loan	(0.1)	(0.1)	(0.1)	-	-	-	-	-
Eutelsat Communications interest rate derivatives Qualifying[1]	(55.2)	(55.2)	(29.8)	(25.4)	-	-	-	-
Bank overdrafts	(4.5)	(4.5)	(4.5)	-	-	-	-	-
Total financial debt	**(2,360.6)**	**(2,658.4)**	**(106.0)**	**(1,562.0)**	**(35.1)**	**(35.0)**	**(35.1)**	**(885.1)**
Other financial liabilities	(89.2)	(92.8)	(30.2)	(10.2)	(8.5)	(7.0)	(1.1)	(35.8)
Total financial liabilities	**(2,449.8)**	**(2,751.2)**	**(136.2)**	**(1,572.2)**	**(43.6)**	**(42.0)**	**(36.2)**	**(920.9)**
Eutelsat S.A. foreign exchange derivatives[1]	1.7	1.7	1.7	-	-	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives[1]	0.4	0.4	0.3	0.1	-	-	-	-
Financial assets	11.2	11.2	5.4	-	-	-	-	5.8
Cash	63.4	63.4	63.4	-	-	-	-	-
Mutual fund investmens	66.2	66.2	66.2	-	-	-	-	-
Other cash equivalents	7.4	7.4	7.4	-	-	-	-	-
Total financial assets	**150.3**	**150.3**	**144.3**	**0.1**	**-**	**-**	**-**	**5.8**
NET POSITION	**(2,299.5)**	**(2,600.9)**	**8.1**	**(1,572.1)**	**(43.6)**	**(42.0)**	**(36.2)**	**(915.1)**

(1) Amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

At 30 June 2012	Balance-sheet value	Total contractual cash flows	06/2013	06/2014	06/2015	06/2016	06/2017	More than 5 years
Term loan Eutelsat Com.	(789.1)	(919.3)	(26.5)	(26.5)	(26.5)	(26.5)	(813.3)	-
Eutelsat S.A. bond	(1,631.9)	(2,105.3)	(75.0)	(75.1)	(75.0)	(75.1)	(925.1)	(880.0)
Eutelsat S.A. foreign exchange derivatives[1]	(4.8)	(4.8)	(4.8)	-	-	-	-	-
Eutelsat Communications interest rate derivatives qualify[1]	(33.2)	(33.2)	(27.9)	-	-	(5.3)	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives[1]	(0.5)	(0.5)	(0.5)	-	-	-	-	-
Bank overdrafts	(17.3)	(17.3)	(17.3)	-	-	-	-	-
Total financial debt	**(2,476.8)**	**(3,080.4)**	**(152.0)**	**(101.6)**	**(101.5)**	**(106.9)**	**(1,738.4)**	**(880)**
Other financial liabilities	(86.0)	(88.6)	(40.3)	(8.5)	(7.0)	(0.6)	-	(32.2)
Total financial liabilities	**(2,562.8)**	**(3,169.0)**	**(192.3)**	**(110.1)**	**(108.5)**	**(107.5)**	**(1,738.4)**	**(912.2)**
Non-qualifying Eutelsat S.A. interest rate derivatives[1]	0.3	0.3	0.3	-	-	-	-	-
Financial assets	22.5	22.5	19.2	-	-	-	-	3.3
Cash	38.3	38.3	38.3	-	-	-	-	-
Mutual fund investments	59.6	59.6	59.6	-	-	-	-	-
Other cash equivalents	7.2	7.2	7.2	-	-	-	-	-
Total financial assets	**127.9**	**127.9**	**124.6**	**-**	**-**	**-**	**-**	**3.3**
NET POSITION	**(2,434.9)**	**(3,041.1)**	**(67.7)**	**(110.1)**	**(108.5)**	**(107.5)**	**(1,738.4)**	**(908.9)**

(1) Amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

CASH-FLOW HEDGES – FAIR VALUE RECOGNISED IN EQUITY AND TO BE RECLASSIFIED TO INCOME

		Fair value recognised in equity and to be reclassified to income					
(in millions of euros)	Total	One year at most	One to two years	Two to three years	Three to four years	Four to five years	More than 5 years
Foreign-exchange-risk hedges	(3.9)	(3.9)	-	-	-	-	-
Interest-rate risk hedges	(28.5)	(23.2)	-	-	(5.3)	-	-
NET TOTAL AT 30 JUNE 2012(1)	**(32.4)**	**(27.1)**	**-**	**-**	**(5.3)**	**-**	**-**

(1) Excluding equity investments for a negative amount of €3.4 million.

Note 27 - Other commitments and contingencies

As of 30 June 2012, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

27.1 – PURCHASE COMMITMENTS

At 30 June 2012, future payments under satellite construction contracts amount to 246 million euros, and future payments under launch agreements amount to 336 million euros. These commitments are spread over four years.

The Group also has commitments with suppliers for the acquisition of assets and provision of services for satellite monitoring and control.

The following table lists the payments for these services and acquisitions as of 30 June 2011 and 30 June 2012:

(in millions of euros)	At 30 June 2011	At 30 June 2012
2012	60	-
2013	23	43
2014	20	27
2015	18	24
2016 and beyond(1)	69	18
2017 and beyond	-	67
TOTAL	**190**	**179**

(1) For the period reported in respect of the financial year ended 30 June 2011.

At 30 June 2012, the above total includes 4 million euros for purchase commitments entered into with related parties (see Note 28 "Related Party Transactions").

The Group may receive penalties related to incidents affecting the performance of its operational satellites.

27.2 – FLEET INSURANCE

As of 30 June 2012, the Group's existing "L + 1 insurance" ("Launch + 1 year") and in-orbit insurance policies have been taken out with insurance syndicates of 24 and 21 insurers respectively, generally with ratings of between AA- and A+. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

The in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2011. 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 15 satellites covered under this policy are insured for their net book value.

The recent KA-SAT satellite is included in this policy as of the date of maturity of its previous "L + 1 year policy", *i.e.* on 26 December 2011.

On 1 July 2012, this policy was replaced by a new 12-month programme covering 16 satellites.

27.3 – COMMITMENTS RECEIVED

The Group has received a purchase commitment with no time limit, which it can exercise twice a year in respect of its equity in Hispasat.

See Note 10 "Accounts receivable".

27.4 – LITIGATION

The Group is involved in a number of cases of litigation in the normal course of its business. In respect of the expected cost of such litigation, regarded as probable by the Company and its advisers, the Company has set aside provisions considered to be sufficient enough to cover the risks incurred (see Note 22 "Provisions").

On 6 April 2011, Eutelsat initiated a request for arbitration before the International Chamber of Commerce against Deutsche Telekom and Media Broadcast to enforce its rights at the orbital position 28.5° East. The rights to certain frequencies at this orbital position are currently exploited by Eutelsat under an agreement dated June 1999 between Eutelsat and Deutsche Telekom whose satellite activity has since been transferred to Media Broadcast. At this stage, the Group is confident in its ability to have its rights enforced.

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Note 28 - Related party transactions

Related parties consist of:

- direct and indirect shareholders who have significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group;
- 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.

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 2011 and 2012 are as follows:

(in millions of euros)	30 June 2011	30 June 2012
Gross receivables including unbilled revenues[(1)]	10.1	8.6
Liabilities (including accrued invoices)	0.2	0.2

(1) Including €1.0 million and €0.3 million for entities accounted for via the equity method as of 30 June 2011 and 2012 respectively.

Related party transactions included in the income statements for the periods ended 30 June 2011 and 2012 are as follows:

(in millions of euros)	30 June 2011	30 June 2012
Revenues[(1)]	43.8	37.8
Operating costs, selling, general and administrative expenses	0.8	0.8
Financial result	-	-

(1) Including €8.5 million and €1.6 million for entities accounted for via the equity method as of 30 June 2011 and 2012 respectively.

For the year ended 30 June 2012, 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 2011	30 June 2012
Compensation excluding employer's charges	1.5	1.9
Short-term benefits: employer's charges	0.5	0.5
Total short-term benefits	**2.0**	**2.4**
Post-employment benefits[(1)]	See Note	See Note
Other long-term benefits (indemnity payment for unintended termination of activity	-	-
Share-based payments	0.7	0.7

(1) See Note 22.2 – Post-employment benefits, b) Supplementary schemes.

SHARE-BASED PAYMENT

During its meetings of 1 February 2010 and 28 July 2011, the Board of Directors approved a new free share allocation plan for the benefit of members of the Group's administrative and management bodies under the conditions set out in the plan. It also decided to define a 50% holding rate for all fully vested shares during the terms of office of the Company's Directors and Corporate Officers *(mandataires sociaux)*.

The value of the benefit granted is spread over a three-year vesting period. The expense recognised with a double entry to shareholders' equity for the periods ended 30 June 2011 and 2012, was 0.7 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 2011	30 June 2012
Operating costs	36.2	43.2
Selling, general and administrative expenses	53.7	57.0
TOTAL[(1)]	**89.9**	**100.2**

(1) Including €4.2 million and €5.3 million at 30 June 2011 and 30 June 2012 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	30 June 2011	30 June 2012
Operations	296	338
Selling, general and administrative	394	409
TOTAL	**690**	**747**

As of 30 June 2012, the Group had 756 employees, against 723 as of 30 June 2011.

Compensation paid to the Eutelsat Communications' Directors and Corporate Officers *(mandataires sociaux)* employed by the Group was 2.4 million euros for the year ended 30 June 2012. 0.8 million euros were paid to the members of the Board of Directors as attendance fees during the reporting period.

The Group has a corporate savings plan (*Plan d'Épargne d'Entreprise* or *PEE*) 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.

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Note 30 - Companies included in the consolidation

As of 30 June 2012, the list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control at 30 June 2012	% interest at 30 June 2012
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.34%
Eutelsat S.A. Sub-Group				
• Eutelsat VAS S.A.S.	France	FC	100.00%	96.34%
• Fransat S.A.	France	FC	100.00%	96.34%
• Eutelsat do Brasil S.A.[1]	Brazil	FC	100.00%	96.34%
• Eutelsat Italia S.r.l	Italy	FC	100.00%	96.34%
• Skylogic S.p.a.	Italy	FC	100.00%	96.34%
• Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.34%
• Eutelsat VisAvision GmbH	Germany	FC	100.00%	96.34%
• Eutelsat Inc.	United States	FC	100.00%	96.34%
• Eutelsat America Corp.	United States	FC	100.00%	96.34%
• Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.34%
• Eutelsat Polska spZoo	Poland	FC	100.00%	96.34%
• Skylogic Polska spZoo	Poland	FC	100.00%	96.34%
• Skylogic Finland Oy	Finland	FC	100.00%	96.34%
• Skylogic France SAS	France	FC	100.00%	96.34%
• Skylogic Germany GmbH	Germany	FC	100.00%	96.34%
• Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.34%
• Irish Space Gateways	Ireland	FC	100.00%	96.34%
• CSG Cyprus Space Gateways	Cyprus	FC	100.00%	96.34%
• Skylogic Eurasia	Turkey	FC	100.00%	96.34%
• Skylogic Greece	Greece	FC	100.00%	96.34%
• Skylogic Espana S.A.U.	Spain	FC	100.00%	96.34%
• Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.34%
• Wins Ltd[1]	Malta	FC	100.00%	67.44%
• Hispasat S.A.[1]	Spain	EM	27.69%	26.67%
• Solaris Mobile Ltd[1]	Ireland	EM	50.00%	48.17%

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.

Consolidation of these subsidiaries under the full consolidation method was performed using financial statements prepared as of 30 June 2012.

Note 31 - Subsequent events

No significant event occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors.

Note 32 - Statutory Auditors' fees

	Ernst & Young				Mazars			
(in thousands of euros)	Amount N	%	Amount N-1	%	Amount N	%	Amount N-1	%
STATUTORY AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat Communications	190	22%	199	21%	156	33%	209	42%
Other subsidiaries	517	59%	484	51%	259	55%	290	58%
Other due care and services directly linked to the statutory audit task								
Eutelsat Communications								
Other subsidiaries	87	10%	156	16%	60	13%		
Sub-total	**794**	**90%**	**839**	**88%**	**475**	**100%**	**498**	**100%**
OTHER SERVICES, WHEN APPROPRIATE								
Legal, tax, social	88	10%	112	12%				
Information technology								
Internal audit								
Others (to be specified if more than 10% of statutory audit fees)								
Sub-total	**88**	**10%**	**112**	**12%**				
TOTAL	**882**	**100%**	**951**	**100%**	**475**	**100%**	**498**	**100%**

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20.1.2 Statutory Auditors'Report on Eutelsat Communications' consolidated financial statements prepared in accordance with IFRSs for the financial year ended 30 June 2012

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended June 30, 2012, on:

- the audit of the accompanying consolidated financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board of directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at June 30, 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- As explained in note 4.7 to the consolidated financial statements, your company performs an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilization and their technically assessed life time. We have assessed the reasonableness of the assumptions used.
- As explained in note 4.8 to the consolidated financial statements, the carrying-values of long-term assets including the satellites and equity investments are subjected to impairment tests. Your company compares the carrying-value of these assets to the estimated recoverable value based on discounted future cashflows. We have assessed the reasonableness of the assumptions used to prepare the business plans and the resulting calculations.
- As explained in note 3.5 to the consolidated financial statements, your company has exercised its judgment on litigations as described in note 27.4 to the consolidated financial statements. We have assessed the reasonableness of this judgment.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

As required by law, we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, July 30, 2012

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Sapet	Jeremy Thurbin

20.1.3 Eutelsat Communications' annual financial statements for the financial year ended 30 June 2012

BALANCE SHEETS

(in thousands of euros)	Note	30 June 2011	30 June 2012
ASSETS			
Long-term assets			
Financial assets	3	2,445,427	2,444,798
Total long-term assets		**2,445,427**	**2,444,798**
Current assets			
Accounts receivable		363	821
Other receivables	4	56,849	62,572
Cash and marketable securities	5	14,871	21,254
Total current assets		**72,084**	**84,647**
Prepaid expenses	6	5,163	11,017
TOTAL ASSETS		**2,522,675**	**2,540,462**

(in thousands of euros)	Note	30 June 2011	30 June 2012
LIABILITIES AND SHAREHOLDERS' EQUITY			
Common stock (220,113,982 ordinary shares as of 30 June 2012 with a nominal value of €1 per share)		220,114	220,114
Additional paid-in capital		453,214	453,214
Legal reserve		12,783	22,011
Retained earnings		1,770	109,188
Result for the year		314,225	917,290
Regulated provisions		296	389
Total shareholders' equity	**7**	**1,002,401**	**1,722,207**
Provisions for risks		13	13
Provisions for expenses	16.2	873	1,536
Total provisions for risks and expenses		**886**	**1,549**
Loans and bank debt	8	1,476,881	808,404
Other financial debt		-	-
Total bank debt		**1,476,881**	**808,404**
Accounts payable		2,099	1,809
Tax and employee-related payable	9	39,795	6,492
Fixed assets payable		-	-
Other payables		613	-
Total operating debt		**42,507**	**8,301**
Deferred revenues		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,522,675**	**2,540,462**

20.1 Financial information for the financial year ended 30 June 2012

INCOME STATEMENT

(in thousands of euros)	Note	30 June 2011	30 June 2012
Revenues		1,702	3,318
Release of provisions and reclassification of costs	6	1,614	13,599
Other income		-	-
Total operating income		**3,317**	**16,917**
Other purchases and external expenses		6,121	24,597
Taxes and assimilated		46	63
Wages	16	716	1,219
Social charges	16	1,837	2,161
Depreciation, amortisation and provisions	6	3,961	6,752
Other charges		861	659
Total operating charges		**13,542**	**35,452**
Operating result		**(10,226)**	**(18,535)**
Financial income		372,857	969,838
Financial expenses		80,884	82,572
Financial result	**11**	**291,973**	**887,265**
Exceptional income		463	825
Exceptional charges		428	1,572
Exceptional result	**12**	**35**	**(747)**
Mandatory employee profit-sharing		-	-
Income tax	13	(32,442)	(49,306)
NET INCOME		**314,225**	**917,290**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Note	30 June 2011	30 June 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		314,225	917,290
Adjustments for non-cash items:			
Capital (gain) / loss on disposal of assets		-	-
Depreciation, amortisation and provisions		3,962	6,845
Other non-operating items		(291,947)	(887,194)
Changes in operating assets and liabilities:			
Accounts receivable		(353)	(457)
Other current assets		(47,963)	19,969
Accounts payable		198	(289)
Other payables		32,741	(33,916)
Net cash flows provided by operating activities		**10,863**	**22,247**
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisitions of intangible assets		-	-
Acquisitions of satellites and other property and equipment		-	-
Proceeds from sale of assets		-	-
Changes in other long-term assets		-	-
Equity investments and other movements in financial investments		(2,439)	629
Net cash flows used in investing activities		**(2,439)**	**629**
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Changes in capital		-	-
Distribution	7.4	(166,872)	(197,578)
Dividends received	11	371,885	896,018
Additional long-term and short-term debt	8	-	800,000
Reimbursements of long-term and short-term debt	8	(150,000)	(1,465,000)
Changes in borrowing		31,700	35,535
Financial instruments	11,14	(6,190)	(23,815)
Free shares plans		(13,892)	(7,169)
Interest paid		(75,814)	(62,234)
Interest received		982	581
Changes in other debt		-	-
Net cash flows provided by (used in) financing activities		**(8,201)**	**(23,662)**
Increase (decrease) in cash and cash equivalents		222	(786)
Cash and cash equivalents, beginning of period		**757**	**979**
CASH AND CASH EQUIVALENTS, END OF PERIOD	**6,8**	**979**	**193**

Notes to the annual financial statements

Note 1 - Presentation

1.1 – BUSINESS DESCRIPTION

The role of Eutelsat Communications S.A. ("the Company") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group ("the Group").

