Eutelsat SA Group

Société anonyme with a capital of 658,550,558.90 euros
Registered office: 70, rue Balard 75 015 Paris
422 551 176 R.C.S. Paris

CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2010

Eutelsat S.A.

CONSOLIDATED BALANCE SHEET
(In thousands of euros)

ASSETS	Note	30 June 2010	31 December 2010
Non-current assets			
Intangible assets	4	12 758	13 322
Satellites and other property and equipment, net	5	1 797 588	1 684 238
Construction in progress	5	732 913	790 866
Investments in associates	6	232 928	184 623
Non-current financial assets		2 169	2 397
Deferred tax assets		2 912	2 978
TOTAL NON-CURRENT ASSETS		**2 781 268**	**2 678 424**
Current assets			
Inventories		1 372	1 388
Accounts receivable		299 212	315 324
Other current assets		13 029	17 836
Current tax receivable		2 867	2 175
Current financial assets	7	4 840	141 509
Cash and cash equivalents	8	58 618	180 888
TOTAL CURRENT ASSETS		**379 938**	**659 120**
TOTAL ASSETS		**3 161 206**	**3 337 544**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2010	31 December 2010
Shareholders' equity	9		
Share capital		658 540	658 551
Additional Paid-in capital		366 319	366 335
Reserves and retained earnings		554 545	521 948
Non-controlling interests		(20)	113
TOTAL SHAREHOLDERS' EQUITY		**1 579 384**	**1 546 947**
Non-current liabilities			
Non-current financial debt	10	1 222 759	1 385 864
Other non-current financial liabilities	11	49 164	54 485
Other non-current debt		1 469	361
Non-current provisions		13 391	14 619
Deferred tax liabilities		55 490	70 990
TOTAL NON-CURRENT LIABILITIES		**1 342 273**	**1 526 319**
Current liabilities			
Current financial debt	10.2	28 374	28 728
Other current financial liabilities	11	41 251	28 195
Accounts payable		37 362	47 097
Fixed assets payable		30 424	24 272
Taxes payable		8 563	32 499
Other current payables		80 014	85 161
Current provisions		13 561	18 326
TOTAL CURRENT LIABILITIES		**239 549**	**264 278**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3 161 206**	**3 337 544**

Eutelsat S.A.

CONSOLIDATED INCOME STATEMENT
(In thousands of euros, except per share data)

	Note	Six-month period ended 31 December 2009	Twelve-month period ended 30 June 2010	Six-month period ended 31 December 2010
Revenues	13	508 831	1 048 702	576 860
Revenues from operations		**508 831**	**1 048 702**	**576 860**
Operating costs		(36 350)	(80 808)	(41 214)
Selling, general and administrative expenses		(55 987)	(132 597)	(69 414)
Depreciation and amortisation		(135 075)	(268 969)	(120 213)
Other operating income	17.2	112	148	235 283
Other operating charges	5	(437)	(5 905)	(236 146)
Operating income		**281 095**	**560 571**	**345 156**
Financial income		8 888	32 062	7 229
Financial expenses		(20 211)	(75 705)	(25 234)
Financial result	14	**(11 323)**	**(43 643)**	**(18 005)**
Income from associates		7 497	17 844	11 176
Net income before tax		**277 268**	**534 772**	**338 327**
Income tax expense	12	(94 098)	(180 363)	(116 466)
Net income		**183 170**	**354 409**	**221 861**
Group share of net income (loss)		183 532	353 629	221 727
Portion attributable to non-controlling interests		(362)	780	133
Earnings per share attributable to shareholders	15			
Basic earnings per share in €		0.181	0.349	0.219
Diluted earnings per share in €		0.181	0.349	0.219

COMPREHENSIVE INCOME STATEMENT
(In thousands of euros)

	Note	Six-month period ended 31 December 2009	Twelve-month period ended 30 June 2010	Six-month period ended 31 December 2010
Net income		**183 170**	**354 409**	**221 861**
Other items of gain or loss on comprehensive income				
Translation adjustment		(24)	3 815	(745)
Tax effect		-	(858)	-
Changes in fair value of cash-flow hedging instruments	9.3, 16.5	1 933	19 425	12 491
Tax effect		(665)	(6 688)	(4 261)
Total other items of gain or loss on comprehensive income		**1 244**	**15 694**	**7 485**
Total comprehensive income statement		**184 414**	**370 103**	**229 346**
Group share of net income		184 776	369 323	229 213
Portion attributable to non-controlling interests		(362)	780	133

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of euros)

	Note	Six-month period ended 31 December 2009	Twelve-month period ended 30 June 2010	Six-month period ended 31 December 2010
Cash flow from operating activities				
Net income		183 170	354 409	221 861
Income from equity investments		(7 497)	(17 844)	(11 176)
Capital (gain) / loss on disposal of assets		12	120	-
Other non-operating items		113 982	225 183	110 080
Depreciation, amortisation and provisions		134 427	279 461	124 523
Deferred taxes		10 835	30 465	14 604
Changes in accounts receivable		(4 092)	(18 962)	(28 613)
Changes in other assets		(2 238)	4 404	(11 143)
Changes in accounts payable		(2 012)	11 532	15 801
Changes in other debt		(17 210)	(13 767)	11 995
Taxes paid		(99 036)	(172 373)	(76 798)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**310 341**	**682 628**	**371 134**
Cash flows from investing activities				
Acquisitions of satellites, other property and equipment and intangible assets		(226 141)	(494 362)	(286 815)
Movements on equity investments	6	-	-	60 000
Proceeds from sale of assets		-	8	-
Insurance indemnities on property and equipment	17.2	-	-	101 620
Acquisition of non-controlling interests		-	(20)	-
Changes in other non-current financial assets		13	(8)	(228)
Dividends received from associates		3 169	3 169	3 378
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(222 959)**	**(491 213)**	**(122 045)**
Cash flows from financing activities				
Changes in capital		107	315	1
Distributions		(273 495)	(273 495)	(263 416)
Increase in debt		148 500	926 972	162 500
Repayment of debt		(73)	(850 184)	(220)
Repayment in respect of performance incentives and long-term leases		(6 924)	(14 329)	(4 729)
Other debt-related expenses		-	(9 554)	(30)
Interest and other fees paid	14	(20 582)	(31 689)	(4 779)
Interest received		1 104	1 490	846
Termination indemnities on derivatives settled		-	(38 015)	(325)
Other changes		-	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(151 363)**	**(288 489)**	**(110 152)**
Impact of exchange rate fluctuations on cash and cash equivalents		577	(464)	753
Increase (decrease) in cash and cash equivalents		**(63 404)**	**(97 538)**	**139 690**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**138 017**	**138 017**	**40 479**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**74 613**	**40 479**	**180 169**
Cash reconciliation				
Cash		82 846	58 618	180 888
Overdraft included under debt (1)	10.2	(8 233)	(18 139)	(719)
Cash and cash equivalents per cash flow statement		**74 613**	**40 479**	**180 169**

