TELESAT CANADA

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2002

March 4, 2003

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TRADEMARKS

Company	Trademark
BCE Inc.	BCE
Telesat Canada	Anik, Nimiq, Telesat
TMI Communications and Company, Limited Partnership	MSAT

Any other trademarks, corporate, trade or domain names used in this Annual Information Form are properties of their respective owners.

Unless otherwise stated, the information in this Annual Information Form is current to March 4, 2003, and all amounts are in Canadian dollars.

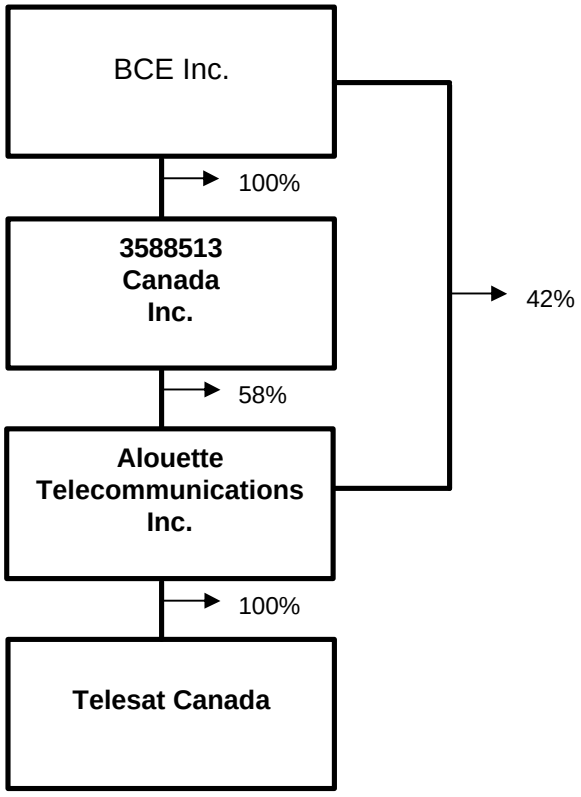
1.0 CORPORATE STRUCTURE

Incorporation of Telesat Canada

Telesat Canada ("Telesat" or the "Company") was incorporated under the *Telesat Canada Act*, a special Act of Parliament of Canada, on September 1, 1969 and was continued on March 27, 1992 under the *Canada Business Corporations Act* (the "CBCA") pursuant to the *Telesat Canada Reorganization and Divestiture Act* (the "Divestiture Act"). Telesat is regulated as a telecommunications common carrier by the Canadian Radio-television and Telecommunications Commission (the "CRTC" or the "Commission").

The registered and head office of the Company is located at 1601 Telesat Court, Ottawa, Ontario K1B 5P4, and its telephone number is (613) 748-0123.

BCE Inc. ("BCE"), through two of its subsidiaries, indirectly owns all of the common shares of Telesat. BCE is Canada's largest communications company.



2.0 GENERAL DEVELOPMENT OF TELESAT CANADA

2.1 Overview

Telesat was the world's first domestic geostationary satellite system, established to provide satellite-based telecommunications services for Canada. Today, the Company provides a wide variety of video and two-way data services as well as various consulting services dealing with all aspects of its business.

Telesat generates revenues by (a) providing satellite transmission capacity and related earth segment and ground services; (b) selling satellite network equipment; (c) managing and maintaining satellite networks; and (d) providing consulting services in the field of satellite communications to customers around the world.

Telesat owns and operates three Fixed Satellite Service ("FSS") satellites, Anik E1, Anik E2 and Anik F1. Telesat also owns and operates a Direct Broadcast Service ("DBS") satellite, Nimiq 1. A second DBS satellite, Nimiq 2, was launched on December 29, 2002, entered commercial service on February 4, 2003 and is now owned and controlled by Telesat. In addition, Telesat currently has under construction a fourth FSS satellite, Anik F2, as well as a replacement FSS satellite, Anik F1R.