The Company's fiscal year runs for twelve months and ends on 30 June.

1.2 – KEY EVENTS DURING THE PERIOD

During the financial year, the Company refinanced its existing credit agreements for a total amount of 1,765 million euros with maturity date of June 2013 (see Note 8 "Financial debt").

Note 2 - Significant accounting policies

2.1 – BASIS OF PRESENTATION

The annual financial statements are prepared in accordance with the *Code de commerce* (Articles L. 123-12 to L. 123-28) and Rule 99-03 of the *Comité de la Réglementation Comptable* (CRC – French accounting regulation body).

The following conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- going concern;
- separation of the financial periods;
- consistent accounting methods used from one financial year to the next;

and in accordance with the general rules for preparing and presenting annual financial statements.

The basic method used for evaluating the items recorded is the historical cost method.

There have been no changes in accounting methods during the period.

The currency used in the presentation of the Company's accounts is the euro.

2.2 – USE OF ESTIMATES

The preparation of the annual financial statements requires Management to make estimates and assumptions that may affect the reported amounts shown in the financial statements and their accompanying Notes. Examples of these estimates and assumptions include provisions for risks and expenses, provisions for bad debts, the fair value of financial instruments, and the values in use of the equity investments and similar. Actual results could vary from these estimates.

2.3 – FINANCIAL ASSETS

Stock is recorded in the balance sheet at its acquisition value less incidental expenses. It may include treasury shares acquired under liquidity agreements.

Any excess of cost over fair value, as estimated by Management of the Company based on criteria such as the market value, the expected development and profitability or the shareholders' equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income.

2.4 – CASH AND MARKETABLE SECURITIES

Cash and marketable securities consist mainly of treasury shares acquired under share buyback programmes designed to serve stock-option plans or free share allocation plans, mutual fund investments, cash on hand and at bank, and deposit certificates with original maturities of three months or less.

Shares repurchased for the purpose of serving stock plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. This results in their not being impaired in the event of a drop in the share price.

2.5 – RECEIVABLES AND DEBT

Receivables and debt have been evaluated at their nominal value.

Receivables are entered with a loss in value, where appropriate, to reflect any difficulties in recovering outstanding amounts.

2.6 – APPORTIONMENT OF LOAN SET-UP COSTS

Loan set-up costs are amortised over the duration of the loan.

2.7 – SHAREHOLDERS' EQUITY

External costs directly related to increases in capital, reduction of capital and share buy-back for reduction of capital, are allocated to the share premium net of taxes when an income tax benefit is generated.

Under French law, Eutelsat Communications S.A. is required to allocate 5% of its net annual result (after deduction of balances brought forward in the red, if any) to a legal reserve. This minimum contribution is no longer mandatory if and when the legal reserve represents at least 10% of the share capital. The legal reserve can only be distributed upon the winding-up of the Company. As of 30 June 2012, the legal reserve is 22.0 million euros representing 10% of the share capital.

2.8 – PROVISIONS

A provision is an item with a negative economic value for the Company, *i.e.* it is a company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely 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.

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Note 3 - Financial assets

Financial assets break down as follows:

(in thousands of euros)	30 June 2011	30 June 2012
Equity interests	2,440,645	2,440,645
Other investments in securities	4,781	4,152
Loans and other financial assets	1	1
TOTAL GROSS BOOK VALUES	**2,445,427**	**2,444,798**
Less provisions	-	-
TOTAL NET CARRYING AMOUNTS	**2,445,427**	**2,444,798**

Changes in net carrying amounts between beginning and end of period are as follows:

(in thousands of euros)	Other equity interests	Other investments in securities[(1)]	Loans and other financial assets[(1)]	Total
Net carrying values as of 1 July 2011	**2,440,645**	**4,781**	**1**	**2,445,427**
Acquisitions	-	92,807	92,807	185,614
Revaluation	-	-	-	-
Transfers	-	-	-	-
Reimbursement (of capital contribution) and disposals	-	(93,436)	(92,807)	(186,243)
Depreciation, amortisation and provisions	-	-	-	-
NET CARRYING VALUES AS OF 30 JUNE 2012	**2,440,645**	**4,152**	**1**	**2,444,798**

(1) Transactions relating to the liquidity agreement (see Note 3.2 "Other investments in securities").

3.1 – EQUITY INTERESTS

"Other equity interests" comprises:

Eutelsat Communications Finance shares:

- 500,000 shares in Eutelsat Communications Finance for an amount of 2,401,488,322.14 euros, including:
  - 3,700 shares subscribed for when the Company was formed,
  - 100,000 shares subscribed for at the time of the cash increase of 19 June 2006,
  - 252,544 shares received as a result of the merger between SatBirds Finance and Eutelsat Communications Finance,
  - the 58.7 million euros of additional paid-in capital distributed by Eutelsat Communications Finance to Eutelsat Communications following the decision of the sole shareholder on 4 October 2006 was considered as repayment of a capital contribution. This resulted in a decrease in the value of the Eutelsat Communications Finance shares,
  - 143,756 shares received on the occasion of the capital increase of 15 June 2007, subscribed for in full by offsetting the cost against an outstanding repayment;
- the 97.5 million euros of additional paid-in capital distributed by SatBirds Finance to Eutelsat Communications following the General Meeting of Shareholders held on 25 September 2006 was considered as repayment of a capital contribution. This resulted in a decrease in "Equity interests";
- the 45.5 million euros of additional paid-in capital distributed by SatBirds Finance to Eutelsat Finance following the General Meeting of 25 September 2006 was considered as repayment of a capital contribution and by being dissolved into Eutelsat Communications, the value of "Equity interests" was consequently reduced;
- the 79.8 million euros of additional paid-in capital distributed by Eutelsat Communications Finance following the decision of Eutelsat Communications, its sole shareholder, on 30 October 2007, was considered as repayment of a capital contribution. This resulted in a decrease in the value of the Eutelsat Communications Finance shares;
- all distributions of additional paid-in capital have been treated in the accounts as repayment of a capital contribution. These have been reported as a reduction in the value of the shares, as following implementation of the Group's legal structure, it was envisaged that most of the additional contributions would be recognised as additional paid-in capital to make it easier for liquidity to rise to the head company in the Group. This can be achieved by distributing amounts recognised as additional paid-in capital, irrespective of whether or not a distributable profit is recognised in the books of the Group's subsidiaries.

Eutelsat S.A. shares:

7,248,478 shares in Eutelsat S.A. for an amount of 39,156,817.32 euros (including acquisition costs of 467,000 euros):

- 3,216,183 shares derived from the liquidity offer of October 2007, as follows:
  - the Company's share exchange offer to employees, former employees, Directors and Corporate Officers *(mandataires sociaux)*, and historical shareholders resulted in the acquisition of 3,216,183 Eutelsat S.A. shares with a value of 16,570,977 euros for a contribution of 991,332 new shares in Eutelsat Communications,
  - repurchase of 572,735 Eutelsat S.A. shares from minority interests and institutional shareholders for an amount of 2,953,222 euros;
- 3,459,560 shares derived from the Company's exchange offer based on the transfer agreement relating to Eutelsat S.A. shares, as entered into between the Company and a historical shareholder in May 2008, and amounting to 19,165,962 euros against the granting of 1,038,242 new shares in Eutelsat Communications.

3.2 – OTHER INVESTMENTS IN SECURITIES:

"Other investments in securities" comprises:

- treasury stock held under a liquidity agreement for 1,348 thousand euros corresponding to 44,516 shares as of 30 June 2011 and for 3,429 thousand euros corresponding to 151,895 shares as of 30 June 2012;
- the *SICAV de trésorerie* (short-term marketable securities) held under the liquidity agreement for an amount of 3,433 thousand euros corresponding to 1,510 SICAV BNP Paribas as of 30 June 2011 and for an amount of 723 thousand euros corresponding to 315 SICAV BNP Paribas as of 30 June 2012.

3.3 – LOANS AND OTHER FINANCIAL ASSETS

"Loans and other financial assets" comprises the cash account related to the liquidity agreement on treasury stock for 1 thousand euros as of 30 June 2011 and 30 June 2012.

Note 4 - Other receivables

"Other receivables" break down as follows:

(in thousands of euros)	30 June	
	2011	2012
Income tax	-	18,178
Deductible VAT	316	396
Inter-company accounts within the Group	56,503	43,934
Other debit balances	30	63
TOTAL	**56,849**	**62,572**

All other receivables mature within one year.

Note 5 - Cash and marketable securities

Cash and marketable securities are as follows:

(in thousands of euros)	30 June	
	2011	2012
Treasury stock(1)	13,892	21,061
Mutual fund investments	-	184
Cash	279	9
Deposit warrants	700	-
TOTAL	**14,871**	**21,254**

(1) See Note 7.2 "Other securities giving access to capital".

Note 6 - Prepaid expenses and others

"Prepaid expenses and others" is composed as follows:

(in thousands of euros)	30 June	
	2011	2012
Prepaid expenses	256	215
Expenses to be accrued over several years	4,908	10,802
TOTAL	**5,163**	**11,017**

As of 30 June 2011, expenses for the loan issue costs relate to an initial amount of 19,240 thousand euros and are accrued over seven years, which is the lifetime of the loan taken out in June 2006. Following the early partial reimbursement of a syndicated facility (see Note 8 "Financial debt"), a portion of the residual amount of trailing commissions associated with these credit agreements totalling 502 thousand euros was fully amortised.

As of 30 June 2012, expenses for the loan issue costs relate to an initial amount of 11,982 thousand euros and are accrued over five years, which is the lifetime of the loan taken out in December 2011. Following the early partial reimbursement of a syndicated facility entered into in 2006 (see Note 8 "Financial debt"), a portion of the residual amount of trailing commissions associated with these credit agreements totalling 3,863 thousand euros was fully amortised.

Loan set-up costs amount to 4,908 thousand euros at 30 June 2011 and 10,802 thousand euros at 30 June 2012.

Note 7 - Shareholders' equity

7.1 – STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of 30 June 2012, the Company's share capital was composed of 220,113,982 ordinary shares with a par value of 1 euro each. No movement occurred during the financial period with respect to the number or the par value of shares.

On 8 November 2011, the Ordinary and Extraordinary General Meeting of Shareholders recognised a net income of 314,225,004.00 euros at 30 June 2011 and decided to charge a total of 9,229 thousand euros to "Legal reserve" and distribute 0.90 euro per share, *i.e.* a total of 197,578 thousand euros taken from distributable income. The remaining balance of net income, namely 107,418 thousand euros, was allocated to retained earnings now amounting to 109,188 thousand euros.

(in thousands of euros)	01/07/2011	Movements affecting the capital		Allocation of the result	Distribution of dividends	Other movements	30/06/2012
		increase	reduction				
Share capital	220,114	-	-	-	-	-	220,114
Additional paid-in capital	419,929	-		-	-	-	419,929
Share premium	33,285	-	-	-	-	-	33,285
Legal reserve	12,783	-	-	9,229	-	-	22,011
Retained earnings (+)	1,770	-	-	107,418	-	-	109,188
Result at 30/06/2011	314,225	-	-	(116,646)	(197,578)	-	-
Regulated provisions	296	-	-	-	-	93	389
TOTAL	**1,002,401**	**-**	**-**	**-**	**(197,578)**	**93**	**804,917**
Shareholders' equity before result							804,917
Net result for the year							917,290
TOTAL SHAREHOLDERS' EQUITY							**1,722,207**

7.2 – OTHER SECURITIES GIVING ACCESS TO CAPITAL

FREE SHARE ALLOCATION

On 1 February 2010, the Company's Board of Directors approved a plan for the allocation of free shares to all employees of the Eutelsat Communications Group, including the Directors and Corporate Officers, (*i.e.* 554 beneficiaries including 553 employees) representing a maximum of 700,000 shares and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. The allocation of free shares is subject to the condition that the beneficiaries are still employed within the Group three years as from the above-mentioned date and that they hold the shares for a further two-year period following the shares' vesting period. The plan breaks down in two parts:

- on the one part, the grant of 600 shares per beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2012, including one objective linked to cumulative EBITDA(1) (50% of the relevant portion) and another objective linked to average ROCE(2) (the remaining 50%);
- on the other part, the grant of 368,200 shares to Directors and Corporate Officers *(mandataires sociaux)*, conditional upon the achievement, over the same three financial periods, of one 25% objective based on cumulative EBITDA, one 25% objective based on average ROCE, one 25% objective linked to cumulative EPS(3) and one 25% TSR(4)-linked objective, all four objectives being equally weighted.

On 28 July 2011, the Company's Board of Directors approved a new plan for the allocation of free shares to all employees of the Eutelsat Communications Group, including Directors and Corporate Officers, (*i.e.* 619 beneficiaries including 617 employees) representing a maximum of 700,000 shares and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. Granting of shares to the benefit of French company employees will occur after a three-year vesting period (starting on 28 July 2011), followed by a two-year retention period. The vesting period of shares for foreign company employees is four-years with no retention period. The plan breaks down in two parts:

- on the one part, the grant of 600 shares per beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2014, including one objective linked to cumulative EBITDA(1) (50% of the relevant portion) and another objective linked to average ROCE(2) (the remaining 50%);
- on the other part, the grant of 343,750 shares to Directors and Corporate Officers *(mandataires sociaux)*, conditional upon the achievement, over the same three financial periods, of one 25% objective based on cumulative EBITDA, one 25% objective based on average ROCE, one 25% objective linked to cumulative EPS(3) and one 25% TSR(4)-linked objective, all four objectives being equally weighted.

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

(1) EBITDA is defined as the operating result before depreciation and amortisation, impairment of assets, other operating income and charges.

(2) ROCE is Return on Capital Employed = operating result x (1 – corporate income tax) / (shareholders' equity - net debt –goodwill).

(3) EPS is defined as the Group's net earnings per share.

(4) TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

Furthermore, within the framework of the free share allocation plan and the associated share buy-back programme, Eutelsat Communications has signed a charge-back agreement with all of its subsidiaries eligible to the free share plan.

As of 30 June 2012, the Company holds 800,000 equity shares for 21.1 million euros, recorded as "Cash and marketable securities" (see Note 5 "Cash and marketable securities").

Note 8 - Financial debt

Loans and bank debt are denominated in euros with a five-year maturity period and are repayable at maturity. Breakdown is as follows:

(in thousands of euros)	30 June 2011	30 June 2012
Bank debt (between 1 and 5 years)	1,465,000	800,000
Accrued interest	11,881	8,404
TOTAL	**1,476,881**	**808,404**

CHANGE IN THE FINANCIAL DEBT

Since 30 June 2011, Eutelsat Communications has refinanced its existing credit agreements for a total amount of 1,765 million euros with maturity date of June 2013.

Refinancing took place on 06 December 2011 through the two following five-year operations maturing on 6 December 2016:

- a 800 million euro term loan bearing interest at EURIBOR plus a margin of between 1.50% and 3.25%, according to the long-term rating assigned by Standard & Poor's (S&P) and Moody's. The initial margin stands at 2.25%. The interest periods are periods of six months beginning 29 April and 29 October each calendar year, except for the three first periods which are less than six months.
- a new revolving credit facility for 200 million euros. Amounts drawn for a maximum period of six months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin of between 1.00% and 2.75%, depending on the long-term rating assigned by Standard & Poor's and Moody's. The initial margin stands at 1.75%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a 0.15% utilisation commission if less than 33.33% of the revolving credit facility is used, 0.30% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.50% commission for any portion exceeding 66.67%.

Proceeds of the newly implemented credit facilities were used by Eutelsat Communications to reimburse the former credit lines for an aggregate amount of 1,465 million euros.