(1) Overdrafts are included in determining “Cash and cash equivalents” in the cash-flow statement as they are repayable on demand and form an integral part of the Group’s cash-flow management. They are shown as part of “Current financial debt” within “Current liabilities” on the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of euros, except per share data)

	Common stock			**Reserves and retained earnings**	**Non-controlling interests**	**Total**
	Number	**Amount**	**Additional paid-in capital**			
As of 30 June 2009	**1 012 944 284**	**658 414**	**366 100**	**457 455**	**(800)**	**1 481 169**
Net income for the period				**183 532**	**(362)**	**183 170**
Other items of gain or loss on comprehensive income				1 244		1 244
Total comprehensive income statement				**184 776**	**(362)**	**184 414**
Transactions affecting the capital	103 831	67	133			200
Treasury stock						
Transactions with non-controlling interests						
Distributions				(273 496)		(273 496)
Benefits for employees upon exercising options and free shares granted				(48)		(48)
As of 31 December 2009	**1 013 048 115**	**658 481**	**366 233**	**368 687**	**(1 162)**	**1 392 239**
As of 30 June 2010	**1 013 138 125**	**658 540**	**366 319**	**554 545**	**(20)**	**1 579 384**
Net income for the period				**221 729**	**133**	**221 862**
Other items of gain or loss on comprehensive income				7 483	-	7 483
Total comprehensive income statement				**229 212**	**133**	**229 345**
Transactions affecting the capital	16 581	11	16	-	-	27
Treasury stock				-	-	-
Transactions with non-controlling interests					-	-
Distributions				(263 416)	-	(263 416)
Benefits for employees upon exercising options and free shares granted				1 606	-	1 606
As of 31 December 2010	**1 013 154 706**	**658 551**	**366 335**	**521 947**	**113**	**1 546 946**

NOTE 1: KEY EVENTS DURING THE PERIOD

- On the night of 28 to 29 October 2010, the W3B satellite was launched by an Ariane 5 launch vehicle. Following separation from the rocket, a failure was observed on the satellite's propulsion sub-system, preventing it from being placed into geostationary orbit. Consequently, the Group declared the total loss of the W3B and filed an insurance claim on the spacecraft.
(see Note 5 - *Satellites and other property and equipment* and Note 17.2 - *In-orbit insurance and launch insurance*).

- On 26 December 2010, the Ka-Sat satellite was successfully launched by a Proton rocket. It is due to come into operational service by end of May 2011.

NOTE 2: ADOPTION OF THE ACCOUNTS

The condensed consolidated half-year accounts of Eutelsat SA as of 31 December 2010 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting held on 17 February 2011.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 – Compliance with IFRSs

The consolidated half-year accounts as of 31 December 2010 have been prepared in accordance with IFRSs, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation at the following Web site:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

They have been prepared on a going concern basis and under the historical cost convention, except for those items for which the standards require fair value valuations. The financial information disclosed in these financial statements is prepared in accordance with the option contained in IAS 34 "Interim Financial Reporting" in a summary format. The accounts as presented do not therefore contain all the information and Notes required under IFRSs for the preparation of consolidated full-year financial statements and must be read in conjunction with the consolidated full-year financial statements for the financial year ended 30 June 2010.

3.2 – Published standards and interpretations

The accounting methods and rules used in preparing these condensed interim accounts are identical to those used for the consolidated full-year financial statements for the year ended 30 June 2010, with the exception of the new standards and interpretations as described below, which are adopted by the European Union and are to be applied after 1 July 2010.

- Amendment to IFRS 2 "Cash-settled Share-based Payments of Intra-group Transactions". This amendment clarifies the accounting for group cash-settled share-based payment transactions. It did not have any impact on the financial position of the Group.

- Improvements to IFRSs released in April 2009 primarily concern the following standards:

  - IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” clarifies the nature of disclosures required in respect of groups of assets classified as "held for sale".

  - IFRS 8 "Operating Segments" removes the requirement to report information about segment assets when this information is not regularly provided to the chief operating decision maker (the same applies to the equivalent provision on segment liabilities).

  - IAS 1 "Presentation of Financial Statements" clarifies that the possibility for a holder to convert a convertible debt instrument into an equity instrument within 12 months does not affect its classification as current/non-current.

  - IAS 7 “Statements of Cash Flows” clarifies that only expenditures that result in a recognised asset in the balance sheet are eligible for classification as cash flows from investing activities.

  - IAS 17 “Leases” provides guidance on classification of land as a lease.

  - IAS 18 “Revenue Recognition” introduces criteria for determining whether an entity is acting as a principal or as an agent in a business transaction.

  - IAS 36 “Impairment of Assets” clarifies that the largest unit permitted for allocating goodwill is the operating segment defined in IFRS 8.

  - IAS 39 “Financial instruments: Recognition and Measurement” clarifies the accounting treatment for contracts to purchase / sell a business and the event that subsequently results in the reclassification to profit and loss in a cash flow hedging relationship.

- Amendment to IAS 32 “Classification of Rights Issues” applicable for financial years beginning on or after 1 February 2010. Subject to certain conditions, foreign currency rights issues (and certain warrants and options) can be classified as equity instruments. Prior to the amendment, these rights were classified as derivatives. The Group did not issue such instruments and therefore was not impacted by the amendment.

- IFRIC 17 “Distributions of Non-cash Assets to Owners” addresses the accounting when an entity distributes non-cash assets as dividends to its shareholders. It has no impact on the Group’s accounts.

- IFRIC 18 “Transfers of assets from customers”.

- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, released in November 2009 and applicable for financial years beginning on or after 1 July 2010. The interpretation clarifies the accounting treatment when an entity renegotiates the terms of its debt with the result that the liability is extinguished, in whole or in part, by the entity issuing its own equity instruments to the lender(s). The interpretation does not address the accounting by the lender.

- Improvements to IFRSs released in May 2010, for the Amendment applicable for financial years beginning on or after 1 July 2010, even if as yet not endorsed by the European Union:

    - IFRS 3R Amendment limits the fair value option when measuring non-controlling interests in a business combination; furthermore, it addresses the application of the existing IFRS 3 for earn-outs (adjustments to consideration) from business combinations recognised under IFRS 3; it also clarifies the accounting treatment for un-replaced and voluntarily replaced share-based payment transactions.