2.2 Industry Trends

There has been significant growth in demand for satellite transmission capacity as a result of the emergence of the new information economy and the liberalization of the telecommunications markets in the Americas. The emergence of the new information economy has increased demand for broadband applications, including high-speed access to the Internet and the delivery of multi-media services. As demand for broadband continues to grow, satellite services are expected to become more prominent telecommunications alternatives, particularly in areas beyond the economic reach of terrestrially-based systems.

Liberalized access to telecommunications markets and change to traditional regulation have created new avenues for revenue growth in the global satellite industry. As access to telecommunications markets becomes more liberalized around the world, satellite operators, including Telesat, are strategically positioning themselves to enter new markets by securing additional spectrum resources and developing new business alliances to deliver services in those markets.

A continued significant driver of growth in the global market demand for satellite services has been satellite-delivered television. The advent of digital compression technology has reduced transmission costs per channel, allowing satellite-based video services to be delivered directly to the consumer market. The Direct to Home ("DTH") market now represents a significant portion of business for satellite operators. The introduction and growth of high-definition television ("HDTV") is also anticipated to increase market demand for satellite capacity.

However, in the short-term, there has been an industry impact from continued weak global economic fundamentals. The FSS industry has been affected by overcapacity, although the impact occurred later and is minor in comparison to the much broader capacity excess that has occurred in other areas of the telecommunications industry. Operators have responded by deferring or canceling orders for new satellites.

2.3 Strategic Focus and Regulation

Telesat's strategic focus is to maintain its strong presence and core business in Canada while capitalizing on increasing demand for broadband services and satellite-delivered video and data and expanding into other markets within the Americas. Telesat's objective is to establish a fleet of satellites and position itself as a competitive full satellite service provider primarily in North America. To provide service continuity to its customers, meet future Canadian satellite demand and expand into new geographic market segments, the Company has embarked on several satellite procurement programs in recent years. Telesat has obtained the required orbital slots for further expansion, and has also obtained Canadian regulatory approval for pricing flexibility. The Company has also obtained approval to enter new markets. In addition, the Company is pursuing satellite network implementation and maintenance programs in Canada and the United States.

Telesat is regulated as a telecommunications common carrier by the CRTC. Because of the nature of Telesat Canada as a regulated telecommunications company, the discussion of some of the major events which have influenced the general development of the business over the last three years is contained in Item 3.6.6 herein under the heading "Regulatory Framework".

2.4 Satellites

Telesat's evolving satellite fleet is designed to maintain the Company's position within the Canadian market. Telesat's new satellites will also augment the Company's core Canadian business by permitting expansion into new markets, such as the United States and Mexico.

2.4.1 Existing Satellites

Anik E1 and Anik E2

Anik E1, located in the 118.7ºWest Longitude ("WL") orbital position, carries occasional use traffic. Anik E2, located at 111.1ºWL, is used for broadcast and business telecommunications services. Customers for Anik E2 include Canadian Satellite Communications Inc. ("Cancom"), Star Choice Television Network Inc. ("Star Choice"), and Northwestel Inc. ("Northwestel").

As Anik E1 and Anik E2 are nearing the end of their service lives in 2003, in 2002 Telesat entered into an agreement with Panamsat Corporation ("Panamsat") for the provision of back-up service on the Galaxy IIIR satellite commencing as of mid-2003. Galaxy IIIR will be renamed and referred to as Anik E2R for the period that service is provided to Telesat and will ensure that customer service continuity is maintained until the launch of Anik F2.

Nimiq 1

With the Government of Canada awarding Telesat the 91°WL orbital Broadcast Service Satellite ("BSS") (also known as Direct Broadcast Satellite or "DBS") position in 1997 and the successful launch of Nimiq 1 in May 1999, Telesat delivered Canada's first DBS satellite into commercial use. All 32 of the Nimiq 1 transponders were purchased by Bell ExpressVu LP ("Bell ExpressVu").

Following Nimiq 2's entry into commercial service, in February 2003, Nimiq 1 was re-located to the 82°WL DBS orbital slot in February 2003.