SITUATION AS OF 30 JUNE 2012

As of date 30 June 2012, Eutelsat Communications has access to the following credit facilities:

- a long-life term loan for 800 million euros, bearing interest at EURIBOR plus a margin of between 1.50% and 3.25%, with maturity date of December 2016;
- a new revolving credit facility for 200 million euros (unused as of 30 June 2012) entered into on 6 December 2011 for a five-year period.

The credit agreement includes neither a guarantee by the Group, nor the pledging of assets to the lenders, but provides for restrictive clauses (subject to the usual exceptions contained in loan agreements) 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;
- grant loans and carry out certain types of investments;
- 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.

The credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRSs:

- Eutelsat Communications is required to maintain a total net debt to annualised EBITDA ratio (as defined contractually), which is less than or equal to 3.75 to 1, this ratio being tested as of 30 June and 31 December each year.
- Furthermore, interest rate hedging is required for a minimum period of three years to limit exposure to interest rate risk for no less than 50% of the amounts drawn under the term loan facility.

COMPLIANCE WITH BANKING COVENANTS

As of 30 June 2012, the Group was in compliance with all banking covenants under its credit facilities.

Note 9 - Tax and employee-related payables

Tax and employee-related payables is composed of the following:

	30 June	
(in thousands of euros)	2011	2012
State: accrued liabilities	70	85
Income tax	39,041	5,224
Output VAT	62	251
Staff: accrued liabilities	424	623
Social charges payable	198	307
Other	-	2
	39,795	**6,492**

All tax and employee-related payables mature within one year.

Note 10 - Staff

The Company has no employees.

Compensation paid to senior managers is shown in Note 16 “Related party transactions”.

Note 11 - Financial result

The financial result is made up as follows:

	Period ended 30 June	
(in thousands of euros)	2011	2012
Interest expense	(75,232)	(58,757)
Interest income	954	753
Income from investments	371,885	969,018
Provisions on investments	8	-
Investment income	10	24
Proceeds from mutual fund investments	-	43
Hedging instruments	(5,652)	(23,815)
	291,973	**887,265**

The interest expense corresponds to the loans taken out on 8 June 2006 and December 2011 (see Note 8 “Financial debt”), after taking into account interest received or paid on hedging instruments.

For the year ended 30 June 2011, income from investments mainly consists of dividends from the subsidiaries Eutelsat Communications Finance (210 million euros) and Eutelsat S.A. (1.9 million euros), and an advance payment on dividends amounting to 160 million euros received from Eutelsat Communications Finance as decided by its Chairman on 15 June 2011.

For the year ended 30 June 2012, income from investments mainly consists of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance and Eutelsat S.A. for 963.3 million euros (including 73.0 million euros recorded in the intercompany account) and 5.7 million euros respectively.

The hedging expense consists of a termination indemnity excluding accrued interest, as a result of the partial termination of an instrument and the premium paid following the purchase of a cap (see Note 14 “Market risk”).

Note 12 - Exceptional result

The exceptional result comprises the following:

	Period ended 30 June	
(in thousands of euros)	2011	2012
Fines and penalties	(1)	-
Loss on repurchase of treasury stock	(334)	(1,478)
Gain on repurchase of treasury stock	463	825
Exceptional depreciation and amortisation	(93)	(93)
	35	**(747)**

Note 13 - Tax on profits

13.1 – TAX CONSOLIDATION

On 28 June 2006, the Company decided to apply a tax consolidation system to the Group consisting of itself and its subsidiary Eutelsat Communications Finance.

Under a tax consolidation agreement, subsidiary companies bear an income tax, a social contribution and lump-sum tax expense equal to the amount they would have had to bear if there were no tax consolidation agreement applying to the tax consolidation group, it being understood that it is the Company at the head of the Group that bears or benefits from any additional tax expense or tax saving resulting from such a system.

As of 1 July 2009, the scope of the tax consolidation group included the entities Eutelsat S.A., Eutelsat Communications Finance S.A.S, Eutelsat VAS S.A.S and Fransat S.A.

Since 1 July 2011, the company Skylogic France S.A.S. has been included in the tax consolidation group.

At 30 June 2011 and 2012, the tax expense for the tax consolidation group is 167 million euros and 171 million euros respectively, and the amount due by the sub-subsidiaries under the tax consolidation agreement is 201 million euros and 220 million euros, which yields a profit of 34 million euros and 48 million euros respectively.

As a reminder, Eutelsat Communications' losses prior to the tax consolidation system were 43.3 million euros.

The companies Eutelsat Communications and Eutelsat S.A., which are included in the tax consolidation group headed by Eutelsat Communications, are subject to a tax audit for financial years ended 30 June 2009, 2010 and 2011. Eutelsat Communications has not received any notification as of the date of preparing the financial statements. At this stage, the Company is not informed of any position that may generate a potential liability.

13.2 – COMMON LAW PROVISIONS

As of 30 June 2012, the Company's tax liability, with an estimated rate of 36.1%, in accordance with applicable legal provisions, breaks down between current income and exceptional income as follows:

	Result before tax	Tax due	Net income
Current	868,731	(49,349)	918,079
Exceptional	(747)	42	(789)
TOTAL	**867,984**	**(49,306)**	**917,290**

13.3 – INCREASES/REDUCTIONS IN FUTURE TAX LIABILITIES

(in thousands of euros)	30 June 2011	30 June 2012
Reductions in future tax liability:		
Loss carry-forwards	14,435	14,910
Impairment of assets	-	-
Non-deductible provisions	5	4
TOTAL	**14,440**	**14,914**
Increases in future tax liability:		
Capitalised interest and interest for late payment	-	-
TOTAL	**-**	**-**

As of 30 June 2012, tax figures are calculated by taking into account the 3.3% social contribution which increases corporate income tax.

Note 14 - Market risk

The Company has exposure to market risks, particularly with regard to foreign exchange and interest rates. Exposure to such risks is actively managed by Management, and for this purpose the Company employs a certain number of derivatives, the objective of which is to limit, where appropriate, exposure of revenue and cash flows to interest rate risk. The Company's policy is to use derivatives to manage exposure to such risks. The Company does not engage in financial transactions whose associated risk cannot be quantified at their outset, *i.e.* the Company never sells assets it does not possess or does not know it will subsequently possess.

Eutelsat Communications S.A.'s exposure to interest-rate risk is managed by hedging its floating rate debt.

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its debt, the Company has implemented the following interest rate hedging instrument for hedging the term loan facility (due to mature in June 2013):

- a swap (pay fixed rate/receive floating rate) put in place in September 2006 with a deferred start date in April 2010 (ending in June 2013) for a notional amount of 1,615 million euros. This amount was reduced in June 2011 to 1,465 million euros so as to represent the term loan's exact amount following the early partial termination. The latter resulted in the settlement of a termination indemnity amounting to 6.2 million euros (see Note 11 "Financial result").

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Following the financing operations, the notional of this swap was again reduced in March 2012 to 800 million euros so as to represent the term loan's exact amount (see Note 8 "Financial debt"). A termination indemnity amounting to 28.3 million euros, including 5.2 million euros in interest, was paid as a result of the partial termination (see Note 11 "Financial result").

During the financial year and in accordance with its hedging policy, the Company introduced new hedging instruments with a deferred start date on the date of maturity of the existing swap.

- 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.

14.1 – FINANCIAL COUNTERPART RISK

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and forward investments. The Company minimises its exposure to issuer risk and its exposure to execution and credit risk by acquiring financial products exclusively from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. The Company does not foresee any loss that would result from a failure by its counterparts to respect their commitments under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to any particular country.

14.2 – KEY FIGURES AT 30 JUNE 2011

The following table analyses the contractual or notional amounts and fair values of derivatives at 30 June 2011 by type of contract:

(in thousands of euros)	Contractual or notional amounts	Fair values at 30 June 2011
Instrument		
Swap 2013	1,465,000	(55,184)

14.3 – KEY FIGURES AT 30 JUNE 2012

The following table analyses the contractual or notional amounts and fair values of the derivatives at 30 June 2012 by type of contract:

(in thousands of euros)	Contractual or notional amounts	Fair values at 30 June 2012
FINANCIAL		
Swap 2013	800,000	(27,148)
Swap 2015 no.1	175,000	(1,908)
Swap 2015 no.2	175,000	(1,946)
Collar 2015 no.1	175,000	(1,093)
Collar 2015 no.2	175,000	(1,096)
Cap 2015	100,000	326
TOTAL		**(32,865)**

Note 15 - Other commitments and contingencies

In accordance with the loan agreements and as mentioned in Note 8 "Financial debt", Eutelsat Communications has commitments to perform or not to perform certain actions.

This type of commitment cannot be quantified.

There are no other off-balance sheet commitments.

Note 16 - Related party transactions

Related parties are defined as any third parties having a direct or indirect capital-based link (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.

16.1 – RELATED PARTIES THAT ARE NOT MEMBERS OF THE "KEY MANAGEMENT PERSONNEL"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities are as follows:

(in thousands of euros)	2011 (1)	2012
Gross receivables (including unbilled revenues)	363	821
Inter-company accounts: receivables (payables)	50,862	21,695
Liabilities (including accrued invoices)	434	712

(1) Figures at 30 June 2011 have been reviewed in order not to reflect transactions with companies held by more than 99%.

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 2011 (1)	30 June 2012
Revenues	1,702	3,318
Transfer of expenses	819	951
Operating charges	1,923	2,681
Financial result	370,946	6,311

(1) Figures at 30 June 2011 have been reviewed in order not to reflect transactions with companies held by more than 99%.

Revenues are composed of the services provided by the Company to the other companies in the Group in terms of strategy, industrial policy and representation.

16.2 – COMPENSATION PAID TO MEMBERS OF THE "KEY MANAGEMENT PERSONNEL"

Gross compensation (including employer's contributions) paid by the Company to its Directors and Corporate Officers during the financial period ended 30 June 2012 breaks down as follows:

(in millions of euros)	30 June 2012
Short-term benefits	1.3
Post-employment benefits	Not applicable
Share-based payment	See below

SHARE-BASED PAYMENT

During its meeting of 1 February 2010 and 28 July 2011, the Board of Directors of Eutelsat Communications approved a free share allocation plan (see Note 7.2 "Other securities giving access to capital") and decided on a free allotment of 150,952 shares in Eutelsat Communications to the members of Eutelsat S.A. Group's administrative and management bodies under the conditions set out in the plan. It also decided to define a 50% holding rate for all fully vested shares during the terms of office of the Company's Directors and Officers.

The value of the benefit granted has been estimated at 2,036 thousand euros, spread over a three-year vesting period. The expense recorded under staff expenses for the financial years ended 30 June 2011 and 30 June 2012 was 711 thousand euros and 663 thousand euros respectively. Expenses are shown in the balance sheet as provisions for expenses.

783 thousand euros were paid to the members of the Board of Directors as attendance fees during the reporting period.

Note 17 - Financial information related to subsidiaries and equity

The table below presents the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2012:

				Last financial period ended	
(in thousands of euros)	Capital	Other components of equity as of 30 June (local accounts)	Percentage of ownership (as a %)	Revenues (local accounts)	Net income (local accounts)
Eutelsat Communications Finance RCS no. 490416674 Paris Headquarters in Paris (period ended 30/06/2012)	5,000	2,903,150	100%	-	753,482

The table below presents aggregated information for all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2012:

(in thousands of euros)	Gross book value of the investments	Provision for impairment	Loans and advances	Pledges and guarantees granted	Dividends received
Subsidiaries and equity interests	2,401,488	-	-	-	963,291

Note 18 - Subsequent events

No significant event occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors.

20.1.4 Statutory Auditors' report on the annual financial statements of Eutelsat Communications for the financial year ended 30 June 2012

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended June 30, 2012, on:

- the audit of the accompanying financial statements of Eutelsat Communications;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at June 30, 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Your company records impairments on financial investments according to the method described in note 2.3 to the financial statements. Based on available information, we have assessed the methods and assumptions considered by your company to estimate the value of its investments. We have also performed some tests to control the correct application of these methods. As part of the justification of our assessments, we have assessed reasonableness of these assumptions.

These assessments were made as part of our audit of the financial statements taken as a whole and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French commercial code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your Company or being controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Courbevoie and Paris-La Défense, July 30, 2012

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
Isabelle Sapet	Jeremy Thurbin

20.2 Statutory Auditors' fees

See Section 20.1.1 "Eutelsat Communications'consolidated financial statements prepared under IFRS for the financial year ended 30 June 2012", Note 32 "Statutory Auditors'fees", in the Notes to the consolidated financial statements of Eutelsat Communications for the financial year ended 30 June 2012.

20.3 Dividend payout policy

The dividend payout policy is set by the Board of Directors after analysis, in particular, of the Group's results and financial position.

As of the year ended 30 June 2009, Eutelsat Communications undertook the distribution of:

- an amount of 0.66 euro per share, of which 0.53 euro drawn from profit available for distribution, and the remainder taken from the "Share Premium Account" (*i.e.* 0.13 euro) in respect of the financial year ended 30 June 2009;
- an amount of 0.76 euro per share, of which 0.56 euro drawn from profit available for distribution, and the remainder taken from the "Share Premium Account" (*i.e.* 0.20 euro) in respect of the financial year ended 30 June 2010;
- an amount of 0.90 euro per share fully taken away from the distributable profit in respect of the financial year ended 30 June 2011.

For the financial year ended 30 June 2012, the Board of Directors decided, on 30 July 2012, to propose to the General Meeting of Shareholders a dividend of 1.00 euro per share or a total distribution of 221,113,982.00 euros, representing a distribution rate of more than 67% of the net income attributable to the Group.

This amount of 1.00 euro per share will be taken in full from profit available for distribution.

In future, Eutelsat Communications' goal is to distribute between 65% and 75% of the Net Income Attributable to the Group to its shareholders.

This goal is by no means a commitment by the Group and future distributions will depend on the Group's results, financial situation and a number of restrictions.

20.4 Legal and arbitration proceedings

The Group is involved in a number of cases of litigation in the normal course of its business. The Company has set up provisions that are considered to be adequate to cover the costs deemed to be likely by the Company and its advisers.

On 6 April 2011, Eutelsat initiated a request for arbitration before the International Chamber of Commerce against Deutsche Telekom and Media Broadcast to enforce its rights at the orbital position 28.5° East. The rights to certain frequencies at this orbital position are currently exploited by Eutelsat within the context of an agreement dating from June 1999 between Eutelsat and Deutsche Telekom whose satellite activity has since been transferred to Media Broadcast. The arbitration tribunal declined jurisdiction in a first decision regarding Media Broadcast. The procedure is continuing against Deutsche Telekom alone. At this stage, the Group is confident of its ability to assert its rights.

To the Company's knowledge, there are no other governmental, judicial or arbitration proceedings pending or threatened against the Company that are likely to have a material impact on the financial position or profitability of the Company and/or the Group, or that effectively had such a material impact over the past 12 months.

20.5 Significant changes in financial and commercial position

To the best of the Company's knowledge, there have been no significant changes affecting the Company's financial and commercial position since the end of the financial year ended 30 June 2012.

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21.1 General information on the share capital

21.1.1 Share capital

At the filing date of this reference document, the share capital stood at 220,113,982 euros, divided into 220,113,982 ordinary shares, each with a par value of one euro.

The Company's shares are fully subscribed, fully paid-up and all of the same category.

The Company's shares have been admitted for trading in compartment A of NYSE Euronext Paris since 2 December 2005, under the ISIN code FR0010221234.

21.1.2 Securities not representing the share capital

None.

21.1.3 Shares held by the Company or for its own account

SHARE BUY-BACK PROGRAMME

The Company's Combined Ordinary and Extraordinary General Meeting held on 10 November 2009 authorised the Board of Directors to proceed with purchases of its own shares by the Company pursuant to Articles L. 225-209 *et seq.* of the French *Code de commerce* within the limit of 10% of the share capital (excluding external growth transactions) and for a maximum unit price of 30 euros.

Using this authorisation, on 1 February 2010, the Company's Board of Directors approved the free share allocation plan capped at a maximum of 700,000 shares ("LTIP").

A share buy-back programme was put in place within the framework of the authorisation given to the Board of Directors by the General Meeting of Shareholders held on 8 November 2011.

The report on the implemention of the share buy-back programme and the use of the shares required pursuant to Articles L. 225-211 of the French *Code de commerce* is as follows (excluding the liquidity contract):

- number of shares purchased during the financial year ended 30 June 2012 pursuant to Articles L. 225-208, 209 and 209-1 of the French *Code de commerce*: 300,000 representing 0.14% of the Company's share capital, in two instalments of, respectively, 100,000 and 200,000 shares, at an average weighted share price of, respectively, 28.3869 euros and 21.6940 euros, representing a total amount of 7.2 million euros.
- number of shares held as treasury stock at 30 June 2012: 800,000:
  - value at the acquisition price: 21.1 million euros,
  - number of shares used: 0,
  - eventual reallocations: not applicable,
  - fraction of the capital represented: 10% maximum.