None of these texts has had an impact on previous financial periods or on the condensed consolidated half-year accounts as of 31 December 2010.

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:

- IAS 24 revised “Related Party Disclosures”, applicable to financial years beginning on or after 1 January 2011, and endorsed by the European Union;

- Amendment to IFRIC 14 “Prepayments of a Minimum Funding Requirement” effective for financial years beginning on or after 1 January 2011and endorsed by the European Union;

- IFRS 9 “Financial Instruments”, effective as of 1 January 2013, as yet not endorsed by the European Union;

- Improvements to IFRSs released in May 2010, as yet not endorsed by the European Union for amendments applicable as of 1 January 2011;.

- IFRS 7 “Disclosures about Transfers of Financial Assets” released in October 2010 and effective as of 1 July 2011, as yet not endorsed by the European Union.

- IAS 12 "Income Taxes”, released in December 2010 on the assessment of deferred tax assets for assets for which the entity expects to recover the carrying amount by using or selling the asset items. The amendment was not adopted by the European Union.

3.3 - Periods presented and comparatives

The six-month period ends 31 December 2010.

The functional currency and the currency used in the presentation of the accounts is the euro.

3.4 – Use of estimates

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

Judgements

When preparing the half-year interim consolidated accounts for the period ended 31 December 2010, Management exercised its judgement, in particular regarding recognition as income at 31 December 2010 of the expected insurance indemnity following the W3B satellite's total loss (see Note 17.2 - *In-orbit insurance and launch insurance.*

3.5 – Taxes

The interim income tax expense is calculated by applying the average effective interest rate estimated for the financial year to earnings before taxes for the period.

NOTE 4: INTANGIBLE ASSETS

The “Intangible assets” item breaks down as follows:

Changes in gross assets

(In thousands of euros)	**Intangible assets**	**Total**
30 June 2010	**54 007**	**54 007**
Separate acquisitions	3 175	3 175
Disposals	(73)	(73)
Transfers	4	4
31 December 2010	**57 113**	**57 113**

Changes in accumulated depreciation and impairment

(In thousands of euros)	**Intangible assets**	**Total**
Accumulated depreciation as of 30 June 2010	**(41 249)**	**(41 249)**
Half year allowance	(2 615)	(2 615)
Reversals	73	73
Impairment	-	-
Accumulated depreciation as of 31 December 2010	**(43 791)**	**(43 791)**

Net assets

(In thousands of euros)	**Intangible assets**	**Total**
Net value as of 30 June 2010	**12 758**	**12 758**
Net value as of 31 December 2010	**13 322**	**13 322**

NOTE 5: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

Changes in gross assets

(In thousands of euros)	Satellites	Other tangibles	Construction in progress	Total
30 June 2010	**3 668 649**	**211 401**	**732 913**	**4 612 963**
Change in gross value.........................	(1 387)	-	-	(1 387)
Acquisitions..	-	4 617	295 426	300 043
Disposals and scrapping of assets........	-	(9 582)	(236 146)	(245 728)
Transfers...	-	1 323	(1 327)	(4)
31 December 2010	**3 667 262**	**207 759**	**790 866**	**4 665 887**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Satellites	Other tangibles	Construction in progress	Total
Accumulated depreciation as of 30 June 2010	**(1 945 047)**	**(137 414)**	**-**	**(2 082 461)**
Half year allowance	(105 630)	(11 968)	-	(117 598)
Reversals..	-	9 276	-	9 276
Impairment..	-	-	-	-
Accumulated depreciation as of 31 December 2010	**(2 050 677)**	**(140 106)**	**-**	**(2 190 783)**

Net assets

(In thousands of euros)	Satellites	Other tangibles	Construction in progress	Total
Net value as of 30 June 2010	**1 723 602**	**73 987**	**732 913**	**2 530 502**
Net value as of 31 December 2010	**1 616 585**	**67 653**	**790 866**	**2 475 104**

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 (see Note 17.2 - *In-orbit insurance and launch insurance*). This incident had no impact on the continuity of service provided to the Group’s customers, but it led Eutelsat to recognise the satellite’s loss under “Other operating expenses".

Construction in progress

As of 31 December 2010, the “Construction in progress” item mainly included the Ka-Sat satellite which was launched on 26 December 2010 but had not entered into operational service and the W3C, ATLANTIC BIRD^{TM} 7, W5A, W6A, EUROBIRD ^{TM} and W3D.

NOTE 6: INVESTMENTS IN ASSOCIATES

During the reporting period, Solaris, a 50/50 joint venture between Eutelsat and SES Astra, carried out a €120 million capital reduction. At 31 December 2010, the Group had received its share, i.e. €60 million.

NOTE 7: CURRENT FINANCIAL ASSETS

(In thousands of euros)	30 June 2010	31 December 2010
Hedging instruments[(1)]	24	802
Other receivables	4 816	140 706
Total	**4 840**	**141 508**

(1) see Note 16 – *Financial instruments*

"Other receivables" are mainly composed of an item of accrued income corresponding to insurance indemnification for the loss of the W3B satellite. (see Note 17.2 - *In-orbit insurance and launch insurance*).

NOTE 8: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In thousands of euros)	30 June 2010	31 December 2010
Cash	53 380	72 277
Accrued interest	-	-
Cash equivalents	5 238	108 612
Total	**58 618**	**180 889**

Cash equivalents are mainly composed of deposit warrants, the great majority of which matures less than one month after the date of acquisition, and UCITS qualifying as "cash equivalents".

NOTE 9: SHAREHOLDERS' EQUITY

9.1 – Shareholders' equity

As of 31 December 2010, the share capital comprised 1,013,154,706 ordinary shares with a face value of €0.65 per share.

Movements since 30 June 2010 correspond to the exercise by employees of a total of 16,581 shares under the "Managers IV" plan.

9.2 – Dividends

On 8 November 2010, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.26 per share, i.e. a total of €263,416 thousand, taken from "Retained earnings" for €5,853 thousand and from net income over the financial period for €257,563 thousand.

9.3 –Share-based compensation

Stock-option plans

a) Summary of movements in respect of the stock-option plans

	Shares reserved for future grants	Stock options outstanding	Weighted average strike price (in euros) after distribution
Balance as of 1 Julv 2010	-	23 988	1.64
Authorised	-	-	-
Granted	-	-	-
Exercised	-	(16 581)	1.64
Cancelled	-	-	-
Balance as of 31 December 2010	**-**	**7 407**	**1.64**

The remaining average contractual life of options is 1.90 year.