Nimiq 2

Nimiq 2, Telesat's newest satellite, was successfully launched on December 29, 2002, and entered commercial service on February 4, 2003. All 32 of the DBS transponders on Nimiq 2 were purchased by Bell ExpressVu. Nimiq 2 also carries a small Ka-band payload.

In June 2000, Telesat filed an application with Industry Canada seeking approval to utilize the 82°WL BSS slot to provide essential restoral and expansion capability to the existing Nimiq DBS facility located at 91°WL. In November 2000, Industry Canada granted Telesat a spectrum license to access the 82°WL BSS slot. Concurrently, the Minister authorized Bell ExpressVu to have access to the Ka-band spectrum at the 91°WL BSS slot.

Anik F1

Anik F1 was launched on November 21, 2000 and entered into commercial service on February 19, 2001. Anik F1 currently provides full coverage of North America and South America from the 107.3°WL orbital slot. With Anik F1's coverage of the Americas, Telesat repositioned itself as a regional satellite operator. At the same time, Telesat has ensured that the Company's position in the Canadian market is maintained. The majority (85%) of the North American capacity on Anik F1 was presold in 1998 to existing Canadian customers. Anik F1 carries the majority of the broadcasting traffic formerly carried by Anik E2.

In August 2001, Boeing Satellite Systems, the manufacturer of the Anik F1 satellite, advised Telesat of a gradual decrease in available power on-board the satellite. Telesat's view was that, over time, the anomaly would require that some of Anik F1's transponders be turned off and advised its insurers of this fact. On July 19, 2002, Boeing advised Telesat that the amount of available power on-board the satellite continued to decline. Boeing investigated the cause of the power loss and has reported that the power will continue to degrade resulting in a premature end-of-life of Anik F1. As a result, Telesat now believes that certain core services on the satellite will be affected starting in mid 2005.

Telesat is ensuring that it will provide its customers with continuous service through the purchase of a replacement satellite, and has entered into a contract with Astrium SAS ("Astrium") for Anik F1R to cover North America. Following the launch of Anik F1R in 2005, Telesat's current plan is to retain Anik F1 to provide service to customers in South America for an additional two to three years.

Telesat has insurance in place to cover losses on Anik F1 and filed an insurance claim in December 2002. Although management believes that the claim made in connection with the power anomaly will be resolved successfully, there can be no assurances on the ultimate timing, amount, or success of the settlement of such claim.

On February 20, 2003, Telesat's NIMIQ 2 experienced a malfunction affecting the available power on the spacecraft. Measures were immediately taken to restore the affected traffic. The satellite is currently generating sufficient power to operate a majority of the transponders. However, to ensure a higher degree of service reliability, NIMIQ 1 has been returned from its intended long-term orbital slot and all services have been transferred to NIMIQ 1. Telesat is working with the NIMIQ 2 spacecraft manufacturer, Lockheed Martin, to understand the cause of the anomaly and determine the next steps to be taken.

2.4.2 Satellites Under Construction

Anik F2

In March 1999, Telesat filed its business plan for Anik F2 with Industry Canada formally seeking use of the 111.1° WL FSS orbital position. Industry Canada issued its approval in April 1999 for Telesat to include a Ka-band payload aboard Anik F2 and for the use of the 111.1°WL orbital position. Anik F2 will provide continuity of service to existing C-band and Ku-band Canadian customers, capacity for Telesat's expansion in the U.S. market, and will deliver a Ka-band multimedia payload to the North American market when it is launched in late 2003. In July 2000, Telesat entered into a contract with Boeing to commence the construction of Anik F2. Anik F2 is intended to carry the remainder of the business telecommunications traffic not assumed by Anik F1. Telesat has pre-sold 16 of the 32 Ku-band channels on Anik F2 to Cancom/Star Choice for the life of the satellite. In addition, Telesat has licensed the Ka-band capacity covering the United States to WildBlue Communications, Inc. ("WildBlue") in exchange for service prepayments of approximately $154 million and an equity share in WildBlue. [See "General Development of Telesat Canada – Other – WildBlue".] Telesat has also agreed to provide the Government of Canada with multimedia satellite services at Ka-band on Anik F2, and is developing applications and a distribution strategy to target additional Canadian consumer and enterprise market segments for Ka-band services.