The Company publishes on its website, in section: http://www.eutelsat.com/fr/investors/programme-rachat-actions.html, the transactions realised in its own shares (excluding those realised within the framework of the liquidity agreement) pursuant to applicable law.

FREE SHARE ALLOCATION PLANS FOR 2010 AND 2011 (LTIP)

In respect of the free share allocation plans for 1 February 2010 and 28 July 2011, detailed in Section 15.1., the Company held 800,000 of its own shares as of 30 June 2012.

LIQUIDITY AGREEMENT

In 2007, the Company signed a contract with Exane BNP Paribas for the implementation of a liquidity agreement in line with the AMAFI Code of Ethics. This agreement was modified by an endorsement in 2011, to take into account the updated accepted market practice published by the AMF on 24 March 2011.

As of 30 June 2012, the liquidity provider had purchased 151,895 shares in the name of and on behalf of the Company, representing a total of 3.4 million euros.

21.1.4 Other securities giving access to the share capital

None.

21.1.5 Share capital authorised but not issued

The table below summarises the delegations of power and authorisations granted to the Board by the General Meeting of Shareholders on 8 November 2011 and remaining in force at the filing date of this reference document:

	Operation concerned	Maximum nominal amount	Duration of the authorisation and expiry date
1.	**Authorisation granted to the Board of Directors for the purchase by the Company of its own shares** (18th resolution)	10% of the share capital except for purchases of shares with a view to custody and later use for payment or exchange in external growth eventual transactions or a merger, split or contribution transaction; 5% of the share capital.	18 months as of the OGM of 8 November 2011
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** (21st resolution); **b- without preferential subscription rights for shareholders in the case of a public offering** (22nd resolution) **c- without preferential subscription rights for shareholders in the case of a private placement pursuant to article L. 411-2 of the Financial and Monetary code** (23rd resolution); **d- in the event of a public exchange offer initiated by the Company** (27th resolution); **e- to remunerate contributions in kind with the limit of 10% of the Company's share capital except public exchange offer initiated by the Company** (28th resolution)	a), b), c), d) and e) €44 million (total ceiling common to the 21st to 24th, 27th to 29th and 31st resolutions), c) 20% of the share capital per year, e) 10% of the share capital)	26 months as of the OGM of 8 November 2011
	(ii) to increase the share capital through incorporating reserves, profits, premiums or other sums whose capitalisation is admitted (20th resolution);	€44 million (separate ceiling)	26 months as of the OGM of 8 November 2011
	(iii) to issue: **a- free stock warrants to shareholders in the case of a public offer involving the Company's shares** (26th resolution); **b- ordinary shares as a result of the issuance by the Company's subsidiaries of securities conferring rights to the Company's ordinary shares** (29th resolution); **c- securities conferring rights to the allocation of debt securities** (30th resolution)	a) €44 million (separate ceiling) b) €44 million (ceiling common to the 21st to 24th, 27th to 29th and 31st resolutions) c) €1.5 billion (separate ceiling)	26 months as of the OGM of 8 November 2011
3.	**Authorisation granted to the Board of Directors in the cases of issues without preferential subscription rights to set the issue price based on modalities set by the General Meeting of Shareholders, limited to 10% of the share capital per year** (24th resolution)	€44 million (ceiling common to the 21st to 24th, 27th to 29th and 31st resolutions); and 10% of the share capital per year	26 months as of the OGM of 8 November 2011
4.	**Authorisation granted to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without preferential subscription right, decided in application of the 21st to 23rd resolutions** (25th resolution)	Ceiling foreseen in the resolution by whose application the initial issue has been decided +15% of initial offering size	26 months as of the OGM of 8 November 2011

	Operation concerned	Maximum nominal amount	Duration of the authorisation and expiry date
5.	**Authorisation granted to the Board of Directors to:**		
	(i) increase the share capital by issuing ordinary shares and/or securities conferring rights to the Company's capital reserved to members of a Company or Group savings plan (31st resolution)	€2 million (ceiling common to the 21st to 24th, 27th to 29th and 31st resolutions)	26 months as of the OGM of 8 November 2011
	(ii) to grant: **a-free shares in the Company to eligible employees and Corporate Officers of the Company or Group** (32nd resolution) **b-stock and/or purchase options in the Company's ordinary shares to eligible employees and Corporate Officers of the Company or Group** (33rd resolution)	0.5% of the share capital (ceiling common to the 32nd and 33rd resolutions)	A maximum of 38 months as of the OGM of 8 November 2011
	(iii) to reduce the share capital by cancelling shares acquired by the Company under its share repurchase programme (19th resolution)	10% of the share capital by periods of 24 months	A maximum of 18 months as of the OGM of 8 November 2011

During the financial year ended 30 June 2012, the Board of Directors used the authorisation granted under the 18th resolution within the framework of the liquidity agreement to stimulate trading in the secondary market and for the purpose of future allocation of free shares.

21.1.6 Options or agreements concerning the share capital of the Company or of a member of the Group

THE SHARE TRANSFER COMMITMENTS MADE BY CORPORATE OFFICERS AND DIRECTORS AND BY CERTAIN KEY MANAGERS OF THE GROUP

On 15 July 2005, certain key managers and Directors and Corporate Officers entered into formal commitments for the purchase and sale of Eutelsat S.A. shares potentially derived from the exercise of the stock-options granted by Eutelsat S.A. under the "Managers I", "Managers II", "Managers III" and "Managers IV" plans (see Note 15.3 "Share-based compensation" to the consolidated financial statements for the year ended 30 June 2011), *i.e.* a total of almost 18.3 million Eutelsat S.A. shares, as follows:

- commitment to sell:
  - given by each of the managers and Corporate Officers to Eutelsat Communications,
  - exercise price per share: 2.70 euros,
  - exercise period: for three months after the end of the lock-up period for tax purposes for each relevant tranche of shares;
- commitment to buy:
  - granted by Eutelsat Communications,
  - exercise price determined on the basis of a Eutelsat S.A. valuation of 8.5 times the Group's consolidated EBITDA, after deducting Eutelsat S.A.'s consolidated net debt (or adding back the net cash),
  - exercise period: for each relevant tranche of shares, for one month after the end of the exercise period for the corresponding sale undertaking.

In accordance with the aforementioned commitments to sell the shares, certain officers, Directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Managers III" options, sold a total of 437,374 Eutelsat S.A. shares in July 2008 to SatBirds 2 S.A.S. at a price of 2.70 euros per share.

Pursuant to the same provisions, certain officers, Directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Managers IV" options, sold to Eutelsat Communications Finance S.A.S. a total of 1,762,954 Eutelsat S.A. shares in January 2009 at a price of 2.70 euros per share, including 437,374 shares by persons linked to Jean-Paul Brillaud, Deputy CEO.

Pursuant to the same provisions, officers, Directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Managers III" options, sold to Eutelsat Communications Finance S.A.S. a total of 460,256 Eutelsat S.A. shares in April 2010, for a price of 2.70 euros per share.

Pursuant to the same provisions, certain officers, Directors and managers of Eutelsat S.A., who received shares issued upon the exercise of "Managers IV" options, sold to Eutelsat Communications Finance S.A.S. a total of 1,453,432 Eutelsat S.A. shares in December 2010, for a price of 2.70 euros per share. As of 30 June 2011, all shares outstanding with respect to the liquidity obligation had been repurchased.

21.1.7 Changes in the share capital up to the filing date of this reference document

The table below shows changes in the Company's share capital since its incorporation on 15 February 2005, up to the filing date of this reference document.

Date of definitive completion of the operation	Operation	Number of shares issued/ cancelled	Nominal amount of the capital increase/ reduction (in euros)	Aggregate issue/merger premium (in euros)	Successive amounts of the nominal capital (in euros)	Cumulative number of shares	Par value of the shares (in euros)
15/02/2005	Incorporation of the Company	3,700	37,000	-	37,000	3,700	10
21/03/2005	Capital reduction (par value of the shares divided by 10)	-	(33,300)	-	3,700	3,700	1
21/03/2005	Capital increase	33,300	33,300	-	37,000	37,000	1
04/04/2005	Capital increase (contributions in kind)	256,620,482	256,620,482	-	256,657,482	256,657,482	1
30/06/2005	Capital increase (contributions in kind)	22,075,116	22,075,116	-	278,732,598	278,732,598	1
20/07/2005	Capital reduction (reduction in par value from 1 euro to 0.50 euro per share)	-	(139,366,299)	-	139,366,299	278,732,598	0.5
02/08/2005	Capital increase (issue of share with equity warrants (ABSAs) – General Meeting of 30/06/2005)	1,717,580	858,790	792,190.80	140,225,089	280,450,178	0.5
31/08/2005	Consolidation of shares	(140,225,089)	-	-	140,225,089	140,225,089	1
06/10/2005	Capital increase (consideration for contribution of receivables)	2,938,777	2,938,777	2,938,777	143,163,866	143,163,866	1
30/12/2005	Capital increase (IPO)	71,666,667	71,666,667	761,257,000 (less costs incurred in the transaction)	214,830,533	214,830,533	1
14/12/2005	Capital increase (exercise of equity warrants (BSAs)	600,000	600,000	600,000	215,430,533	215,430,533	1
19/12/2005	Capital increase (reserved for employees)	196,099	196,099	1,686,451	215,626,632	215,626,632	1
27/04/2006	Capital increase (transfer of Eutelsat S.A. shares)	65,960	65,960	65,960	215,692,592	215,692,592	1
During the 2006 financial year	Capital increase (exercise of BSA1s)	548,362	548,362	507,000	216,240,954	216,240,954	1
During the 2006 financial year	Capital increase (exercise of BSA2s)	1,160,128	1,160,128	1,072,000	217,401,082	217,401,082	1
15/10/2007	Capital increase (repurchase and exchange of Eutelsat S.A. shares)	991,332	991,332	15,157,466.3	218,392,414	218,392,414	1
31/10/2007	Capital increase (exercise of BSA2s)	77,968	77,968	72,042.84	218,470,382	218,470,382	1
29/11/2007	Capital increase (grant of free shares)	133,331	133,331	(133,331)	218,603,713	218,603,713	1
27/05/2008	Capital increase (transfer of Eutelsat S.A. shares)	1,038,242	1,038,242	18,127,705.3	219,641,955	219,641,955	1
27/05/2009	Capital increase (grant of free shares)	162,010	162,010	(162,010)	219,803,965	219,803,965	1
30/07/2009	Capital increase (grant of free shares)	310,017	310,017	(310,017)	220,113,982	220,113,982	1

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21.1.8 Pledges, guarantees and securities

PLEDGES OF COMPANY SHARES

To the best of the Company's knowledge, at the filing date of this reference document, none of the Company's shares were pledged.

PLEDGES, GUARANTEES AND SECURITIES ON THE COMPANY'S ASSETS

To the best of the Company's knowledge, at the filing date of this reference document, none of the Company's assets were pledged or used as collateral or security deposits.

21.2 Organisational documents and By-laws

The provisions described in the following paragraphs provide a summary of the Company's By-laws applicable at the filing date of this reference document.

21.2.1 Corporate purpose (Article 3 of the By-laws)

The Company's corporate purpose in France and abroad shall be:

- to supply Space Segment capacity, and satellite communications systems and services. To that end, the Company shall undertake any activities relating to the design, development, construction, installation, operation and maintenance of its Space Segment and those satellite systems and services; and,
- more generally, to acquire an equity interest in any enterprise or company that has been formed or is to be formed and participate in any transactions of any nature, be they financial, commercial, industrial, civil, real-estate-related or other, pertaining directly or indirectly to that corporate purpose or to any similar, related or complementary purposes, and likely to promote, directly or indirectly, the aims pursued by the Company, its expansion into other fields, its growth and its assets.

The term "Space Segment" shall designate a set of telecommunications satellites, and the tracking, telemetry, command, control, monitoring and related facilities and equipment necessary for the operation of those satellites.

21.2.2 Board of Directors, Committees and Observer (Articles 13 to 19 of the By-laws)

The Company is administered by a Board of Directors composed of at least three and at most 12 Board Members, subject to the exceptions stipulated by law. Board Members are appointed for a period of six[(1)] years by the Ordinary General Meeting of Shareholders.

Board Members may be re-elected and their term of office may be revoked at any time by decision of the Ordinary General Meeting of Shareholders.

No one may be appointed to be a Board Member if he/she has passed the age of 70 and if, as a result of his/her appointment, more than one third of the members of the Board will have exceeded that age.

From among its members, the Board of Directors shall elect a Chairman, who shall be an individual, failing which the appointment shall be null and void.

The Chairman shall be appointed for a period that may not exceed the duration of his/her term of office as a Board Member. He/she may be re-elected.

The Board of Directors may revoke his/her appointment at any time.

No Board Member aged 71 or over may be elected as Chairman of the Board of Directors. The term of office of the Chairman of the Board of Directors will automatically come to an end at the close of the General Meeting of Shareholders held after the date on which the Chairman of the Board of Directors has reached the aforementioned age.

The Chairman of the Board of Directors shall organise and manage the work of the Board, about which he/she shall report to the General Meeting of Shareholders. He/she shall see to it that the bodies of the Company function properly and, specifically, ensure that the Board Members are able to do their work.

BOARD MEETINGS

The Board of Directors shall meet as often as required by the Company's interest, in response to a notice from its Chairman. Moreover, if the Board has not met for more than two months, Board Members who together constitute at least one third of the members of the Board may ask the Chairman to convene it for a specific agenda. The Chief Executive Officer may also ask the Chairman to convene the Board for a specific agenda.

Notices of meetings shall be given by any means, even orally.

QUORUM – MAJORITY – MINUTES OF MEETINGS

The Board of Directors may deliberate validly if at least half of its members are present.

Decisions are made by a majority of the members present or represented.

In the event of a tie, the Chairman's vote shall be decisive.

In accordance with statutory and regulatory provisions and except for the transactions indicated specifically by the applicable law, the Internal Regulations may provide that the Board Members who participate in the meeting by means of video conference or other telecommunications technologies permitting their identification and guaranteeing their actual participation under the conditions set by the applicable regulations, shall be considered present for calculating the quorum and the majority.

Meetings of the Board of Directors shall be recorded in minutes, written in a special register numbered and initialled and kept at the registered office pursuant to regulatory provisions.

(1) Four years, subject to adoption of the proposed resolution submitted for approval by the General Meeting of Shareholders on 8 November 2012.

REPRESENTATION

Any Board Member may, in writing, authorise another Board Member to represent him/her at a meeting of the Board.

During one and the same meeting, each Board Member may hold only one of the proxies received under the preceding paragraph.

These provisions shall be applicable to the permanent representative of a legal entity appointed as a Board Member.

POWERS

The Board of Directors determines the priorities for the Company's business activities and ensures that they are implemented. Subject to the powers expressly vested in General Meetings of Shareholders and within the limit of the corporate purpose, it shall take up any question involving the proper operation of the Company and shall settle, by its deliberations, the matters that concern it.

In dealings with third parties, the Company shall be bound even by acts of the Board of Directors that do not fall within the corporate purpose, unless it can prove that the third party knew that the act exceeded that purpose or if the third party could not have been ignorant of that fact considering the circumstances. Mere publication of the By-laws shall not be sufficient to constitute such proof.

COMMITTEES

The Board may decide to create committees to study the questions that it or its Chairman submits for examination and opinion. The Board shall determine the composition and powers of the committees, which shall conduct their activity under its responsibility. It shall furthermore determine the remuneration of the persons who are members of the committees.

COMPENSATION

The General Meeting of Shareholders may allocate to Board Members, in consideration for their activities, by way of Board Members' attendance fees, an annual fixed sum that the Meeting determines, without being bound by previous decisions.

The Board of Directors shall freely distribute among its members the total amounts allocated to the Board Members in the form of Directors' fees.

The Board of Directors may allocate extraordinary compensation for duties or appointments assigned to Board Members under the conditions provided by law.

Board Members who are bound to the Company by an employment contract may receive compensation on the basis of that employment contract under the conditions provided by law.

The Board of Directors may authorise the reimbursement of travel costs and expenses incurred by the Board Members in the Company's interest.

OBSERVER (*CENSEUR*)

The position of Observer has been created.

This Observer position is reserved for the individual who holds the position of Executive Secretary of Eutelsat IGO and may only be exercised by this individual.

No person may be an Observer if he/she has any direct or indirect relationship with any direct or indirect competitor of any entity of the Eutelsat Group (Eutelsat Group being defined as Eutelsat Communications and all entities controlled directly or indirectly by Eutelsat Communications, including Eutelsat S.A., where "Control" has the meaning ascribed to such term in Article L. 233-3 of the French *Code de commerce*).