Free allocation of EUTELSAT Communications shares

On 1 February 2010, the Board of Directors of the EUTELSAT Communications Company (holding more than 50% of EUTELSAT S.A.) approved a new plan for the allocation of free shares to all employees of the EUTELSAT Communications Group, including directors and corporate officers, and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. As regards the EUTELSAT S.A. Group, a total of 633 048 shares was granted to 553 beneficiaries. 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 starting on the shares' vesting date. 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 (50% of the relevant portion) and another objective linked to average ROCE (the remaining 50%);

- on the other part, the grant of 301 248 shares to directors and corporate officers and managers, conditional upon the achievement, over the same three financial periods, of one objective based on cumulative EBITDA[1], one objective based on average ROCE[2], one objective linked to cumulative EPS[3] and one TSR[4]-linked objective, all four objectives being equally weighted.

The above-mentioned performance objectives are those of the EUTELSAT Communications Group.

[1] EBITDA is defined as the operating result before depreciation and amortisation, excluding 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).

In accordance with IFRS 2 "Share-based Payments" and IFRIC 11 interpretation "IFRS 2: Group and Treasury Share Transactions", a free share allocation plan implemented by a parent company for employees of its subsidiaries must be recognised by the subsidiaries as a contribution in equity from the shareholder with the corresponding expense representing services rendered by the beneficiaries.

The fair value of the equity instrument took into account the market price of the share at the grant date, market expectations of the dividend distribution at the valuation date, staff turnover of 5% and a non-transferability cost of 1.5%, and was in part approximated by using Monte Carlo simulations based on the previous criteria, a risk-free rate of 1.637% and a share price volatility of 26.27%.

The value of the benefit was estimated at €9.6 million spread over the three-year vesting period (maturity at 31 January 2013). The expense recognised for the period ended 31 December 2010, with a double entry to shareholders' equity, was €1 606 thousand.

Furthermore, within the framework of the free share allocation plan and the associated share buy back programme, Eutelsat Communications has signed a chargeback agreement with all its subsidiaries concerned by the free share plan.

9.4 – Change in the revaluation reserves of financial instruments

All financial instruments that have an impact upon the revaluation reserve are cash-flow hedges for the effective portion.

(in thousands of euros)	**Total**
Balance as of 30 June 2010	**(14 081)**
Changes in fair value within equity	12 491
Transfer into the income statement	-
Balance as of 31 December 2010	**(1 590)**

NOTE 10: FINANCIAL DEBT

10.1 – Non-current portion

As of 30 June and 31 December 2010, all bank debt is denominated in euros.
Since 30 June 2010, the structure of the Group's debt has remained identical.

As of 31 December 2010, the Group has access to the following credit facilities:

- a 7-year €850 million Eurobond entered into on 26 March 2010 on the Luxembourg Stock Exchange regulated market. The bond was issued with a coupon of 4.125% per annum at 99.232% by its subsidiary Eutelsat S.A., and redeemable at maturity at 100% of its principal amount.

- a revolving credit facility for €450 million (used to the tune of €130 million as of 31 December 2010) entered into by its subsidiary Eutelsat S.A. on 24 March 2010 for a 5-year period.

The amounts drawn on this credit facility bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin of between 0.75% and 2.50% depending on Eutelsat S.A.'s long-term debt rating assigned by Standard & Poor's. A fee for non-use representing 40% of the margin mentioned above is payable. Under the agreement, a 0.25% fee for use is charged 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.

In addition, under the terms of this credit facility, Eutelsat S.A. is required to maintain a total net debt to *annualised* EBITDA (as these terms are defined contractually) ratio less than or equal to 3.75 to 1 and this ratio is tested on 30 June and 31 December each year. At 31 December 2010, the Group complies with this ratio.

The credit agreement and the bond issue include neither a guarantee by Eutelsat Communications' subsidiaries nor the pledging of assets to the lenders. They include restrictive clauses (subject to the usual exceptions contained in loan agreements) limiting the capacity of Group companies, 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 issue and the credit facility allow each lender 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 agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

- An intra-group cash agreement. A cash agreement was set up in 2005 with the purpose of facilitating and optimising the management of cash surpluses. The agreement is a permanent one and defines the terms and conditions of cash advances and loans between the entities of the "Group of Companies" including Eutelsat S.A., Eutelsat S.A.'s subsidiaries, Eutelsat Communications Finance and Eutelsat Communications.

  The conditions governing the interest rates of the intra-group loans are aligned with those for drawing on the revolving credit facility.

- A fixed rate loan amounting to €900 000 signed in 2005 by Wins a subsidiary.

- A floating rate loan amounting to €500,000 signed in 2006 by Wins a subsidiary.

- Financial information as of 30 June 2010 and 31 December 2010

The non-current portion of the Group's bank debt as of 30 June and 31 December 2010 breaks down as follows:

(In thousands of euros)	**30 June 2010**		**31 December 2010**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Intra-group loan	383 500	383 500	416 000	416 000
Eutelsat S.A. revolving credit facility (Floating rate)	-	-	130 000	130 000
Eurobond	843 000	850 000	855 000	850 000
Fixed rate loan (Wins Ltd.)	64	64	-	-
Floating rate loan (Wins Ltd.)	150	150	-	-
Sub-total of debt (non-current portion)	**1 226 714**	**1 233 714**	**1 401 000**	**1 396 000**
Loan set-up fees and premiums		(10 955)		(10 136)
Total		**1 222 759**		**1 385 864**

The weighted average interest rate on amounts drawn under the revolving credit facilities for the period ended 31 December 2010 is 2.27%.

As of 31 December 2010, the Group has access to the following main credit facilities:

(In thousands of euros)	Amount granted	Amount used	Maturity
Intra-group loan	416 000	416 000	
Eutelsat S.A. revolving credit facility	450 000	130 000	24 March 2015
Eutelsat S.A. term loan	850 000	850 000	27 March 2017
Wins fixed rate loan	900	-	31 December 2011
Wins floating rate loan	500	-	31 December 2011
Total	**1 717 400**	**1 396 000**	

As of 31 December 2010, the debt maturity analysis is as follows:

(In thousands of euros)	31 December 2010	Maturity within one year	Maturity between 1 and 5 years
Intra-group loans	416 000	416 000	-
Eutelsat S.A. term loan	130 000	130 000	-
Eutelsat S.A. revolving credit facility	850 000	-	850 000
Wins Ltd. fixed rate loan	127	127	-
Wins Ltd. floating rate loan	275	275	-
Total	**1 396 402**	**546 402**	**850 000**