Anik F1R

On January 31, 2003 Telesat entered into a contract with Astrium for the construction of Anik F1R, a Eurostar 3000 satellite to provide full coverage of North America at C and Ku-band frequencies. Anik F1R will provide continuity of service to North American customers on Anik F1 when it is launched in 2005 and will provide telecommunications, broadcasting and internet services, with a 15 year design life.

2.4.3 Future Satellites

118.7ºWL Orbital Slot/Anik F3

In June 2001, Industry Canada announced that Telesat had been granted approval in principle for a C and Ku-band communications satellite at the 118.7ºWL orbital position. Following the award of this authorization, Telesat

entered into discussions with manufacturers and launch service providers for a suitable satellite to be named Anik F3. Telesat has also been in discussions with Industry Canada in regard to certain satellite construction milestone dates set out in the authorization. In December 2002, Industry Canada announced that it was extending the milestone dates by which Telesat must submit final design specifications for Anik F3 and enter into binding contractual commitments for the construction and launch of that satellite to April 7, 2003 and June 9, 2003, respectively.

2.5 U.S. and Other Markets

Telesat has expanded its ground segment maintenance business into the U.S. market. During 1999, the Company won maintenance and repair contracts for the 5,500-site Ford Motor Company VSAT network in the United States. A second contract, for repointing satellite antennas and facility upgrades at 6,000 Ford dealerships in Canada and the United States, was subsequently awarded to Telesat and completed in 2000. In 2002, Telesat signed an agreement with EDS for maintenance and repair of a 7,700-site VSAT network. The Company continues to pursue maintenance and implementation opportunities in the United States.

Operating as an agent for Telesat, InSight Telecommunications Corporation sells satellite capacity services to customers across the United States, using transponders on Telesat's fleet of Anik satellites. Services sold to date have involved a combination of full and part-time transponder use, primarily on Anik E1 and Anik F1.

2.6 Other

Other significant events in the development of the business of the Company over the past three years include:

InfosatCommunications, Inc.

As of January 1, 2001, Telesat acquired 100% of the common shares of Infosat Communications, Inc. ("Infosat") from BCE Media Inc., through its parent BCE Inc., in exchange for $23.7 million of Telesat common shares. Infosat is a full-service provider of satellite-based voice, fax, paging and data communications. Infosat, which designs, integrates and provides remote communications systems and solutions, operates as a stand-alone entity.

Pasifik Satelit Nusantara ("PSN")

Telesat holds 7.23% of the common shares of PSN, a satellite operator in the Asia Pacific region, with its head office in Jakarta, Indonesia. Telesat acquired its interest in PSN prior to 1996. In September 2001, Telesat recorded a $3.6 million write-off of its investment in PSN for the recognition of a permanent decrease in value.

ABCN

During 1996, the Company acquired a 6.6% interest (subsequently increased to 9.19%) in the common shares of Asia Broadcasting and Communications Network Co. Ltd. ("ABCN"), a Bermuda company established to provide direct-to-home television and multimedia services in Asia, for a total investment of $29.6 million. The July 1998 Asian financial crisis caused deterioration in ABCN's ability to complete its financing. As it appeared unlikely that ABCN would launch a DBS satellite in accordance with its business plan, Telesat wrote off the entire investment during 2000.