In the event of a vacancy in the position of Executive Secretary of Eutelsat IGO, the Observer's position shall remain vacant as long as the Executive Secretary position remains vacant.

The Observer shall be called to and may attend meetings of the Board of Directors and express his/her point of view on any item on the agenda, but he/she may not take part in the voting.

The Observer may not be represented at a meeting of the Board of Directors except, if it is impossible for him/her to attend a meeting, with the approval of the Chairman of the Board.

The Observer shall receive the same information and the same documentation as the Board Members, the afore-mentioned information and documentation being sent concurrently to the Board Members and Observer.

All the information brought to the attention of the Observer in connection with his/her duties shall be considered strictly confidential and he/she shall be bound by the same obligations as the Board Members (unless such information has fallen into the public domain).

No confidential information may be disclosed to a third party by the Observer without first having been authorised by the Chairman of the Board of Directors, the CEO if the latter is not the Chairman, or the Deputy CEO.

21.2.3 Form of shares – Identification of shareholders (Article 10 of the By-laws)

The shares shall be in registered or bearer form, at the option of each shareholder. They shall be recorded in an account pursuant to laws and regulations.

For purposes of identifying the holders of bearer shares, the Company shall have the right, at any time, in return for compensation at its expense, to ask the central depositary that keeps the Company's securities account, under current statutory and regulatory conditions, for information about the holders of shares that immediately or ultimately confer the right to vote at Meetings of Shareholders and the number of shares held by each of them and any restrictions that may affect such shares.

21.2.4 Rights and obligations attached to shares (Article 12 of the By-laws)

The shares shall be indivisible with respect to the Company.

The co-owners of undivided shares shall be represented at General Meetings of Shareholders by one of them or a single agent. In the event of disagreement, the agent shall be designated by a court of law at the request of the co-owner who acts first.

Each share confers the right to one vote at General Meetings of Shareholders. The By-laws impose no limit on voting rights.

The voting right shall belong to the beneficial owner at Ordinary General Meetings and to the owner of title at Extraordinary General Meetings. However, shareholders may agree among themselves to any other distribution for exercising the voting right at General Meetings of Shareholders, provided that the beneficial owner is not deprived of the right to vote on decisions concerning the profits. In this case, they must bring their agreement to the Company's attention by registered letter with acknowledgement of receipt sent

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to the head office. The Company shall be required to respect that agreement for any General Meetings held at least five days after receipt of the notice of that agreement.

Even deprived of the voting right, the owner of title of the shares shall always have the right to participate in General Meetings of Shareholders.

Each share shall give the right to a stake in the Company's assets, the liquidation surplus and the profits, in proportion to the percentage of the share capital that it represents.

Possession of a share shall automatically entail adherence to these By-laws and the resolutions duly adopted by the General Meeting of Shareholders.

Whenever it is necessary to own several shares in order to exercise any right, the owners of isolated shares or a number of shares less than the required number may exercise those rights only on the condition that they personally see to the pooling and, possibly, the purchase or sale of the required number of shares.

Each share is entitled, if applicable, to the dividend approved by the Annual General Meeting of Shareholders.

21.2.5 Modification of the rights attached to shares

Modification of the rights attached to shares is subject to legal requirements, as the Company's By-laws do not contain any specific provisions in this respect.

21.2.6 General Meetings of Shareholders (Article 21 of the By-laws)

The collective decisions of the shareholders shall be made in General Meetings of Shareholders under the conditions defined by law. Any General Meeting duly convened shall represent all shareholders of the Company.

The resolutions of the General Meetings shall be binding on all shareholders, even those who are absent, dissenting or deemed legally incapable.

General Meetings shall be called and convened under the conditions set by the law and the regulations.

Meetings shall take place at the registered office or at any other location stated in the convening notice.

Shareholders will have to produce evidence of their right to take part in General Meetings of the Company in accordance with the applicable regulations.

If not attending the General Meetings in person, a shareholder may choose between one of the following three options: give a proxy to another shareholder or to his/her spouse, or vote by mail, or send a proxy to the Company without indicating any agent, under the conditions provided in the law and regulations.

An intermediary who has satisfied the applicable statutory provisions may, under a general power of attorney for management of securities, convey for a General Meeting the vote or the proxy of an owner of shares who does not have his/her domicile in French territory.

The Company shall have the right to ask the intermediary indicated in the preceding paragraph to furnish a list of the non-resident owners of the shares to which those voting rights are attached and the number of shares held by each of them.

Under the conditions set by the law and regulations, shareholders may send their proxy and voting forms concerning any General Meeting of Shareholders either in paper form or, by decision of the Board of Directors indicated in the convening notice, by remote transmission.

In the event of remote voting, only the forms received by the Company by 3:00 p.m. (Paris time), at the latest on the day before the General Meeting is held, shall be counted.

The Board of Directors may shorten or eliminate the time period indicated in the preceding section.

Legal representatives of shareholders deemed legally incapable and individuals representing legal-entity shareholders shall participate at the General Meetings, irrespective of whether or not they are themselves shareholders.

General Meetings of Shareholders shall be chaired by the Chairman of the Board of Directors or, in his absence, by a Board Member specially delegated for that purpose by the Board. Otherwise, the General Meeting itself shall elect its Chairman.

The duties of scrutineers shall be performed by the two members of the General Meeting present and accepting those duties, who have the largest number of votes. A secretary shall be designated who may be chosen from those who are not shareholders.

An attendance sheet shall be kept under the conditions provided by the law and regulations.

Minutes shall be kept and copies or extracts of the resolutions shall be issued and certified pursuant to the law and regulations.

Ordinary General Meetings and Extraordinary General Meetings shall meet on first call and, if applicable, on second call under the quorum conditions provided by law.

Resolutions of General Meetings shall be adopted under the majority conditions provided for by law.

Shareholders who participate in the Meeting by video conference or by telecommunications media making it possible to identify them under the conditions set by the regulations applicable at the time of its use shall also be considered present for calculating the quorum and majority.

Ordinary General Meetings and Extraordinary General Meetings shall exercise their respective powers under the conditions provided by law.

21.2.7 Crossing of statutory thresholds (Article 11 of the By-laws)

The shares shall be freely transferable, subject to statutory and regulatory provisions.

The assignment of shares, regardless of their form, shall occur by transfer from account to account under the conditions and according to the terms provided by law.

In addition to the legal obligations to report the crossing of thresholds or declaration of intent, any individual or legal entity, acting alone or in concert, that comes to possess, in any way, pursuant to Articles L. 233-7 et seq. of the French *Code de commerce*, directly or indirectly, a number of shares representing a stake equal to 1% of the capital and/or voting rights of the Company, must inform the Company of the total number of shares and voting rights that it possesses, and the number of securities that it owns that ultimately give access to the capital and the voting rights that are attached thereto, by registered letter with acknowledgement of receipt sent to the head office, or by any equivalent means for shareholders or bearers of securities domiciled outside France, within five stock exchange business days after that threshold is crossed. This information shall be renewed for the holding of each additional stake of 1% of the capital or voting rights without limitation.

This disclosure obligation shall apply under the same conditions as those stipulated above whenever the percentage of the share capital and/or voting rights possessed becomes less than a multiple of 1% of the capital or voting rights.

If not duly disclosed under the conditions stipulated above, the shares that exceed the percentage that should have been reported shall, upon request, be recorded in the minutes of the General Meeting, from one or more shareholders holding a percentage of the capital or the voting rights of the Company at least equal to 1%, be deprived of the voting right for any General Meeting of Shareholders that is held until the expiry of a period of two years following the date of rectification of the notice.

21.2.8 Changes in the share capital (Article 8 of the Company's By-laws)

The share capital may be increased, reduced or redeemed under the conditions set by law.

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22 IMPORTANT contracts

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22.1 Contracts concerning satellites

During the financial year 2011-2012, the Group signed the following satellite procurement contracts:

- in July 2011, EUTELSAT 3B was ordered from EADS Astrium.

During the financial year 2010-2011, the Group signed the following satellite procurement contracts:

- in July 2010, EUTELSAT 25B was ordered jointly with ictQATAR from Space Systems/Loral;
- in November 2010, EUTELSAT 3D (ex-EUTELSAT 7B/W3D) was ordered from Thales Alenia Space following the loss of the W3B in-orbit;
- in October 2011, EUTELSAT 9B was ordered from EADS Astrium.

Main provisions of satellite procurement and launch contracts

The Group is entitled to closely monitor all the tasks carried out as part of these manufacturing contracts, including the design, assembly and testing phases as well as construction. To this end, some engineers of the Group are assigned to the production site. Such supervision allows the Group to ensure that its high standards concerning quality and its technical specifications are met at all stages of the satellite's construction. Furthermore, by virtue of these procurement contracts, the constructors provide a number of in-orbit support services.

IN-ORBIT INCENTIVE PAYMENTS

The Group's satellite procurement contracts also contain a provision for in-orbit incentive payments whereby the manufacturer is paid a portion of the procurement cost throughout the estimated contractual life of the satellite on the basis of the satellite's compliance with the technical and contractual specifications.

In the most recent contracts, the Group has agreed to pay the price for the satellite in full, including the amount allocated for incentive payments and the acceptance review at the time the satellite is brought into operation. However, the Group is entitled to reimbursement of part of the sums paid if the satellite does not meet the technical specifications, or in the event of malfunction. The contracts also contain penalty clauses which become applicable in the event of late delivery.

In cases where delivery is more than six months late, the Group may cancel satellite procurement contracts on the grounds that the supplier has not fulfilled its contractual obligations.

LAUNCH SERVICE CONTRACTS

The Group has entrusted the launch services for its satellites under construction to Arianespace, Sea Launch Limited Partnership and International Launch Services. The fact of having at least three launch service suppliers gives the Group additional flexibility and security to ensure that its satellites under construction will be launched within the scheduled time limits.

During the financial year 2011-2012, the EUTELSAT 7 West A satellite was launched on the Zenit 3 rocket by Sea Launch Limited Partnership, and the EUTELSAT 16A satellite was launched on the Long March 3B rocket by China Great Wall Industry Corp.

Under the terms of these launch service contracts, the Group can delay or cancel a launch with or without giving reasons. In the event of a cancellation supported by a reason, the Group is entitled to full reimbursement of any sums paid to the launch service provider.

22.2 Allotment agreements with third parties

These agreements are described in Section 6.6.1.3 "Capacity leased on third-party satellites" of this reference document.

22.3 Financing agreements

The Group has entered into a number of financing agreements it considers significant. These financing agreements, together with the bonds issued by Eutelsat S.A., are described in Section 10.3 "Changes in debt and the Group's financing structure".

23 DOCUMENTS available to the public

Pursuant to Article 221-1 of the General Regulations of the *Autorité des marchés financiers*, the documents relating to Eutelsat Communications are made available to shareholders and the general public, and may be consulted at the Company's registered office, 70, rue Balard, 75015 Paris.

The following documents are also available on the Company's website, www.eutelsat.com:

- annual report;
- reference document;
- presentation of the annual and half-year financial statements;
- half-year financial report;
- press releases;
- description of the share buy-back programme and weekly statements of the liquidity agreement;
- half-year balance sheet of the liquidity agreement;
- modification of the resources allocated to the liquidity agreement;
- information about the number of voting rights and share capital;
- information regarding Statutory Auditors' fees;
- report on internal control and corporate governance.

Person responsible for information

Lisa Finas

Head of Investor Relations

70, rue Balard – 75015 Paris

Provisional timetable for financial reporting

The following dates are provided for information only and may be changed at any time by the Company:

- 25 October 2012: Publication of first-quarter revenues for the financial year 2012-2013;
- 8 November 2012: Combined Ordinary and Extraordinary General Meeting of Shareholders;
- 7 February 2013: Publication of half-year results for the financial year 2012-2013;
- 6 May 2013: Publication of third-quarter revenues for the financial year 2012-2013;
- 30 July 2013: Publication of the full year results for the financial year 2012-2013.

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Annual information document

In accordance with Article 222-7 of the General Regulations of the *Autorité des marchés financiers*, an annual information document is provided below, listing all the information published or made public by the Company to comply with its statutory and legislative obligations in terms of financial instruments and financial instrument markets.

Publication date	Title of press release
PRESS RELEASES	
12 September 2012	Eutelsat distinguished as Global Operator of the Year by industry experts at World Satellite Business Week
12 September 2012	RuraliTIC 2012: Eutelsat provides “true broadband” by satellite to rural areas
7 September 2012	Poland’s Cyfrowy Polsat pay-TV platform boosts capacity at Eutelsat’s HOT BIRD neighbourhood
7 September 2012	Denmark’s TV2 transforms its satellite newsgathering capabilities with Eutelsat’s NewsSpotter service
7 September 2012	Eutelsat and dcinex to create a one-stop-shop for the digital cinema market in Europe
6 September 2012	Jean-François Fenech joins Eutelsat’s Skylogic affiliate as CEO
5 September 2012	Eutelsat at IBC 2012: satellites ready for Ultra HD, triple-play, digital cinema, new-generation newsgathering and more…
2 August 2012	DStv Eutelsat Star Awards back for 2012
30 July 2012	Eutelsat Communications – solid full year 2011-2012 results
26 July 2012	Sky-Stream selects two Eutelsat satellites to support increasing demands from Maritime and Energy sectors
25 July 2012	Eutelsat on the countdown to the London Olympic Games
17 July 2012	Satellite broadcast community gears up to deliver the highest quality of satellite transmissions for the London Olympic Games
10 July 2012	Eutelsat and Arianespace pursue their longstanding collaboration with the signature of a new launch contract
5 July 2012	Eutelsat sets a new benchmark for satellite broadband *via* KA-SAT
3 July 2012	Eutelsat Communications: Information related to the Board of Directors
27 June 2012	Leading broadcasters from Bosnia and Herzegovina join forces at Eutelsat’s 16° East neighbourhood to launch TEAM:SAT
27 June 2012	Serbia Broadband (SBB) expands collaboration with Eutelsat to launch satellite triple-play services
20 June 2012	Television Malagasy, first public television channel of Madagascar, renews its lease capacity contract with Eutelsat
19 June 2012	Eutelsat Communications expands its footprint to high growth Asia-Pacific markets through acquisition of GE-23
13 June 2012	Gulfsat expands business with Eutelsat. New capacity contract on EUTELSAT 8 West A to serve Middle East broadcast markets
1 June 2012	Five Eutelsat satellites gearing up to transmit the UEFA Euro 2012 championship
24 May 2012	Al-Jazeera Networks selects two Eutelsat satellites to broadcast its new sports channels in France
21 May 2012	Satellite broadband in Africa goes to a new level: Eutelsat’s new ‘IP Easy’ service uses Newtec technology for a fast route to broadband
16 May 2012	Arqiva takes additional satellite capacity on EUTELSAT 7A
14 May 2012	Optimus chooses Eutelsat’s KA-SAT satellite to launch a new range of IP services for enterprises in Portugal
10 May 2012	Eutelsat Communications third quarter 2011-2012 revenues
9 May 2012	Eutelsat seals distribution agreement with RG Networks, making satellite broadband available *via* KA-SAT across Hungary
19 April 2012	Eutelsat: Launch in Basse Normandie of the national internet by Satellite training programme for aerial installers in France
18 April 2012	Eutelsat Communications: Capacity on four satellites mobilised to cover the two rounds of the French presidential elections
12 April 2012	Jean-Louis Robin to succeed Izy Béhar as Eutelsat’s Communication Director of Human Resources
10 April 2012	Fransat, Samsung and Neotion break new ground for satellite TV reception in France
2 April 2012	Eutelsat presents satellite broadband solutions in Former Yugoslav Republic of Macedonia to ITU/UNESCO “Broadband Commission for Digital Development”
29 March 2012	Eutelsat hybrid TV services using HbbTV standard go live in Germany
27 March 2012	Eutelsat put KA-SAT satellite efficiency to help an operation of validation for an international project of ESS (Emergency Staffing Solutions)
23 March 2012	Jean-François Leprince-Ringuet joins Eutelsat as Chief Commercial Officer