10.2 – Current portion

Current bank debt includes accrued interest not yet due on the debt described in Note 10.1 as of 31 December 2010. Current bank debt is as follows:

(In thousands of euros)	30 June 2010	31 December 2010
Bank overdrafts	18 139	719
Accrued interest not yet due	9 826	27 606
Portion of the loans due within one year (excluding revolving credit)	409	403
Total	**28 374**	**28 728**

NOTE 11: OTHER FINANCIAL LIABILITIES

(In thousands of euros)	30 June 2010	31 December 2010
Financial instruments [1]	10 371	-
Performance incentives [2]	26 955	22 293
Finance leases [3]	90	-
Other liabilities	52 999	60 388
Total	**90 415**	**82 681**
Incl. current portion	*41 251*	*28 196*
Incl. non-current portion	*49 164*	*54 485*

[1] See Note 16 – *Financial instruments*

[2] Including interest related to "Performance incentives" amounting to €8,054 thousand as of 30 June 2010 and €6,926 thousand as of 31 December 2010.

[3] As of 30 June 2010 and 31 December 2010, amounts of interest on finance leases are not material.

"Other liabilities" comprise advance payments and deposits from clients.

NOTE 12: INCOME TAX EXPENSE

"Income tax expense" shows current and deferred tax expenses for consolidated entities.

The Group's income tax expense is as follows:

	Six-month period ended 31 December	
(In thousands of euros)	2009	2010
Current tax expense	(83 263)	(101 862)
Deferred tax income (expense)	(10 835)	(14 604)
Total income tax expense	**(94 098)**	**(116 466)**

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 thousands of euros)	31 December 2009	31 December 2010
Income before tax and income from equity investments	269 771	327 151
Standard French corporate tax rate	*34.43%*	*34.43%*
Theoretical income-tax expense	(92 882)	(112 638)
Permanent differences and other items	(1 216)	**(3 828)**
Corporate tax expense in the income statement	**(94 098)**	**(116 466)**
Actual corporate tax rate	*34.9%*	*35.6%*

As of 31 December 2009 and 2010, the Group's effective income tax rate is close to the standard income tax rate in France (34.43%).

NOTE 13: SEGMENT INFORMATION

The Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the supply of satellite-based video, business and broadband networks, and mobile services to major international telecommunication operators and broadcasters, corporate network integrators and companies for their own needs.

The information presented below is intended for the Managing Director, the Deputy Managing Director and the Chief Financial Officer who together make up the Group's main operational decision-making body.

The Management data used are prepared in accordance with IFRS principles and applied by the Group for its consolidated financial statements as described in the Notes to the financial statements.

The performance indicators that are monitored by the decision making body include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, excluding impairment of assets, 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 the presentation of the Group's consolidated income statement at the parent company level, i.e. Eutelsat Communications, according to a ventilation of items that is different from the consolidated financial statements in order to highlight the performance indicators but whose main aggregates are identical to those appearing in the consolidated accounts of the Eutelsat Communications Group such as the operating income, net income, the portion attributable to non-controlling interests and the portion attributable to the Group. The main items are reconciled with the Eutelsat SA consolidated accounts.

13.1- Segment reporting

(In thousands of euros)	**Six-month period ended 31 December 2009**	**Six-month period ended 31 December 2010**
Revenues	**508 040**	**575 854**
Total operating costs	**(96 481)**	**(112 872)**
EBITDA	**411 559**	**462 982**
Depreciation and amortisation	(157 301)	(142 438)
Other operating income (expenses), net	(370)	(867)
Operating income	**253 889**	**319 677**
Total interest income (expense)	(41 441)	(45 966)
Income tax expense	(74 470)	(94 751)
Other financial expenses	826	(7 557)
Net income before revenue from equity investments and non-controlling interests	**138 804**	**171 403**
Income from equity investments	7 497	11 176
Net income	**146 300**	**182 579**
Non-controlling interests	(6 834)	(8 141)
Group share of net income	**139 466**	**174 438**
Tangible investments and equity investments (cash flow)	**226 141**	**125 195**
Net debt (including finance leases)	**2 440 357**	**2 414 809**

	Six-month period ended 31 December 2009	**Six-month period ended 31 December 2010**
Net income reconciliation		
Net result for Eutelsat Communications Group	146 300	182 579
Holding contribution, net	38 044	42 670
Intra-group transactions, net	**(1 174)**	**(3 388)**
Net result for Eutelsat SA Group	**183 170**	**221 861**
Net debt reconciliation		
Net debt for Eutelsat Communications Group	**2 440 357**	**2 414 809**
Holding contribution to group net debt	(1 614 150)	(1 614 576)
Intra-group loan	398 500	416 000
Net debt for Eutelsat SA Group	**1 224 707**	**1 216 233**

13.2 – Information per geographical zone

Group revenues by geographical area, based on invoice addresses, for the periods ended 31 December 2009 and 2010 are as follows:

(In thousands of euros and as a percentage)	**Six-month period ended 31 December 2009**		**Six-month period ended 31 December 2010**	
Region	**Amount**	**%**	**Amount**	**%**
France	73 483	14.4	74 476	12.9
Italy	81 661	16.0	100 487	17.4
United Kingdom	46 212	9.1	36 350	6.3
Europe (other)	174 611	34.3	204 109	35.4
Americas	52 941	10.4	66 839	11.6
Middle East	44 696	8.8	61 563	10.7
Other (*)	35 227	6.9	33 036	5.7
Total	**508 831**	**100.0**	**576 860**	**100.0**

(*) Including €3.17 million and €2.68 million in indemnity payments for late delivery of satellites for the periods ended 31 December 2009 and 31 December 2010 respectively.

Most of the Group’s assets are satellites in orbit; the remaining assets are mainly located in France.

NOTE 14: FINANCIAL RESULT

The financial result is made up as follows:

(In thousands of euros)	Six-month period ended 31 December 2009	Twelve-month period ended 30 June 2010	Six-month period ended 31 December 2010
Interest expense (banks)[1]	(18 689)	(36 736)	(18 697)
Other interest expense [2]	6 627	12 479	8 840
Loan set-up fees	(144)	(5 432)	(349)
Commitment fees and other similar charges	(650)	(1 563)	(1 231)
Changes in financial instruments[3]	(372)	(30 921)	(1 699)
Provisions for risks and liabilities	(581)	(1 128)	(653)
Foreign-exchange losses[4]	(6 402)	(12 404)	(11 445)
Financial expenses	**(20 211)**	**(75 705)**	**(25 234)**
Changes in financial instruments[3]	938	792	942
Interest income	1 103	1 518	845
Provision on financial assets	-	-	-
Reversal of provisions for risks and expenses	131	-	-
Foreign-exchange gains[4]	6 716	27 752	5 442
Financial income	**8 888**	**32 062**	**7 229**
Financial result	**(11 323)**	**(43 643)**	**(18 005)**

[1] Interest expense (banks) includes the effects of the interest-rate hedging instruments. Coupons due and matured on the swaps and caps that are qualified as interest-rate risk hedges have affected the interest expense for the years ended 31 December 2009 and 30 June 2010 respectively by €10.4 million and €15.7 million in expense. Interest-rate hedging instruments had no effect as of 31 December 2010.