TMI

TMI, a mobile satellite communications business, commenced commercial operations on its own satellite in 1996, and experienced difficulty in achieving its targeted revenue projections. In February 1997, Telesat undertook the management of TMI, on behalf of BCE. BCE owns 100% of the common equity of TMI Communications Inc., the general partner of TMI. In 1998, Telesat indirectly acquired 80% of the limited partnership interests. During 2000, Telesat acquired the remaining 20% limited partnership interest. During the fourth quarter of 2001, TMI transferred its operating assets and all of its employees to new entities controlled or managed by Mobile Satellite Ventures, LP ("MSV LP"). MSV LP is a joint venture between TMI, Motient Corporation and an investor group. MSV LP combines the Mobile Satellite Service ("MSS") business of TMI and Motient, providing digital voice and data services, including circuit switched voice radio, dial-up and packet data services. TMI indirectly holds a 39%

interest in MSV LP, which may be diluted to less than 20% following certain events. TMI directly holds a 66.67% voting interest in Mobile Satellite Ventures Holdings (Canada) Inc., a holding company. Telesat continues to operate the former TMI MSAT satellite pursuant to an agreement with an entity managed by MSV LP. In December 2001, TMI repaid $10 million of its outstanding note payable to Telesat.

Brazil

In 1998, Telesat established Telesat Brasil Ltda. ("Telesat Brasil"), a Brazilian holding company which currently has its head office in Nova Lima, Brazil. Telesat Brasil had a 51% interest in Telesat Serviços de Telecomunicação S.A. ("Telesat Serviços"). Telesat Serviços was established to provide heavy route satellite communications services (using Anik C1) between the Brazilian cities of Sao Paulo, Rio de Janeiro and Belo Horizonte starting in 1999. The pace of deregulation and the devaluation of the Brazilian Real early in 1999 did not allow the venture to meet its business objectives. In February 2000, Telesat Brasil purchased 100% of Telesat Serviços for an aggregate purchase price of $13.9 million in cash. Assets purchased included three teleports and Anik C1. Anik C1 was subsequently sold to Loral. Telesat has developed a revised business plan to ensure that it is able to serve the Brazilian market and has established a dedicated presence and relationships with other companies (including Gilat Satellite Networks Ltd. ("Gilat"), and StarOne) to sell Anik F1 capacity in Brazil and throughout South America.

Effective December 29, 2000, Telesat Serviços was converted from a Sociedades Anônimas to a Limitada, such that its full corporate name effective such date is Telesat Serviços de Telecomunicação Ltda. In 2001, Telesat Serviços sold the equipment and closed the teleport located in Rio de Janeiro.

WildBlue

WildBlue is a privately-held, pre-operational stage, U.S.-based company which is in the process of developing one of the first Ka-band geostationary satellite systems providing for two-way, high-speed/broadband, wireless Internet access directly to residential and small office/home office customers.

Telesat has agreed to provide Telemetry, Tracking and Control ("TT&C") services for WildBlue's first satellite, WildBlue-1, when it is launched. Telesat has also licensed WildBlue to use the Ka-band payload covering the United States for the life of the Anik F2 satellite in exchange for service prepayment commitments of approximately $154 million and an equity interest in WildBlue. Telesat has received $71 million of WildBlue's service prepayment commitments, approximately $40 million is to be paid by WildBlue prior to the launch of Anik F2 and the remaining amount of approximately $43 million is due on the successful operation of the Anik F2 Ka-band payload.

In December 2002, WildBlue announced that Liberty Satellite & Technology, Inc., Intelsat, National Rural Telecommunications Cooperative, Kleiner Perkins Caufield & Byers and David Drucker, WildBlue's chairman, have agreed to invest US$156 million in the company. The investment is expected to close in the second quarter of 2003. Following the closing of the transaction, WildBlue announced that it expected to be able to complete its investment in the space and ground segment infrastructure to allow a service launch in 2004. WildBlue will initially offer service using Anik F2 and subsequently plans, based on future financing, to launch WildBlue-1.

As a result of the new investment, Telesat's interest in WildBlue was revalued at US$9.2 million ($14.5 million). Consequently, Telesat recorded a $40.1 million adjustment on the investment in WildBlue in December 2002. At the same time, the customer prepayment liability was reduced by a similar amount as the fair value of the related consideration had also decreased.