Publication date	Title of press release
21 March 2012	Eutelsat's NewsSpotter service *via* the KA-SAT satellite puts a new face on newsgathering in Europe
15 March 2012	EBU seals long-term leases with Eutelsat for Europe-wide programme exchanges
13 March 2012	RTÉ Ireland chooses Eutelsat's KA-SAT for its 'SAORSAT' free to air digital service
12 March 2012	Eutelsat and Es'hailSat, the Qatar Satellite Company, select Arianespace to launch the EUTELSAT 25B / Es'hail 1 satellite
2 March 2012	Eutelsat Communications joins CAC Large 60 index from 19 March 2012
1 March 2012	European Union TV service, Europe by Satellite, expands satellite reach with switch to EUTELSAT 9A
1 March 2012	Al Jazeera expands audience over Africa with Eutelsat's 7° West satellite, EUTELSAT 7 West A
17 February 2012	Eutelsat and ViaSat innovation in new-generation broadband satellites awarded by the Society of Satellite Professionals International (SSPI)
16 February 2012	Eutelsat Communications reports solid first half 2011-2012 results
8 February 2012	Algérie Télécom Satellite selects Eutelsat's new ATLANTIC BIRD 7 satellite to extend mobile telephony and data networks across Algeria
1 February 2012	Eutelsat, the ANEM and ADF welcome the results of the Tooway™ broadband service national demonstration operation *via* KA-SAT satellite
1 February 2012	Eutelsat's Tooway™ satellite service set to boost broadband in France for SFR affiliate, NomoTech
30 January 2012	NordNet, subsidiary of France Télécom-Orange, picks Eutelsat's Tooway™ service for its Triple Play satellite offer
30 January 2012	Eutelsat's satellites break the barrier of 4,000 TV channels!
24 January 2012	Eutelsat satellite capacity to broadcast a high-definition walk through the "Leonardo Live" exhibition to cinemas across Europe
19 January 2012	Declaration by Eutelsat on the Roj TV channels
16 January 2012	SIS LIVE selects two Eutelsat satellites to boost resources for outside broadcasting, including key 2012 events
15 December 2011	Digital switchover in France completed. Eutelsat's Fransat TV platform now delivering dtt channels to 1.6 million tvs in France
12 December 2011	Eutelsat's KA-SAT satellite proves its efficiency for fast video file delivery
7 December 2011	Successful refinancing of Eutelsat Communications debt
1 December 2011	Eutelsat – one Group, one name, one fleet
25 November 2011	On the occasion of the *Salon des Maires et des Collectivités locales 2011* meeting with French local officials, Eutelsat asserts itself as the partner of rural areas for the access to digital for everybody with its Tooway™ and Fransat services
23 November 2011	Winners announced of the prestigious HOT BIRD™ TV awards
17 November 2011	Eutelsat statement on deliberate jamming of satellite signals Thematic channels distinguished for highest quality of content and innovation
9 November 2011	Eutelsat's W3C satellite in full commercial service. New W3C and ATLANTIC BIRD™ 7 satellites inject additional resources and flexibility into Eutelsat's fleet
8 November 2011	Eutelsat Communications' Annual General Meeting of Shareholders on 8 November 2011
3 November 2011	Eutelsat Communications: first quarter 2011-2012 revenues up 3.4%, on track to meet full year objectives
31 October 2011	Mbc Group picks Eutelsat's ATLANTIC BIRD™ 7 satellite to support HDTV roll-out across the Middle East and North Africa
24 October 2011	Eutelsat's ATLANTIC BIRD™ 7 satellite goes live, boosting resources and reach at the premier video neighbourhood in the Middle East and North Africa
20 October 2011	Eutelsat strengthens its commitment to all-digital in France, becoming partner of the *Assemblée des Départements de France* meeting for French departments and their representatives for the 81st Congress of ADF
17 October 2011	Appointment Jean-Francois Bureau joins Eutelsat as Director of Institutional and International Affairs
13 October 2011	Eutelsat Board of Directors proposes Jean-Martin Folz to succeed Giuliano Berretta as Chairman
7 October 2011	Eutelsat's W3C satellite successfully launched and on its way to 16° East
6 October 2011	HOT BIRD™ TV awards 2011: nominee channels announced
5 October 2011	Eutelsat is present at the 27th Congress of the ANEM with Fransat and Tooway™ solutions to enable all households in mountainous areas to benefit from immediate access to digital television and broadband services
4 October 2011	Eutelsat to take 9° East video neighbourhood to a new level of performance with the EUTELSAT 9B satellite ordered from Astrium
26 September 2011	Eutelsat launches a demonstration operation of its Tooway™ service for broadband access on the KA-SAT satellite in France

23 - DOCUMENTS AVAILABLE TO THE PUBLIC

Annual information document

Publication date	Title of press release
24 September 2011	Eutelsat's ATLANTIC BIRD™ 7 satellite launched into orbit by Sea Launch
INFORMATION PUBLISHED IN THE *JOURNAL LA LOI*	
15 November 2011	Declaration of number of voting rights
INFORMATION PUBLISHED IN THE BALO (*BULLETIN DES ANNONCES LÉGALES OBLIGATOIRES*/BULLETIN OF COMPULSORY LEGAL NOTICES)	
27 February 2012	Annual Accounts
24 October 2011	Shareholders' Meeting Notice for the Combined Ordinary and Extraordinary General Meeting on 8 November 2011
3 October 2011	Notice of meeting of the Combined Ordinary and Extraordinary General Meeting on 8 November 2011
DECLARATIONS OF SECURITIES TRANSACTIONS BY MANAGERS	
September 2011	Giuliano Berretta and related party(ies): disposals of shares
INFORMATION FILED WITH INFOGREFFE (THE COURT CLERK'S OFFICE)	
16 February 2012	Extract from the minutes – Resignation of Board Member(s)
23 January 2012	Annual Accounts
8 November 2011	Board Member appointment ratification; Board Member term of office renewal; Board Member appointment; Rendering of accounts; Alternate Statutory Auditor term of office renewal
8 November 2011	Extract from the minutes; Resignation of Board Member; Resignation of Deputy Chief Executive Officer; change in Chairman
17 November 2011	Letter – Appointment of a permanent representative
28 July 2011	Extract from the minutes: Appointment of a Deputy Chief Executive Officer
27 May 2011	Extract from the minutes: Change of Board Member(s), Appointment of a permanent representative
26 May 2011	Letter: Appointment of a permanent representative

The press releases can be viewed on the Company's website (www.eutelsat.com).

The documents published in the *Bulletin des annonces légales obligatoires* (BALO) can be viewed at www.journal-officiel.gouv.fr.

The documents filed with the Court Clerk's Office can be viewed on the www.infogreffe.fr website.

24 INFORMATION on holdings

Information concerning firms in which the Company owns shareholdings, which are liable to have a significant impact on the valuation of its assets, financial position or results, may be found in Section 7.2 “Subsidiaries and equity interests” of this reference document and in Note 17 to the Company’s annual financial statements for the financial year ended 30 June 2012.

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25 NON-FINANCIAL elements

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During the financial year 2011-2012, Eutelsat management for the first time established a committee to define indicators that will be used to develop and benchmark the Company's sustainability strategy.

This committee is composed of representatives from a cross-section of the Company: Human resources, Legal, Technology, Operations, Purchasing, Premises management, Internal control, Risk-management, Communications and is chaired by the Investor relations department. The Deputy CEO provides senior management oversight.

This first sustainability report has incorporated eight specific indicators addressing:

- environment;
- social and societal aspects;
- governance.

Each of these three themes has sub-sections to provide a balanced look at the critical issues facing the Company in terms of Environment, Social aspects and Governance ("ESG").

25.1 Environment

The Company's services consist of the transmission of radio signals from its fleet of 28 satellites 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 (36,000 kilometres from the earth), the Company has no factories or warehouses and its terrestrial or sea transport footprint is limited, these means of transportation being rarely used to deliver Eutelsat services.

25.1.1 Satellites

IMPACT OF SATELLITE LAUNCHES ON THE ENVIRONMENT

As an operator of satellites, Eutelsat does not launch satellites, but uses the services of launchers such as Arianespace, ILS and Sea Launch. The Company launches on average two satellites per year.

Eutelsat's main supplier of launch services to date has been Arianespace who indicated in their 2011 Annual Report:

"As in previous years, Arianespace deployed a complete safety and security management system, bolstered by the system set up by the Guiana Space Center, to prevent industrial and environmental risks. Each activity deemed to entail risks is analyzed, the operating process is detailed in a specifical procedure including objectives, indicators, targets, a report and mandatory audits.Furthermore, the staff assigned to implementation is specially trained, the possible failure modes are identified and preventive measures are defined."

The Guiana Space Centre (GSG) and Arianespace maintain strict controls of the impact on the surroundings of launches, which is public information, and is in complete compliance with regulations. Emissions resulting from satellite launches include mainly:

- hydrochloric acid (HCl);
- aluminum oxide (Al_2O_3).

And, to a lesser amount:

- carbon dioxide (CO_2);
- carbon monoxide (CO).

The impact of hydrochloric acid measured on vegetation and infrastructure is negligible and aluminium oxide is a non-toxic product found naturally in soils of Guyana, and thus, not the result of satellite launches. The levels of concentration have no impact on human health.

The carbon emissions from a single telecommunications rocket launch is estimated at approximately 120 tons of CO/CO_2.

To put into perspective, the carbon emission from a transatlantic jumbo jet flight is estimated at approximately 430 tons. So, the two Eutelsat launches in 2011 were roughly equivalent to half of a transatlantic jumbo jet flight.

Arianespace has put a management plan in place with its aim to achieve ISO 14001 certification in late 2013.

SPACE DEBRIS

Eutelsat is conscious of the responsibility it has in protecting the space around the earth and as such, complies with the international principles that address the subject, including:

- the Inter-Institution Coordination Committee on Space Debris and;
- the United Nations Committee on the Peaceful Uses of Outer Space and the new French Space Operations Act which came into force in December 2010;
- the French Space Law No. 2008-518 of 3 June 2008.

The de-orbiting process for satellites reaching their end of useful life is to send the satellite to a graveyard orbit, another 300 kilometres further out from geostationary orbit (35,786 kilometres). From this graveyard orbit, satellites eventually are jettisoned into outer space and never return to Earth.

25.1.2 Reception *via* satellite dishes

A TV satellite dish is a passive device, that is, it does not emit any energy. The dish is a receiving device to capture signals from the satellite. Therefore there is no concern of radiofrequency exposure.

RECEPTION AND TRANSMISSION *VIA* TELECOMMUNICATIONS SATELLITES

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

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

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

There are no specific references to risks associated with satellite use.

(source: WHO website http://www.who.int/mediacentre/factsheets/fs322/en/index.html)

EMPLOYEE SAFETY AT EUTELSAT TELEPORTS

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

- periodic tests for radiation are conducted at the teleport in Rambouillet;
- all antennae at the Rambouillet teleport are tested in accordance with ESVA (Earth Station Verification and Assistance) to ensure the quality of the installation and to detect possible radiation outside of acceptable norms. As standard part of every ESVA activity, the antenna radiation pattern is measured. This allows taking corrective action in case of shortcomings (like 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.

  For more information: http://www.eutelsat.com/satellites/pdf/esog130.pdf;
- all staff working with antennae are informed about potential exposure risks;
- access to high potential exposure risks installations (limited number of dishes close to the ground) is strictly controlled by fences.

25.1.3 Company's impact on the environment from its offices and teleports

WASTE MANAGEMENT AT THE COMPANY'S BUSINESS OFFICES

The Company has committed to observe "best practices" in terms of managing waste generated in its offices. Some of the practices adopted include:

- recycling of all used paper products *via* the services of an out-sourced paper recycle company (La Corbeille Bleue, part of PAPREC Recyclage working with SITA of Suez Environnement). To that end, every office in the headquarters is equipped with a "recycle" box for paper with "non-sensitive" information. In the opposite case, documents are destroyed *via* industrial shedders. Eutelsat has used the services of La Corbeille Bleue since 2007;
- in an effort to reduce plastic consumption each employee receives a reusable ceramic mug and glass when joining the Company. This action has helped in the reduction of plastic consumption since it was instituted in 2010;
- a process was put in place in 2007 for waste disposal of all used office equipment (furniture and electronics).This process is managed by the premises teams. All unusable office equipment (furniture or electronics) that is not "recyclable" is first dismantled, and is then brought to the waste disposal site by our teams who sort all of the discarded equipment in appropriate receptacles.

  Since 2007 Eutelsat adopted a policy of purchasing office furnishings designated "CLEN", of which 70%-95% is recyclable. The Company received, a certification of "engagement of compliance" sustainable development from its office furniture supplier CLEN on 24 January, 2012.

ENERGY CONSUMPTION (ELECTRICITY, WATER, DIESEL)

For the financial year 2011-2012, the Company reported energy consumption for its headquarters (Paris) and its teleport in Rambouillet, France (representing 528 employees, 69% of Eutelsat's staff as of 30 June 2012):

Electricity consumption (in kilowatts)	2011-2012
Eutelsat headquarters	3,885,669 kW
Eutelsat teleport	6,933,378 kW

Water consumption (in cubic meters)	2011-2012
Eutelsat headquarters	10,468 m^3
Eutelsat teleport	528 m^3

Diesel consumption (in litres)	2011-2012
Eutelsat teleport (heating and air conditioning)	20,000 ltr.
Eutelsat teleport (power generators	9,000 ltr.

Much of the teleport's energy consumption is the result of cooling and heating needs. 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.

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During the fiscal year ended 30 June 2012, the Company undertook an energy audit conducted by VE Energie in order to study the efficiency of energy consumption at its teleport in Rambouillet. The result of the audit was generally positive, with an efficiency rating of 94%.

The final audit report made a number of recommendations that management will be evaluating in the coming years to help reduce the overall energy consumption at the Rambouillet teleport.

25.2 Social and societal aspects

25.2.1 Employees

GEOGRAPHIC BREAKDOWN OF EMPLOYEES BY LOCATIONS

Eutelsat is a France-based company with the majority of is employees working from the headquarters at 70, rue Balard, 75008 Paris.

Its permanent employee base is located in two main geographical areas: Europe and the Americas:

30 June 2012	No.	% of total
Europe	748	98.2%
The Americas	13	1.7%
TOTAL	**761**	**100%**

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

BREAKDOWN OF EMPLOYEE BY SEX

Men	%	Women	%
524	68.9%	237	31.1%

BREAKDOWN OF EMPLOYEE BY AGE

The average age of Eutelsat's employees at 30 June 2012 was 43 years.

Age	<26	26-40	41-60	>60
30 June 2012	11	375	362	13

25.2.2 Collective bargaining agreements

As of 30 June 2012, 93% of Eutelsat employees were covered by collective bargaining agreements in financial year 2011-2012.Some entities have 100% of their permanent staff covered:

Legal entity	No. employees
Eutelsat S.A.	526
Skylogic Italy	149
Skylogic Mediterraneo	29
Skylogic Eurasia (Turkey)	1
Eutelsat Italia	2
Eutelsat do Brazil	2
TOTAL	**709**

25.2.3 Production and respect of IOT conventions and regulations

As of June 30, 2012, all Eutelsat subsidiaries were in compliance with IOT (*Organisation Internationale du Travail*) in countries where this norm is applicable.

25.2.4 Training and mobility

TRAINING

During the fiscal year 2011-2012, employees from five Eutelsat subsidiaries benefited from 11,655 hours of training.

Legal entity	Training hours
Eutelsat S.A.	7,624
Skylogic Italy	3,590
Wins (Skylogic subsidiary)	329
VisAvision (Germany)	32
Eutelsat Madera	80
TOTAL	**11,655**

INTERNAL MOBILITY

Six of Eutelsat's 15 subsidiaries have internal policies regarding internal mobility. These six subsidiaries employed 97% of the consolidated Group's employees.

Legal entity
Eutelsat S.A.
Skylogic Italy
Skylogic Mediterraneo
Wins (Skylogic subsidiary)
VisAvision (Germany)
Eutelsat Madera

25.2.5 Employee incentive programs

LONG-TERM INCENTIVE PROGRAMME

Based on a recommendation of the Selection and Remuneration Committee, the Eutelsat Board of Directors decided to establish a long term Profit Sharing and Loyalty Program (called "LTIP") for employees and managers (including Corporate Officers) of the Group.

Refer to section 17.3 of the reference document for more details.

25.2.6 Societal actions

BRIDGING THE "DIGITAL DIVIDE"

Notwithstanding major advances in communications technologies, large numbers of the world's population still have no access to high speed internet connectivity, and as a result, individuals and businesses located in geographical areas with poor speed internet connectivity or no access to high speed broadband cannot remain competitive and productive in today's world.

Providing access to high-speed internet to everyone should result in the creation of jobs, and would participate in the growth and economic development of unserved or underserved regions.

This lack of connectivity stems mainly from the significant costs associated with the rollout of optic fibre to 100% of the world's population.

Eutelsat announced in 2007 the commissioning of a satellite operating exclusively in the Ka-band frequency, with a new architecture designed specifically to bring high-speed internet to unserved and underserved geographical areas comprising: Europe, the Middle East and the Mediterranean basin.

At June 30, 2112, 52,450 Tooway™ terminals were activated, located principally in France, Germany, Italy and the U.K.