[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 €9.9 million as of 31 December 2009, €18.5 million as of 30 June 2010 and €14.0 million as of 31 December 2010. They are highly dependant on the progress and number of satellite construction programmes recognised during the financial year.

The paid portion of the capitalised interest expense is included within financing expenses in the consolidated statement of cash-flows under the heading “Interest and other fees paid”.

The interest rates used to determine the amount of interest expense eligible for capitalisation are 3.5% as of 31 December 2009, 3.6% as of 30 June 2010 and 4.4% as of 31 December 2010. “Other interest expense” also includes interest related to in-orbit satellite performance incentives for a €1.1 million net expense reduction as of 31 December 2009 and a €0.7 million net expense increase as of 30 June 2010 and €0.6 million as of 31 December 2010.

(3) Gains or losses in the fair value of financial instruments mainly include changes in the fair value of non-qualifying derivatives in a hedging relationship and the ineffective portion of qualifying derivatives in a hedging relationship. Furthermore, for the periods ended 30 June 2010, these items include disqualifications/disposal of hedging instruments (see Note 16.2 – *Interest rate risk*).

(4) Foreign exchange hedges were put in place to hedge future sales in dollars. Changes in the time value of these instruments (excluded from the hedging relationship) have a direct effect on profit. The intrinsic value of instruments exercised during the year, taking into account that the hedged item has also affected the result for the financial year, has also been recognised directly in income or expense (no net change in equity due to these hedges). Changes to the intrinsic value of a foreign exchange hedge for which the hedged component has not yet affected net income have been posted to equity and have had no effect on the income statement for the period.

Results on financial instruments per accounting category

(In thousands of euros)	**Six-month period ended 31 December 2009**	**Twelve-month period ended 30 June 2010**	**Six-month period ended 31 December 2010**
Net result on instruments measured at fair value per result on the option (cash equivalents)	29	75	(867)
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	1 557	343	861
Financial income on assets valued at amortised cost (loans and long term advance payments and other receivables)	-	-	-
Interest expense on loans (excluding hedging effect)	(8 256)	(21 079)	(18 698)
Reversals and (depreciation) of financial assets (accounts receivable)	137	918	1 402

NOTE 15: EARNINGS PER SHARE

The following two tables show the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted):

	31 December 2009	31 December 2010
Net income	183 170	221 861
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	362	(133)
Net earnings used to compute basic earnings per share	**183 532**	**221 728**

	31 December 2009	31 December 2010
Net income	183 170	221 861
Income from subsidiaries attributable to non-controlling interests, after taking into account the dilutive instruments in the subsidiaries	362	(133)
Net earnings used to compute diluted earnings per share	**183 532**	**221 728**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 31 December 2009 and 2010 respectively:

	31 December 2009	31 December 2010
Restated weighted average number of shares used to compute basic earnings per share	1 012 953 625	1 013 140 478
Incremental number of additional shares that would result from the exercise of outstanding stock options (1)	85 000	5 765
Restated weighted average number of shares used to compute diluted earnings per share (1)	**1 013 038 625**	**1 013 146 243**

(1) As of 31 December 2009 and 2010, only Eutelsat S.A. had issued dilutive instruments. The incremental number of additional shares which could be issued upon the exercise of outstanding stock options is computed using the average market price during the related period.

As Eutelsat S.A. is not listed, Management estimated the average market price using the latest valuations and the latest transactions between shareholders.

NOTE 16: FINANCIAL INSTRUMENTS

The Group 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 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 changes in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to manage such exposure. The Group does not engage in financial transactions whose associated risk cannot be quantified at their outset; in other words, the Group never sells assets it does not possess or does not know it will subsequently possess.

16.1 – Foreign-exchange risk

The Group's functional currency is the euro and the Group is therefore mainly exposed to fluctuations in the U.S. dollar exchange rate. As a means of preserving the value of assets, commitments and forecast transactions, the Group consequently enters into contracts whose value fluctuates in line with changes in the euro/dollar exchange rate. In particular, the Group hedges future U.S. dollar revenues by means of financial instruments such as options contracts, forward currency transactions and foreign currency deposits. These instruments are traded over-the-counter with first-rate banking counterparts

Purchase commitments relate to construction contracts for satellites and to launch contracts. They generally mature after three years and payments are made according to a pre-determined payment schedule. Commitments to sell relate to contracts denominated in US dollars.

During the financial year ended 30 June 2010 and the first half (i.e. to 31 December 2010) of the financial year ending 30 June 2011, the Group only purchased foreign exchange options (euro calls / US dollar puts) and sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk as of 31 December 2010 is as follows:

(In thousands of euros)

Assets	151 599
Liabilities	33 708
Net position before risk management	**117 891**
Off-balance-sheet position (foreign exchange hedging)	112 259
Net position after risk management	**5 632**

Considering its exposure to foreign-currency risk, the Group considers that a 1% reduction in the value of the US dollar against the euro would have a non-significant impact on Group profit and equity.

16.2 – Interest rate risk

Interest rate risk management

The Group's exposure to interest-rate risk is managed by hedging its floating rate debt.

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its' debt, the Group has implemented the following interest rate hedging instruments :

For the term loan amounting to €650 million arranged in November 2004:

- A 7-year pay fixed/receive floating interest rate swap put in place in November 2004 for a notional amount of €650 million over (until maturity of the facility), terminated on 1 April 2010.

The selected interest periods are periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year.

- An interest rate swap (pay EURIBOR 3 month/ receive EURIBOR 1 month) “Basis swap” put in place in November 2007 for a period of 6 months up until 30 June 2008. This interest rate swap (pay EURIBOR 3 month/ receive EURIBOR 1 month) was used 3 times.
  - On 11 June 2008 for a 6-month period until 31 December 2008,
  - On 21 November 2008 for a 6-month period until 30 June 2009,
  - On 15 May 2009 for a one-year period until 30 June 2010

These three basis swap transactions are combined with the pay fixed-rate swap designed to hedge the €650 million term loan.