In a related development, on December 17, 2002, the U.S. Federal Communications Commission ("FCC") paved the way for WildBlue to use Anik F2 by approving Telesat's March 2002 application to license the Ka-band payload for use in the U.S.

EDC Financing

In December 2002, Telesat entered into an agreement with Export Development Canada ("EDC") for pre-export financing of up to USD$35 million toward the construction of the Anik F2 satellite. The agreement will fund the construction of Anik F2's Ka-band payload to service customers in the United States. The unsecured, pari passu financing contains conditions consistent with Telesat's existing debt arrangements.

As of December 31, 2002, the facility had not been drawn.

1431137 Ontario Inc.

In order to consolidate certain tax losses and income within the BCE group of companies, on August 3, 2000, Telesat borrowed $1.35 billion from BCE in the form of a demand loan to acquire 1,350,000 preferred shares of 1431137 Ontario Inc., a wholly-owned subsidiary of BCE. On March 30, 2001, 1431137 Ontario Inc. redeemed the preferred shares and, as way of payment for the redemption, assigned its interest in a receivable from BCE to Telesat. Telesat then offset the receivable from BCE against the BCE demand loan. This transaction wound up the tax loss monetization.

For the twelve months ending December 31, 2001, the impact of the tax loss monetization was to increase net earnings by $10.1 million. The cash tax-saving benefits resulting from the arrangement were repaid to BCE through the declaration of cash common share dividends. No further benefits occurred in 2002.

3.0 BUSINESS OF TELESAT CANADA

3.1 Business Segments

Telesat's products and services are primarily offered through the Telecommunications business segment. This segment includes Telesat's broadcast services, business networks services and carrier services. Telecommunications represented 79% of Telesat's revenues in 2002; related equipment sales revenues represented 6% of revenues. Infosat and related equipment sales revenue accounted for 8% of consolidated revenues. The balance of Telesat's revenue is earned from international consulting programs, related equipment sales and other (7% of revenues).

3.2 Products and Services

The Company provides satellite-based services through four strategic business units: (i) broadcast services; (ii) business networks services; (iii) carrier services; and (iv) international consulting programs.

Telesat's 2002 and 2001 revenues from each of its business units were as follows:

	2002 ($millions)	2002 % of revenue	2001 ($millions)	2001 % of revenue
Broadcast Services	171.7	53	167.3	52
Business Networks Services	99.0	30	88.6	28
Carrier Services	33.5	10	33.8	10
International Consulting Programs & Other	22.6	7	31.0	10
Total	326.8		320.7	

Broadcast Services. Broadcast services are comprised of point-to-point and point-to-multipoint satellite broadcast distribution of television programs, video signals, and other services, including special events and live reports. In Canada, Telesat markets its broadcast services to television and radio broadcasters licensed and regulated by the CRTC. More than 600 television and radio signals (including those which are carried by more than one customer) are distributed by Telesat's Anik and Nimiq satellites on a full-time basis. The majority of these signals is Canadian and U.S. television programming and is distributed from Telesat's satellites to cable companies, DTH and other end-users in Canada.

Customers in this segment include major Canadian broadcasters (such as CTV, CBC and CHUM), cable television companies (such as Shaw Communications), and video distribution/reseller companies (such as Cancom, Star Choice and Bell ExpressVu). In the United States, Telesat, through its agent, Insight Telecommunications, offers satellite capacity to American customers.

Business Networks Services. Telesat provides satellite-based wireless data networks nation-wide and related ground segment and maintenance services to a broad range of financial, retail, industrial and commercial companies and government organizations which require voice, data and video applications. Business networks services applications include point-of-sale, electronic banking, airline and travel reservations, retail inventory management, video conferencing, distance education, LAN-to-LAN connectivity, Internet and intranet requirements and private voice networks. Satellite systems provide significant advantages over other technologies, including: (i) cost savings for large, geographically dispersed networks; (ii) flexibility in changing or adding remote locations to the network; (iii) integrated network management and control of all remote locations; and (iv) reliable network availability.

