



eutelsat

communications via satellite

Chairman of the Management Board · CEO

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12 November 2002

Commissioner Philippe BUSQUIN
Member of the European Commission
B-1049 Brussels

Dear Mr. Busquin,

In the wake of the Barcelona European Council, the European Commission recently presented its Communication titled "*More Research for Europe -Towards 3 % of GDP*", and you were kind enough to seek to engage a dialogue with interested institutions throughout Europe with a view to identifying a set of focused actions by early 2003. I am grateful that Eutelsat has been included by the Commission in the list of relevant institutions.

Eutelsat is Europe's leading provider of satellite capacity. The company commercialises capacity on 23 satellites. Our two principal activities are broadcasting to cable and satellite homes and corporate networks. We currently broadcast 1,200 television channels, and route 750 corporate networks. An emerging new activity where we see strong growth opportunities, is broadband communications both for consumer and corporate users, and in particular for regions in Europe which are beyond the reach of terrestrial broadband access.

As a commercial services company, Eutelsat does not as a rule conduct its research and development work, bar the recent exception of some development work on broadband applications.

Our company is consequently heavily dependent on the level of R&D work carried out in Europe, especially in the space industry including communications and broadcasting satellites, launchers, payloads, equipment and components. During the 25 years of its existence, Eutelsat has been by far the largest customer of the European space industry with 27 out of 28 satellites having been ordered in Europe.

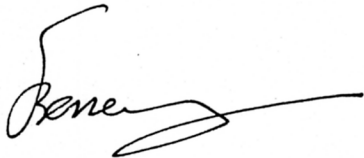
Eutelsat is now a private company with exigent shareholders, and a 100% of our sales are made on a commercial basis. We are a longstanding client of Europe's satellite and launcher industries on the basis of technical excellence and commercial competitiveness. These 25 years of business have been of real common interest between Eutelsat and its suppliers.

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I share the concern of the political authorities in Europe - including the European Commission - over the widening of the R&D gap between Europe and the United States. A weaker R&D in Europe will evidently mean a weaker European space industry, and thus the necessity will arise for private companies like Eutelsat to reassess their procurement strategy, and the possible balance of supply between Europe and the US.

Please be assured that I strongly support all efforts undertaken - both at national level - and at the European level to bring R&D up to the 3 % GDP level. I know that ultimately this will impact upon the business of Eutelsat.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Berretta', with a long horizontal flourish extending to the right.

Giuliano Berretta
Chairman of the Management Board - CEO