In respect of the €650 million revolver arranged in November 2004 on which amounts have been drawn for €200 million and reimbursed at refinancing date:

- A pay fixed/receive floating interest rate swap put in place in February 2007 for a notional amount of €250 million over 4 years until maturity of the revolver (€650 million), terminated on 1 April 2010.

- Purchase of a cap in March 2007 in return for the payment of a €2 million premium for a notional amount of €200 million over 4 years until maturity of the €650 million revolving credit facility.

For each instrument, the interest periods are 3-month periods beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Refinancing the syndicated credit facility on 26 March 2010 resulted in the hedging relationship of financial instruments being interrupted. Consequently, changes in fair value within equity were recognised for €29.6 million in the income statement for the financial year ended 30 June 2010.

Furthermore, on 1 April 2010, both pay fixed/receive floating interest rate swaps were terminated in return for the settlement of a termination indemnity of €25 443 thousand for the swap covering the €650 million term loan and €12 572 thousand for the swap covering the €250 million drawn down out of the €650 million revolving credit facility.

Lastly, in respect of the partial hedging of the €450 million revolver entered into in March 2010 at Eutelsat S.A. sub-group level, out of which amounts have been drawn down for €130 million at 31 December 2010, the following derivative instrument was put in place in August 2010:

- A collar (purchase of a cap and sale of a floor) for a notional amount of €100 million over 3 years.

The selected interest periods are one-month periods beginning 30 September, 31 October, 30 November, 31 December, 31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July and 31 August each calendar year.

Sensitivity to interest rate risk

Given how interest rates have evolved due to the financial crisis, the fair value of the Group's financial instruments has fallen substantially, which has been recognised in income upon refinancing.

Considering the full range of financial instruments available to the Group as of 31 December 2010, an increase of ten basis points (+ 0.10 %) above EURIBOR would generate an additional interest expense on an annual basis of €130 thousand in the income statement.

16.3 – Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer risk, execution risk and its exposure to credit risk by acquiring financial products exclusively from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

As of 31 December 2010, Eutelsat S.A.'s banking syndicate comprised 4 lenders.

In the event of a counterparty default on the revolving portion of a credit facility, the amount obtained could be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts on the other counterparties in order to obtain the extra amounts needed to make up the total required.

The Group does not foresee any loss resulting from a failure by its counterparties to honour the commitments entered into under the agreement.

16.4 – Liquidity risk

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurring needs and liquidity. 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 and revolver lines of credit from banks, and satellite leases.

9% of the Group's debt matures in March 2015 and 61% in March 2017.

16.5 – Key figures as of 31 December 2010

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 31 December 2009, 30 June 2010 and 31 December 2010 by type of contract. The instruments are valued by the Group's bank counterparties, and the valuation is verified/validated by an independent expert.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 31 December 2009**	**Change in fair value during the period**	***Impact on income (excl. coupons)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	41 649	(729)	(443)	*29*	*(473)*
Total foreign exchange derivatives	***41 649***	***(729)***	***(443)***	***29***	***(473)***
Swap (Eutelsat S.A.)*	650 000	51	(174)	-	*(174)*
Swap (Eutelsat S.A.)*	650 000	(22 747)	1801	-	*1 801*
Swap (Eutelsat S.A.) **	250 000	(11 926)	1 515	*737*	*778*
Cap (Eutelsat S.A.)	200 000	182	(200)	*(199)*	-
Total interest rate derivatives		***(34 440)***	***2 942***	***538***	***2 405***
Total derivatives		**(35 169)**	**2 499**	**567**	**1 932**

* Combined swaps
** Swap qualifying as a hedge for €100 million since 1 April 2008.
(*) CAP qualifying as a hedge for €100 million since 1 January 2009.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2010**	**Change in fair value during the period**	***Impact on income (excl. coupons)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	154 837	(10 371)	(10 086)	*75*	*(10 161)*
Total foreign exchange derivatives	***154 837***	***(10 371)***	***(10 086)***	***75***	***(10 161)***
Swap (Eutelsat S.A.) * (1)	650 000	Disposal	(895)	*(25 443)*	*(24 548)*
Swap (Eutelsat S.A.)*	650 000	-	(225)	-	*(225)*
Swap (Eutelsat S.A.) ** (1)	250 000	Disposal	870	*(4 403)*	*5 273*
Cap (Eutelsat S.A.) (*)	200 000	24	(358)	*(358)*	-
Total interest rate derivatives		***24***	***(608)***	***(30 204)***	***29 596***
Total derivatives		**(10 347)**	**(10 694)**	**(30 129)**	**19 435**
Equity interests					(10)
Total					**19 425**

* Combined swaps, unqualified since 26 March 2010.
** Swap qualifying as a hedge for €100 million since 1 April 2008, unqualified since 26 March 2010.
(*) Cap qualifying as a hedge for €100 million since 1 January 2009, unqualified since 26 March 2010.
(1) Including termination indemnities settled.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 31 December 2010**	**Change in fair value during the period**	***Impact on income (excl. coupons)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	112 259	344	10 715	*(867)*	*11 582*
Total foreign exchange derivatives	***112 259***	***344***	***10 715***	***(867)***	***11 582***
Cap (Eutelsat S.A.)(*)	200 000	-	(24)	*(24)*	-
(Eutelsat S.A.)*	100 000	458	133	*133*	-
Total interest rate derivatives		458	***109***	***109***	***-***
Total derivatives		802	**10 824**	**(758)**	**11 582**
Equity interests					**909**
Total					**12 491**

As of 31 December 2010, the cumulative fair value of financial instruments was positive at €802 thousand recognised under "Current financial assets" (see Note 7 – *Current financial assets*).

As of 31 December 2009, 30 June 2010 and 31 December 2010, the changes in fair value recognised within financial result in respect of financial instruments corresponded to a net expense of €566 thousand, €30,129 thousand and €757 thousand respectively.

