

Interview with CEO C. Patrick DeWitt President Space Systems/Loral



Biography:

C. Patrick DeWitt is president of SS/L, and vice president of Loral Space & Communications. Mr. DeWitt has held management positions with the company for 28 years. He has served since 1996 as SS/L's EVP, and since 1999 as the member of the office of the president. As EVP, Mr. DeWitt was responsible for finance, information systems, procurement, facilities and human resources. He joined Ford Aerospace in 1973, and held various financial management positions until he was named controller in 1988. He was named VP in 1990 with responsibility for all major financial and accounting operations. Mr. DeWitt earned his BS degree in business administration from San Jose State University in 1974, and completed graduate work in business at the University of Santa Clara. He and his family live in Fremont, Calif.

In your position as President of Space Systems/Loral (SS/L), what has been your biggest challenge since you were assigned to the position?

DeWitt: Over the last 12 months, there has been a significant downturn in orders for commercial satellites. Effectively managing the company to place us in the right position to prosper when conditions improve is one of the biggest challenges I face today. Fortunately, we have a backlog of 14 satellites valued at one billion dollars which helps soften the impact, and we see strong signs this quarter that satellite operators are again moving forward to procure satellites.



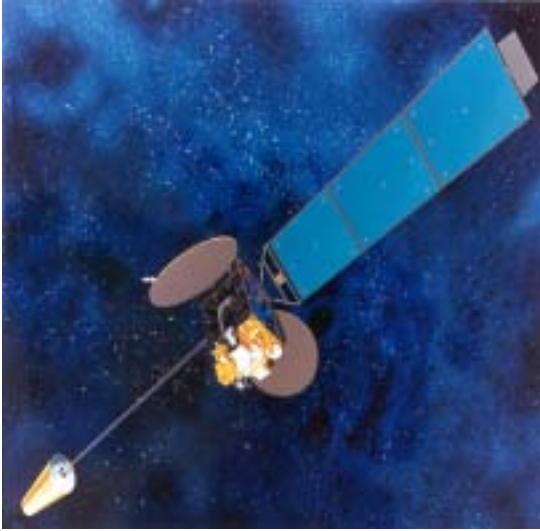
In the present tough environment for the satellite manufacturing industry, SS/L seems to be in a good position to win new orders. In your view, what is the major reason SS/L is in this position?

DeWitt: Our space-proven 1300 geostationary (GEO) satellites are well received in the marketplace by our customers, who are looking for reliability, robustness and heritage satellite solutions. In all, SS/L satellites have amassed a total of more than 900 years of on-orbit service. More than one-third of those years was achieved by spacecraft that operated beyond their contractual lives. In addition, this year we have already had six successful 1300 series satellite launches.

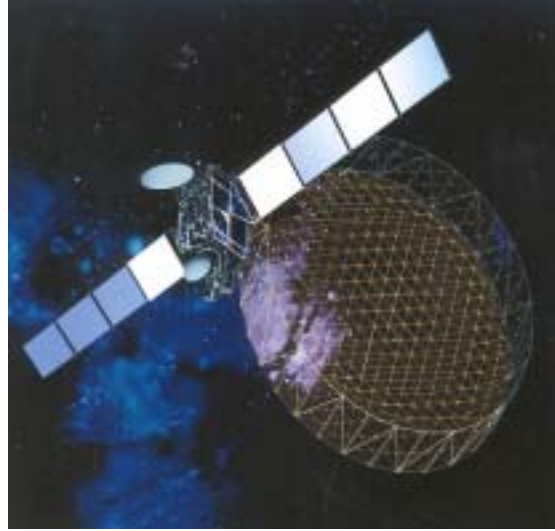
Another major factor is our focus on customer satisfaction. This keeps us continuously attentive to our current and new customers, and results in strong, long-term relationships, which we value highly.

What is your projection for the world commercial satellite market in the next few years?

DeWitt: We anticipate seeing a recovery with satellite sales gradually ramping up as the world economy improves and increased funding is available for fleet expansion and new applications. There continues to be a solid base of business in the satellite replacement market. Today, there are roughly 260 commercial GEO satellites on-orbit. Although some customers have delayed procurement plans over the last year, their satellite fleets continue to age.



MTSAT



MBSAT

What satellite applications could become the driving force for satellite communication industry to recover and keep prosperity in competition or cooperation with terrestrial broadband communications?

DeWitt: Traditional applications such as video distribution, direct broadcast, VSAT networks and Internet backbone will remain major forces in the market, while newer applications -- satellite radio, mobile satellite services, broadband and air traffic management services – promise new opportunities for the satellite business.

Until recently, SS/L has been maintaining and enjoying excellent strategic business relations with European and Japanese Industries. Are you going to take similar a strategy from now on by keeping close collaboration with Europe/Japan, or take a different strategy like other satellite manufacturers in U.S.?

DeWitt: We are continuing our strategy of maintaining strong business relationships with Japanese and European Industries. SS/L works hard to develop these fruitful long-term relationships with our suppliers and partners throughout the world. Although we do not expect our relationships with suppliers to change, as our needs and the complexion of the industry evolve over time, we may adjust individual relationships and foster new ones.



SS/L has been the largest supplier of satellites for the Japanese Government and Industries since 1974. How do you assess the future satellite business in Japan, and how would be the position of the Japanese market in SS/L's strategy?

DeWitt: Historically, Japan has been a strong market for satellites and will continue to be very important to SS/L. We intend to compete aggressively for this business, while maintaining our carefully cultivated relationships.

To support our customers in Japan, we take full advantage of the Loral Space & Communications office in Tokyo, which houses the center of our Asian business.

Our most recent Japanese satellite contract is for MBSAT, for the Mobile Broadcasting Corporation (MBC). Our other major Japanese contracts include MTSAT for the Ministry of Land, Infrastructure and Transport (MLIT), N-Star a & b for JSAT and NTT DoCoMo, and BSAT-2 a, the payload for NHK.



Optus-C1



N-Star

I understand that you enjoy wine making at your own winery in California. How do you spend your off time at your winery, and what kind of good wine do you make there?

DeWitt: Yes, I have been making wine since 1985. Fortunately, I live near the Napa and Sonoma wine areas, which are among the greatest vineyards in California. This area is known for producing some of the world's best wines.

(Interviewer : T.Ueda)