SUPPORT OF HUMANITARIAN ACTIVITIES RELATED TO EUTELSAT'S CORE BUSINESSS

- *Télécoms sans frontières* (Telecoms without boarders)

Eutelsat established an association with the organisation Télécom sans frontières (TSF) in 2007. Since that time, the relationship has grown, and in the fiscal year 2011-2012, Eutelsat provided Tooway™ terminals and services using the new KA-SAT satellite to TSF.

A Non-Governmental Organisation (NGO), TSF's mission is to provide emergency telecommunications in conflict zones or disaster areas supporting relief efforts by humanitarian organisations. They accomplish this through providing transportable satellite terminals that are deployed and operated in a matter of hours, delivering internet connectivity for data and video transmission, voice and fax communications. The also help victims of conflicts and refugees to make contact with their families by offering a three-minute, no-charge telephone call.

SUPPORT OF CHARITABLE ACTIVITIES FOR EMPLOYEES

- "*Les Arrondis*"

An initiative was launched by the Company's Human Resources department in 2010 to facilitate the collection of funds to support charitable activities. A simple authorisation process allows employees to donate any "cents" figuring in their pay check each month. In financial year 2011-2012, the Company made contributions amounting to nearly eight thousand euros which were contributed to ADIE and Planet Finance. Currently, the level of participation in the program has reached 10% of eligible employees.

25.3 Governance of the Board of Directors

INDEPENDENT BOARD MEMBERS

As of June 30, 2012, the Eutelsat Board of Directors counted eight members, marking a decline from 12 members at June 30, 2011. During the financial year, Abertis Telecom sold 23% of its stake in Eutelsat. Subsequent to this sale Abertis Telecom (and related entities) resigned all four of the Board seats it had held since 2006, when it first entered into the shareholding of Eutelsat Communications.

Four Board Members are independent.

NATIONALITY OF BOARD MEMBERS

The Board of Eutelsat Communications has representatives of three nationalities including:

- French: 5;
- Belgian: 2;
- U.K.: 1.

BOARD REPRESENTATION, GENDER MIX

At June 30, 2012, the Board of Directors of Eutelsat Communications counted eight board members, one of which is a woman.

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GLOSSARY

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Analogue

Format of a broadcast signal where a continuously varying physical quantity precisely describes the variation of the information it represents.

Bandwidth

Band of frequencies used for an RF transmission (*e.g.* 36 MHz).

Beam

Term used to describe the radiation pattern of a satellite antenna. The intersection of a satellite beam with the surface of the Earth is called the footprint (of the beam).

Broadcast Satellite Service (BSS)

Communications service in which signals transmitted or retransmitted by satellite are intended for direct reception by the general public. Use of the corresponding frequencies is governed by international regulations, with the aim of allowing all countries to offer services of this kind. In Europe, the downlink frequency range for the BSS is 11.7 to 12.5 GHz.

C-band

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

Capacity

Quantity of information transmitted. As an analogy, there is often reference to spectrum width and to the associated power needed to transmit such a quantity of information.

Digital

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

Direct broadcasting

Direct reception of satellite signals by the user, *via* DTH or community reception facilities (satellite dish).

Downlink

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

DSL

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

DVB

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

Earth segment

A series of earth stations operated in a given satellite system or network (synonym: ground segment).

Earth station

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

EDP

Eutelsat Digital Platform. Platforms set up to make it possible to share multiplexing costs on the ground.

Fixed Satellite Service (FSS)

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

Frequency

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

Internet backbone

The communications networks on which the internet is based.

IP

Internet Protocol.

Ka-band

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

Ku-band

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

MPEG

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

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

Operating period

Period during which a satellite is able to function. The operating period of a satellite in-orbit depends in particular on the quantity of fuel it carries for station-keeping.

Passband

Range of frequencies permitted for an RF transmission (see "Bandwidth").

Payload

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

Radio frequency

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

Redundancy

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

RF relay

Professional terrestrial RF link generally used between the studios of a radio or TV station and the antennas transmitting the programmes to customers'homes.

S-band

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

Signal

Variation of a physical value of any kind carrying information.

Simulcasting

Simultaneous transmission of a programme or service using two transmission standards or media. This technique developed by Eutelsat under the name of Simulcast makes it possible to transmit a carrier wave in analogue mode and a digital TV signal on a single satellite transponder which could normally only transmit the carrier wave of the analogue signal.

Skyplex

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

Space segment

Satellites in a satellite communications system belonging to an operator.

Steerable beam

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

Telemetry

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

Transponder

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

Uplink

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

VSAT Terminal

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

A APPENDICES

Summary of appendices

A APPENDIX 1

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS of Eutelsat Communications in application of Article L. 225-37 of the French *Code de commerce*

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

A - REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS of Eutelsat Communications in application of Article L. 225-37 of the French *Code de commerce*

Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of 220,113,982 euros**
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

In accordance with Article L. 225-37 of the French *Code de commerce,* this report provides information on the preparation and organisation of the work carried out by the Board of Directors of Eutelsat Communications during the financial year ended 30 June 2012, and on the internal control and risk management procedures implemented by the Eutelsat Group.

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

1. Governance of the Company

Code of Reference

The Company complies with the guidelines of the AFEP-MEDEF Code of Corporate Governance of April 2010 (hereinafter the "Code of Reference"). Where there are points of divergence between the Company's practice and the recommendations of the Code of Reference, they are mentioned in the relevant paragraphs of this report.

No control or concerted action

At the time of the Company's IPO on 2 December 2005, no shareholder of the Company, whether directly or indirectly, by itself or with others, exercised control within the meaning of Article L. 233-3 of the French *Code de commerce.* This situation has not been altered by the changes in the make-up of Eutelsat Communication's share capital and, to the Company's knowledge, as of 30 June 2012, no shareholder of Eutelsat Communications, whether directly or indirectly, by itself or with others, exercises control within the meaning of Articles L. 233-3 and following of the French *Code de commerce.*

Mission of the Board of Directors

Pursuant to, *inter alia,* the provisions of Article L. 225-35 of the French *Code de commerce,* the Board of Directors is responsible for orienting the Company's business activities and ensuring that this framework is properly implemented. Subject to the powers expressly reserved for General Meetings of Shareholders, the Board of Directors can examine any question that affects the sound operation of the Company or the Eutelsat Group.

Pursuant to its Internal Regulations, a number of decisions of the Chief Executive Officer require the prior approval of the Board of Directors. These decisions can be grouped under the following headings:

- **Operations affecting the Company:** Any operation that results in a significant change in the Company's capital or a proposed modification of the Company's By-laws.
- **Strategic operations:** The Strategic Plan aims to establish the Group's strategic objectives and define the resources required to achieve those objectives, together with the Group's financial and business activity forecasts.

  The Group's Five-Year Strategic Plan, as well as any operation or merger that has a significant impact on the Company's structure or strategy, is subject to prior approval by the Board of Directors.

  The Strategic Plan for the period from the 2012-2013 financial year to the 2016-17 financial year was approved by the Board of Directors meeting of 6 June 2012.
- **Investments and financial commitments:** The Group's consolidated Annual Budget, which establishes the financial and budgetary objectives for the coming year and which is included in the Strategic Plan, is subject to prior approval by the Board of Directors at the beginning of each financial year. Similarly, any capital expenditure or transaction involving the purchase of or investment in the share capital of another company for an amount in excess of 50 million euros, if the relevant operation is included in the Group's Annual Budget or in its Strategic Plan, or in excess of 25 million euros if not included in the Annual Budget, is subject to prior approval by the Board of Directors.

  The Annual Budget for the 2012-13 financial year was approved by the Board on 6 June 2012.

  Prior approval by the Board is also required for any loan, credit facility or financing or refinancing agreement that is not expressly included in the Group's Annual Budget and results in an increase in the Group's indebtedness of more than 50 million euros. The same applies to any decision to dispose of or loan assets of the Company (excluding capacity agreements with clients) or any other form of transfer of assets in excess of 50 million euros that is not expressly included in the Group's Annual Budget.
- **Half-yearly and annual financial statements:** The half-yearly and full-year financial statements as well as the consolidated financial statements are closed by the Board of Directors.
- **Group General Management:** The prior approval of the Board of Directors is required before an executive manager whose remuneration is amongst the six highest compensation packages in the Group can be recruited or dismissed.
- **Monitoring the Group's business activities:** Management submits to the Board a comprehensive quarterly report on the Group's operations, which includes, among other items, the Group's results and financial indicators (revenues by application, summary income statement, situation regarding indebtedness, cash flow and costs, etc.) to enable the Board to gain a proper understanding of how the business has evolved, particularly

at a technical or commercial level, and of budget follow-up. Management also provides the Board with a simplified monthly activity report.

Composition of the Board of Directors

During the financial year ended on 30 June 2012, the composition of the Board of Directors changed as follows:

- the terms of office of Giuliano Berretta, Jean-Luc Archambault, Francisco Reynes, Tobias Martínez Gimeno and Andrea Luminari were not renewed and expired on 8 November 2011,
- the General Meeting of Shareholders, which met on the same date, appointed Jean-Paul Brillaud, Jean-Martin Folz and the companies Abertis Infraestructuras S.A., represented by Francisco Reynes, Tradia Telecom S.A., represented by Tobias Martínez Gimeno and Retevisión I S.A., represented by Andrea Luminari, as Directors,
- the Board of Directors acknowledged the resignation of Tradia Telecom S.A. and Retevisión I S.A. from their position as Directors further to the sale by Abertis of part of its interest in the Company (Board of Directors of 16 February 2012), and
- Abertis Telecom and Abertis Infraestructuras resigned from their position as Directors on 25 June 2012.

The composition of the Board of Directors at 30 June 2012 is shown in the table below:

Name	Date appointed/ co-opted	End of term of office
Lord Birt	10 Nov. 2006	General Meeting approving the financial statements for the financial year to 30 June 2012
Jean Paul Brillaud	8 Nov. 2011	General Meeting approving the financial statements for the financial year to 30 June 2017
Michel de Rosen	10 Nov. 2009	General Meeting approving the financial statements for the financial year to 30 June 2015
Jean-Martin Folz	8 Nov. 2011	General Meeting approving the financial statements for the financial year to 30 June 2017
FSI, represented by Thomas Devedjian	17 Feb. 2011	General Meeting approving the financial statements for the financial year to 30 June 2017
Bertrand Mabille	10 May 2007	General Meeting approving the financial statements for the financial year to 30 June 2017
Carole Piwnica	9 Nov. 2010	General Meeting approving the financial statements for the financial year to 30 June 2016
Olivier Rozenfeld	9 Nov. 2010	General Meeting approving the financial statements for the financial year to 30 June 2016

Independent Directors

As of 30 June 2012, of the Board of Directors' eight members, four are independent members, namely Lord Birt, Jean-Martin Folz, Carole Piwnica and Olivier Rozenfeld. The criteria defining independence adopted by the Board are those recommended in the Code of Reference, which stipulates that a Board Member is independent when he or she has no relationship of any nature whatsoever with the Company, its Group or Management that would be such as to affect the Director's freedom of judgment.

Gender representation

Further to the resignation of Abertis Telecom, represented by Marta Casas Caba, from its position as Director on 25 June 2012, there remains only one female member on the Board of Directors (Carole Piwnica). In order to comply with the provisions of the Code of Reference, which recommends that at least 20% of Board Members be women by April 2013 at the latest, the appointment of a female Director will be proposed to the next General Meeting of the shareholders.

Directors' term of office

On a proposal of the Governance, Selection and Remuneration Committee and in order to achieve compliance with the Code of Reference, the Board shall propose to the next General Meeting of the shareholders that the term of office of the Directors be reduced from six years to four years, and that Board Members be renewed on a staggered basis.

Employee representation on the Board of Directors

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

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

Board meetings and information communicated to the Board of Directors

The Board of Directors met 10 times during the financial year.

The attendance rate for Board Members at meetings held during the financial year stood at 95%.

In accordance with the provisions of the Board of Directors' Internal Regulations adopted in November 2009, documents for the Board of Directors are sent to its members at least five days before the Board meetings take place.

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Conflicts of interest and regulated agreements

As of 30 June 2012, there is no employment or service contract between the Directors of the Company and any of its subsidiaries providing for the grant of benefits of any kind.

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

Evaluation of the Board of Directors

Further to his appointment as member and Chairman of the Board of Directors, Jean-Martin Folz met each of the Directors. These various interviews made it possible for the Chairman to evaluate the Board's mode of functioning and to make recommendations, which were presented to the members of the Governance, Selection and Remuneration Committee. After reviewing these recommendations, the Committee proposed to the Board to amend the amount and rules of allocation of Directors' attendance fees, to disband the Strategy and Investments Committee, to reduce the Directors' term of office from six to four years, to provide for a smooth renewal of the Board and to amend the Board's Internal Regulations in order to make it mandatory for Directors to hold 2,000 shares of the Company.

On a proposal of the Governance, Selection and Remuneration Committee, the Board of Directors considered that the Chairman's actions could be considered as being the annual evaluation of the Board, as recommended by the Code of Reference.

Committees of the Board of Directors

During the 2011-2012 financial year, the Board of Directors was assisted in its work by three committees: the Governance, Selection and Remuneration Committee, the Strategy and Investments Committee and the Audit Committee.

GOVERNANCE, SELECTION AND REMUNERATION COMMITTEE

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

As of 30 June 2012, the Governance, Selection and Remuneration Committee comprised three members, namely Lord Birt, Thomas Devedjian and Carole Piwnica, who has chaired the Committee since 17 January 2011. Francisco Reynes was a member of the Committee until 25 June 2012. As of 30 June 2012, more than the majority of the members (two out of three) were independent Directors as mandated by the Code of Reference, the independent Directors being Thomas Devedjian and Carole Piwnica.

The Committee met 11 times during the financial year, with an attendance rate for Committee members of 90%.

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

- the appointment of Jean-Martin Folz and Jean-Paul Brillaud as new Directors;
- the introduction of a new performance share allocation plan;
- the evaluation of the Directors' independence and independence criteria;
- assessment of the balance between the number of male and female members of the Board of Directors;
- definition of a new policy for the allocation of Directors' attendance fees, providing for a fixed portion and a variable portion linked to attendance;
- the updating of the Board's Internal Regulations.

STRATEGY AND INVESTMENTS COMMITTEE

In the course of the financial year and under the successive chairmanship of Giuliano Berretta, Lord Birt and Tobias Martínez Gimeno, the Strategy and Investments Committee's main task was to prepare the Board of Directors' work in relation to the preparation of the Group's 2012-2017 Strategic Plan in liaison with the Audit Committee.

The Committee met three times during the financial year with the attendance rate for members standing at above 90%.

The Board of Directors considered that matters relating to the Company's strategy are of such importance that they ought to be discussed by the Board. During its meeting of 6 June 2012, the Board of Directors decided, at the proposal of the Governance, Selection and Remuneration Committee, to disband the Strategy and Investments Committee and to dedicate at least one meeting every year to discussing the Company's strategy.

AUDIT COMMITTEE

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

As of 30 June 2012, the Audit Committee comprised Bertrand Mabille (who replaced Jean-Luc Archambault) and two independent Directors: Carole Piwnica and Olivier Rozenfeld. Olivier Rosenberg chairs the Committee and also meets the financial competence criteria established by the French *Code de commerce.*

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

The Committee met six times during the financial year with all its members attending every meeting.

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

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

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

During the financial year, the Audit Committee was called upon to examine the terms of the Group's refinancing, which was completed at the end of the first half of the financial year.

Observer *(censeur)*

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

Separation of the functions of Chairman and CEO

In accordance with the legal and regulatory provisions (Articles L. 225-51-1, R. 225-26 and R. 225-27 of the French Code of Commerce), the Board of Directors decided at its meeting of 10 November 2009 to separate the functions of Chairman of the Board and Chief Executive Officer.

During the financial year, the functions of Chairman of the Board of Directors were held successively by Giuliano Berretta until 8 November 2011, and from that date onwards by Jean-Martin Folz for the duration of his term of office as Director. Michel de Rosen acted as Chief Executive Officer.

2. Management of the Eutelsat Group

Executive management comprises Michel de Rosen, Director and Chief Executive Officer, and Michel Azibert, Deputy Chief Executive Officer since September 2011, replacing Jean-Paul Brillaud.

At Eutelsat S.A., the Group's principal operating company, the Management is assisted by (i) an Executive Committee comprising the CEO, the Deputy CEO, the Chief Financial Officer, the General Counsel, the Chief Human Resources Officer, the Chief Technical Officer and the Chief Commercial Officer, and (ii) a Management Committee comprising the main corporate officers in the following departments: Sales, Finance, Legal, Human Resources, Multimedia Products, Operations, Technical, Engineering, Mission and Programme Coordination, Strategy, Risk Management and Resource Management.