Financial instruments qualifying as hedges at 31 December 2009, 30 June 2010 and 31 December 2010 break down as follows:

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 31 December 2009**	**Change in fair value during the period**	***Impact on income (excl. coupons)(1)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	41 649	(729)	(443)	*29*	*(473)*
Total foreign exchange derivatives	***41 649***	***(729)***	***(443)***	***29***	***(473)***
Swap (Eutelsat S.A.)*	650 000	51	(174)	-	*(174)*
Swap (Eutelsat S.A.)*	650 000	(22 747)	1 801	-	*1 801*
Swap (Eutelsat S.A.)**	250 000	(4 771)	606	*(172)*	*778*
Cap (Eutelsat S.A.) (*)	100 000	91	(100)	*(100)*	-
Total interest rate derivatives		***(27 376)***	***2 133***	***(272)***	***2 405***
Total derivatives		**(28 105)**	**1 690**	**(243)**	**1 932**

* Combined swaps
** Swap qualifying as a hedge for €100 million since 1 April 2008
(*) CAP qualifying as a hedge for €100 million since 1 January 2009
(1) The ineffective portion of the hedges was not significant and has not been isolated.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2010**	**Change in fair value during the period**	***Impact on income (excl. coupons)*** [1]	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	154 837	(10 371)	(10 086)	*75*	*(10 161)*
Total foreign exchange derivatives	***154 837***	***(10 371)***	***(10 086)***	***75***	***(10 161)***
Swap (Eutelsat S.A.)* [2]	650 000	Disposal	(895)	*(25 443)*	*24 548*
Swap (Eutelsat S.A.)*	650 000	-	(225)	*-*	*(225)*
Swap (Eutelsat S.A.)** [2]	100 000	Disposal	348	*(4 925)*	*5 273*
Cap (Eutelsat S.A.) [(*)]	100 000	12	(179)	*(179)*	-
Total interest rate derivatives		***12***	***(951)***	***(30 547)***	***29 596***
Total derivatives		**(10 359)**	**(11 037)**	**(30 472)**	**19 435**
Equity interests					(10)
Total					**19 425**

* Combined swaps, unqualified since 26 March 2010.
** Swap qualifying as a hedge for €100 million since 1 April 2008, unqualified since 26 March 2010.
(*) Cap qualifying as a hedge for €100 million since 1 January 2009, unqualified since 26 March 2010.
(1) The ineffective portion of the hedges was not significant and has not been isolated.
(2) Including termination indemnities settled.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 31 December 2010**	**Change in fair value during the period**	***Impact on income (excl. coupons)*** [1]	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	112 259	344	10 715	*(867)*	*11 582*
Total foreign exchange derivatives	***112 259***	***344***	***10 715***	***(867)***	***11 582***
Total derivatives	**112 259**	**344**	**10 715**	**(867)**	**11 582**
Equity interests					909
Total					**12 491**

(1) The ineffective portion of the hedges was not significant and has not been isolated.

Impact on income statement and equity

The impact on the income statement and equity of changes in fair value of derivatives qualifying as interest rate hedges on future cash flows is as follows:

- The coupons on swaps that qualify as hedges for future cash flows are directly recognised under income; changes recognised in equity for such swaps correspond to changes in fair value excluding coupons (“clean fair value”).
- The coupon on the purchased cap (when the cap is active) is directly recognised under income and the same applies to changes in the time value of the cap (not included in the hedging relationship) The items recognised to equity correspond to changes in the intrinsic value not including the accrued coupon of the cap.

NOTE 17: OTHER OFF-BALANCE SHEET LIABILITIES

17.1 – Purchase commitments

As of 31 December 2010, future payments under satellite construction contracts amounted to €390 million, and future payments under launch agreements amounted to €298 million. These future payments are spread over five years.

Furthermore, the Group has entered into commitments with suppliers for the acquisition of assets and the provision of services for satellite monitoring and control.

Future minimum payments in respect of such acquisitions of assets and provisions of services as of 31 December 2010 are scheduled as follows:

(in millions of euros)	**As of 31 December 2010**
2011	63
2012	22
2013	18
2014	16
2015 and thereafter	68
Total	**187**

Included in the above total is €1.4 million related to purchase commitments entered into with related parties.

17.2 – In-orbit insurance and launch insurance

As of 31 December 2010, the Group's existing L+1 insurance (launch + 1 year) and in-orbit insurance policies have been taken out with insurance syndicates of 28 and 24 insurers respectively, generally with ratings of between AA- and A+. The counterparty risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

a) In-orbit insurance

Since 1 July 2010, the Group's insurance programme has been replaced by a new 12-month programme defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and its income of losing one or more satellites. This programme comes in two parts (French"*Tranches*"): one covers losses in excess of €80 million up to a maximum of €500 million and the other covers losses ranging from €50 million to €80 million. These insurance policies were underwritten by 24 insurance companies for the first *tranche* and 4 for the second. Under this programme, 15 of the satellites belonging to the Group (excluding the EUROBIRD™4A (former W1), ATLANTIC BIRD™1, W75 (former EUROBIRD™4), W5, SESAT1, EUROBIRD™16 (former HOT BIRD™4), W2M and W48 (former HOT BIRD™2) satellites) are covered by insurance. There is no longer any limitation of insurance cover for the W4 and W6 satellites resulting from incidents caused by technical problems already identified.

The general insurance policy taken out against damage under this programme covers any cumulative partial or total (or deemed total) constructive losses of the 15 satellites insured, up to a ceiling of €223 million per satellite, subject to a total maximum claim or claims each year of €500 million. The Group's satellites covered under this policy are insured for their net book value.

The recent W7 satellite is included in this policy as of the date of maturity of its previous L +1 year policy, i.e. on 24 November 2010.

b) Launch insurance

In April 2008, the Group took out L+1 (launch + 1 year) insurance for maximum cover of €200 million per satellite, covering the seven satellites under construction (HOT BIRD™9, HOT BIRD™10, W2M, W2A, W7, W3B and Ka-Sat).

The Company subsequently took out additional policies to cover the entire net book values of the satellites (HOT BIRD™9, ATLANTIC BIRD™4A (former HOT BIRD™10), W2M, W2A, W7, W3B and Ka-Sat).

In October 2010, the Group took out L+1 (launch + 1 year) insurance for maximum cover of €225 million per satellite, covering five satellites under construction (W3C, ATLANTIC BIRD™7, W5A, W6A and EUROBIRD™2A).

This policy is valid for a period of three years, i.e. until November 2013, and provides the required flexibility to assign any type of launcher to any of the five satellites insured.

On 28 October 2010, the Group suffered the loss of the W3B satellite just after its launch (see Note 5 - *Satellites and other property and equipment*). On 17 November 2010, a submission was sent to the insurers with proof of the loss and quantification of the claim. At 31 December 2010, in view of the facts available to it, Eutelsat considered that the criteria were met to recognise a €235.1 million indemnity covering the full amount of the loss insured, recorded under "Other operating income". As of the same date, €101.6 million were already paid.

NOTE 18: EVENTS AFTER THE BALANCE-SHEET DATE

Since 31 December 2010 and as of the date of approval of these accounts, the Group has received additional insurance payments (see above) for an aggregate amount of € 133.5 million completing the insurance proceeds to be received.