Principles and rules for determining compensation and benefits granted to the Directors and Corporate Officers *(mandataires sociaux)*

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

The variable component of the Chief Executive Officer's compensation and of the Deputy Chief Executive Officer's compensation, is determined on the basis of objectives linked to the Company's performance by reference to predetermined financial indicators (namely revenues, EBITDA and consolidated net results) and qualitative objectives. For confidentiality reasons, the precise objectives established may not be made public. This variable component is awarded at the beginning of a year with reference to the previous financial year.

Grant of stock options or performance shares to Directors and Corporate Officers *(mandataires sociaux)*

No stock-option or share purchase plans were put in place by the Board during the financial year ended 30 June 2012.

At its meeting of 1 February 2010, the Company's Board of Directors decided, pursuant to the authorization granted by the general Meeting of Shareholders of 10 November 2009, to set up a Long Term Incentive Programme (LTIP) for staff and management, including the Group's Directors and Corporate Officers *(mandataires sociaux),* involving the allocation of a maximum of 700,000 shares. The vesting period was fixed at three years, *i.e.* until 2 February 2013. Shares will be definitely acquired if performance conditions have been met during the three-year period and the beneficiary is still working for the Group. To be definitively acquired, these shares must also be held for an additional two-year period as from the end of the vesting period. Under this plan, Michel de Rosen, CEO, is entitled to a maximum of 66,952 performance shares.

On the basis of the authorization granted by the General Meeting of Shareholders of 9 November 2010 and as part of a second LTIP programme for staff and management, including the Group's Directors and Corporate Officers *(mandataires sociaux),* decided by the Board in its meeting of 28 July 2011, Michel de Rosen and Michel Azibert are entitled to a maximum of 52,000 and 32,000 performance shares, respectively, subject to the objectives of this second programme being reached.

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3. Other information

Conditions for admittance to and participation in General Meetings of Shareholders

There are no preferred shares or shares with double voting rights attached within the Group. The resolutions for General Meetings of Shareholders are approved on the basis of the majority and quorum conditions provided for under applicable legislation.

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

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

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

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 are no shareholder agreements in existence.

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 Company and Group level:

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

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

This report on the internal control and risk management procedures implemented by the Company is based on the Code of Reference, supplemented by the application guide established by the *Autorité des marchés financiers* (AMF—French market regulator) as published in its recommendation dated 22 July 2010.

The Company has taken steps to adapt its internal control mechanism to the AMF's frame of reference and this process is continuing. The importance given to internal control was put into practice with the creation of the Chief Audit and Internal Control Officer in July 2011. The Chief Audit and Internal Control Officer also oversees the activities of the "Financial information systems management" department and participates in all Executive Committee meetings. In addition, a more elaborate exchange of information was introduced during the financial year, which resulted in meetings with the department heads, the implementation of a self-assessment matrix and the conduct of internal audit tasks within five subsidiaries of Eutelsat S.A. The risks identified in the internal audit Plan are monitored on a permanent basis by the Audit and Internal Control Department, and the extent to which the objectives are reached is the subject of an assessment which is sent to the Audit Committee at the end of the financial year. The main actions undertaken during the financial year include optimizing the subsidiaries' internal control processes, ensuring the security of the Group's sales cycle and strengthening the Group's purchasing process. Over the coming financial years, the drive to continuously improve the internal control processes and to harmonize procedures will continue and will lead to increased exchanges of information with the Group's various departments and subsidiaries.

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

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

Procedures related to the satellite fleet and its operation

The purpose here is to ensure continuity for the communications service provided to our customers and end-users.

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

These activities are carried out from Eutelsat S.A.'s two control centres. These have back-up facilities to guard against any operational unavailability or interruption affecting the centres. Exercises are regularly carried out involving evacuation of the main control centre and recovery by the back-up facilities.

These control centres 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 so as to meet the requirements of the Group's customers.

Operational procedures of the control centres, and especially the control centre responsible for the satellite fleet, exist in written form and cover the various manoeuvres and configuration changes needed in a nominal situation as well as in a crisis situation or where a technical incident occurs. These procedures are periodically reviewed, tested and activated to ensure *inter alia* that the controlling staff are kept continuously up-to-date.

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

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

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

IT security and certification of the satellite control system

The introduction of measures designed to strengthen IT security for the information systems used for satellite control continued during the year. The work is coordinated by the manager specifically in charge of the security of the Eutelsat S.A.'s information systems and the person with specific responsibility for IT security in the Operations Department.

In 2011, the satellite control team obtained a security certification (ISO 27001) for a period of three years. A surveillance audit was completed in June 2012 and no item of non-compliance with the standard was identified.

Certification of satellite control activities under ISO 9001 was obtained in 2005 and renewed in June 2008 and April 2011. The certification covers control and operation of the satellites, satellite launch and orbit operations, and the satellite ground control system (definition, development, procurement, deployment, operation and maintenance). The surveillance audit completed in May 2012 did not reveal any deviation from the standard.

Further to the implementation of a quality control system based on ISO 9001 for the Operations Department activities at the Rambouillet Teleport, certification for these activities was achieved in 2011. The certification covers the activities relating to:

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

A surveillance audit was also performed in May 2012 and no item of non-compliance with the standard was identified.

Managing and preventing the Group's other operating risks

THE COMPANY'S BUSINESS CONTINUITY PLAN (PCA)

The continuity plan defines the following:

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

At the beginning of 2006, Eutelsat S.A. launched a continuity plan for its activities (PCA) aimed at reducing the strategic, economic and financial risks in the event of prolonged unavailability of its registered office located at 70, rue Balard, 75015 Paris. Under the responsibility of the Information Systems Department, this project seeks to define the conditions for the continuity of the Commercial, Financial and Administrative, Legal, Corporate Communications, Information Systems and Human Resources management activities.

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

During the last financial year, full-scale tests organised at the back-up site in the presence of the staff concerned by the resumption of critical processes (in particular tests relating to the selling process) confirmed the proper functioning of the PCA and to update the resumption procedures: IT, logistics and job/task performance.

INFORMATION SYSTEMS SECURITY

The desire to address the operating risks related to the security of Eutelsat S.A.'s information systems can be seen in the position created in January 2007 for an Information Systems Security Manager. This cross-department role covers all the information systems at Eutelsat S.A.: operation of the management IT and terrestrial networks needed for corporate activities and for satellite control.

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

- map the risks related to information systems' security and assess their impact on the Company's operation;

- introduce a policy and a set of standards adapted to the Group's security requirements;
- draw up an action plan and lead a cross-department security committee in charge of monitoring its implementation;
- evaluate the protective measures in place in the organisational and technical areas; and
- introduce and subsequently take up the position of IT and Freedoms Correspondent for the CNIL *(Commission nationale de l'informatique et des libertés)* with a view to reducing some administrative formalities and ensuring proper application of the IT and Freedoms Act.

During the financial year 2011-2012, several actions that had been recommended during the latest external audit were implemented. The purpose of these actions was to improve IT security in relation to application areas as well as systems and network infrastructures.

SAFETY MEASURES

Further to the Group's safety audit, the following measures were decided and initiated in the course of the financial year:

- Strengthening of the physical protection measures for the main sites: access control, reinforcement of security guards;
- Improvement of the information provided to employees before and during their business travels: useful telephone numbers and addresses, description of local risks; and
- Raising employee awareness in relation to safety measures: access to the premises, precautions to be taken during business travels.

Handling of accounting and financial information

As well as establishing internal control procedures inherent to its main business activity, the Group has significantly developed control procedures for the handling of accounting and financial information, at the level of both its operating subsidiaries and its subsidiaries that manage its equity interests.

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

All services provided by Eutelsat S.A. within the framework of these procedures comply with the control procedures defined at Group level. During the financial year, this had the effect, *inter alia,* of strengthening of the reporting, sales cycle and purchasing process procedures. In addition, there has been a significant improvement in the formalisation of the closing and consolidation procedures as well as in the coordination process between the financial departments of Eutelsat S.A. and its subsidiaries.

Controlling the actions of the subsidiaries which manage the Group's equity interests

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

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

The By-laws do not limit the powers of the sole Chairman, with the exception of those matters reserved by law to the sole shareholder, namely in fine the Management of Eutelsat Communications. Any decision or proposed modification of the By-laws, capital increase, merger and/or transformation constitute matters that have to be dealt with by the Management of Eutelsat Communications.

Controlling the actions of the operating subsidiaries

To optimize the management of the activities of Eutelsat S.A.'s subsidiaries, the Company's Management has created a "Subsidiaries Committee". The task of this Committee is to ensure the implementation of synergies in the activities of the subsidiaries and of the Group's parent company. It makes recommendations on the appropriateness of creating or winding-up subsidiaries, intra-Group agreements and risk control at subsidiary level. It oversees the determination 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, the achievement of purchasing synergies and the harmonization of IT systems.

The Subsidiaries Committee is chaired by the Chief Financial Officer. The Chief Audit and Internal Control Officer is a permanent member of the Subsidiaries Committee. The Subsidiaries Committee meets once a quarter.

Preparing the consolidated financial statements

At each monthly close, the financial data of each subsidiary is reviewed by the consolidation manager to verify, *inter alia,* that the accounting policy and methods currently in force within the Group are being correctly applied. In addition, the methods for communicating the Group's accounting and financial principles were strengthened during the financial year. This resulted in the Head of consolidation 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 formalisation of the consolidated accounts drawing up process on the basis of information provided by the subsidiaries makes it possible to ensure that the entire perimeter is covered.

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

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

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

- that there is a single point of provenance, managed in a communal database, for the information used for the legal consolidation and for the reporting process;
- that the legal data is entered by the Managers in the Group's companies and stored in the systems.

Delegations of signing authority

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

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

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

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

Management and follow-up of contracts with customers

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

Any change 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. Depending on the thresholds reached and the nature of the services, the Commercial Director or the Director of Eutelsat S.A.'s Multimedia Department, and thereafter the General Counsel and the Chief Executive Officer (or Deputy Chief Executive Officer) have sole signing authority.

The capacity allotment agreement drafting processes are complex and designed to ensure that the agreements are duly executed and that the clients are properly invoiced. During each financial year, the sales cycle, which the Management of the Group deems to be one of the key processes, is thoroughly audited. The objectives of these recurring annual audits are to assess the relevance of the internal procedures in place. On the basis of the findings of these audits, appropriate modifications are made to the internal procedures to reinforce the reliability of the procedures contributing to the recognition of revenues.

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

Management of customer risk

All new customers are now systematically assessed by the "Customer Credit Management" team in the Finance Department which determines the financial guarantee level required. Any delayed payment is the subject of thorough analysis with the appropriate customer-care managers in the Commercial Department and the office of the General Counsel and, as the case may be, followed by appropriate measures.

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

Purchasing procedures

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

The authorisation procedure that has to precede all purchases involves:

- validation by Management of a budget envelope per project/activity as part of the Annual Budget approved by the Board of Directors; and
- followed by validation by the Director of the department from which the purchase request originates.

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

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

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

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

Addressing the Group's principal financial risks

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

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

Foreign-exchange risk: The Group's functional currency is the Euro. The Group is therefore principally exposed to fluctuations in the value of the U.S. dollar. For the financial year ended 30 June 2012, the Group hedged certain future U.S. dollar revenues by means of financial instruments such as knock-in foreign-exchange options and foreign-currency deposits. These instruments are traded over-the-counter with A-rated banking counterparties. Some contracts with suppliers (for satellites or launch services) are denominated in US dollars.

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

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

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

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

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

5. Risk management policy

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

Reporting directly to the Group's Management, the Risk Management Department performs the following main tasks:

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

During the financial year 2011-2012, the Risk Management Department continued to implement its methodological and cross-disciplinary approach applied to the Group's various business activities.

During the financial year 2011-2012, the work on risk management continued to focus on the risk of in-orbit failure, most notably with a systematic evaluation of the consequences of these events, carried out in conjunction with all Company departments. One of the consequences of this work was the drawing up of recommendations designed to mitigate the potential impact of these incidents on the Company's ordinary course of business.

During the financial year 2011-2012, new commercial projects and plans to invest in new satellites, the updated strategic plan and the budget for the 2012-2013 financial year were also the object of in-depth risk analysis.

The importance assigned to the notion of risks within the Group, as seen for example in the development of this function, shows the level of attention being given by Management and the Board of Directors to a pro-active policy of risk reduction to protect the Company's assets, activities and interests in the best possible way.

STATUTORY AUDITORS' REPORT PREPARED in accordance with Article L. 225-235 of the French commercial code *(Code de commerce)* on the report prepared by the Chairman of the Board of Directors of Eutelsat Communications S.A.

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

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Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of 220,113,982 euros**
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French commercial code *(Code de commerce)* on the report prepared by the Chairman of the Board of Directors of Eutelsat Communications S.A.

To the Shareholders,

In our capacity as Statutory Auditors of Eutelsat Communications and in accordance with Article L. 225-235 of the French commercial code *(Code de commerce),* we hereby report on the report prepared by the Chairman of the Board of Directors of your Company in accordance with Article L. 225-37 of the French commercial code *(Code de commerce)* for the year ended 30 June 2012.

It is the Chairman's responsibility to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures implemented by the Company and to provide the other information required by Article L. 225-37 of the French commercial code *(Code de commerce)* relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information; and
- confirm that the report also includes the other information required by Article L. 225-37 of the French commercial code *(Code de commerce).* It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with Article L. 225-37 of the French commercial code *(Code de commerce).*

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by Article L. 225-37 of the French commercial code *(Code de commerce).*

Courbevoie and Paris-La Défense, 30 July 2012

The Statutory Auditors
French original signed by

Mazars	Ernst & Young et Autres
Isabelle Sapet	Jeremy Thurbin

SPECIAL REPORT OF THE STATUTORY AUDITORS
on regulated agreements and commitments

This is a free translation into English of a report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

Eutelsat Communications
***Société anonyme* with a Board of Directors and a share capital of 220,113,982 euros**
Registered office: 70, rue Balard – F-75015 Paris
481 043 040 R.C.S. Paris

Special report of the Statutory Auditors on regulated agreements and commitments

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French commercial code *(Code de commerce),* to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code *(Code de commerce)* concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING OF SHAREHOLDERS

We hereby inform you that we have not been advised of any agreements or commitments authorized in the course of the year subject to be submitted to the general meeting of shareholders for approval in accordance with Article L. 225-38 of the French commercial code *(Code de commerce).*

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

In accordance with Article R. 225-30 of the French commercial code *(Code de commerce),* we have been advised that the implementation of the following agreements and commitments which were approved by the general meeting of shareholders in prior years continued during the year.

WITH EUTELSAT S.A., EUTELSAT INC., EUTELSAT AMERICA CORP., EUTELSAT DO BRASIL, EUTELSAT MADEIRA UNIPESSOAL LDA, EUTELSAT POLSKA, EUTELSAT SERVICES UND BETEILIGUNGEN GMBH, EUTELSAT VIVAVISION GMBH, EUTELSAT UK LTD, SKYLOGIC SPA, SKYLOGIC ESPAÑA SAU AND SKYLOGIC MEDITERRANEO SRL

Nature and purpose

Reinvoicing agreement in case of purchase of shares to serve the free allotment shares plan.

Conditions

On June 22, 2010, an agreement was signed between Eutelsat S.A. and several subsidiaries of the group (including Eutelsat Inc., Skylogic S.p.A. and Eutelsat Services und Beteiligungen GmbH) to reinvoice the costs of shares eventually purchased on the market by your company in the context of your company's free allotment share plan to the employees of Eutelsat group.

During the year ended June 30, 2012, your Company purchased 300,000 shares on the market to serve the future allotments. These purchases will be invoiced to the subsidiaries during the period when the free shares are allowed to the employees of Eutelsat group.

WITH EUTELSAT COMMUNICATIONS FINANCE S.A.S., EUTELSAT S.A., EUTELSAT VAS AND FRANSAT S.A.S.

Nature and purpose

Tax consolidation agreement.

Conditions

A tax consolidation agreement, approved by the Board of Directors on 27 June 2007, went on during the period.

In accordance with this agreement, your Company recognized a tax income of 48.2 million euros during the period ended 30 June 2012.

Courbevoie and Paris-La Défense, 30 July 2012

The Statutory Auditors
French original signed by

Mazars	Ernst & Young et Autres
Isabelle Sapet	Jeremy Thurbin

CROSS-REFERENCE TABLE OF the annual financial report

This reference document incorporates all information required for the annual financial report as mentioned in Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the "*Autorité des marchés financiers*" General Regulations.

The documents mentioned in Article 222-3 of the "*Autorité des marchés financiers*" General Regulations and the corresponding sections in this reference document are as follows:

AMF'S GENERAL REGULATIONS—ARTICLE 222-3

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