The Company's business networks services client base is mainly comprised of large corporations (such as Shoppers Drug Mart, Imperial Oil Limited, Edward Jones Investments, General Motors of Canada, Chrysler Canada and Loblaw Companies Limited) and Government of Canada departments and agencies. In the United States, Telesat provides maintenance services to the Ford Motor Company for a portion of its Dearborn, Michigan hub and 5,500 locations, as well as for EDS' 7,700 locations. Services provided by Infosat are also included in this category. In South America, Telesat has partnered with Gilat to provide service to several South American countries via two hubs located at Telesat's teleport in Belo Horizonte.

Carrier Services. The Company provides satellite voice and data transmission services which enable telephone companies (such as Bell Canada and Northwestel) to utilize satellite communications as part of their domestic telephone network to provide telephone and data services to remote areas such as northern Canada. Telesat also provides satellite capacity to foreign customers and resellers for linking high-speed Internet traffic between the United States and South America.

International Consulting Programs. Telesat, with over 30 years of engineering and technical experience, is a leading consultant in the establishment, operation and upgrading of satellite systems worldwide, having provided consulting services to businesses and governments in more than 30 countries. Telesat has developed a wide range of specialized services designed to assist satellite operators, spacecraft manufacturers and companies involved in the field of satellite communications around the world. The Company's service offering can be subdivided into three categories: (i) satellite consulting services; (ii) satellite operations and tracking services; and (iii) flight dynamics software development.

Telesat's recent international consulting services clients include Arabsat, PT Telkomunikasi Indonesia Tbk, Binariang, Marham Consortium Management Ltd, RIMSAT and VNPT. Telesat's flight dynamics software has or is being delivered to Boeing Satellite Systems, Deutsche Telekom and iPStar.

Sales to significant customers

Revenues from two customers in the broadcast segment represented approximately $117.8 million (approximately 36%) of the Company's total revenues for the year ending December 31, 2002. For the year ending December 31, 2001, two customers in the broadcast segment provided approximately 30% ($95 million) of the Company's total revenues.

Sales to related parties

For segments which represented more than 15% of total revenues, revenues from sales to related parties were as follows:

	2002 ($millions)	2002 % of total revenue	2001 ($millions)	2001 % of total revenue
Broadcast Services.....				
Sales to customers outside consolidated entity	100.2	31	103.9	32
Sales to related parties	71.5	22	63.4	20
Business Networks Services.....				
Sales to customers outside consolidated entity	85.0	26	77.5	24
Sales to related parties	14.0	4	11.1	3

3.3 Sales and Marketing

The Company sells its services primarily through a direct sales force located at its headquarters in Ottawa and at regional offices in Montreal, Toronto, Calgary and Vancouver.

In addition to the direct sales approach applied in Canada, Telesat is planning to take advantage of potential business alliances and joint ventures to expand its revenue base in the United States. See "Business Strategy" in item 3.4. Telesat also has a small dedicated sales force in Brazil and Argentina to exploit opportunities in South America. The Company has sales offices in Atlanta, Buenos Aires and through its subsidiary, Telesat Brasil, offices in Rio de Janeiro to address the U.S., Argentine, Brazilian, and other South American markets, respectively.

3.4 Business Strategy

Telesat intends to maintain its leadership in satellite communications and, as such, has developed and is implementing strategic plans to ensure the Company's future satellite fleet continues to be competitive in the domestic and regional marketplace. In an increasingly liberalized satellite market, the Company's strategic focus is to position itself as a competitive full satellite service provider in order to maintain its strong presence and core business in Canada while expanding into other markets within the Americas. To provide service continuity to its customers, meet future Canadian satellite demand and expand into new geographic market segments, the Company has embarked on several satellite procurement programs in recent years. Telesat has also obtained the spectrum resources, such as the 118.7ºWL orbital slot, to allow for future expansion.

The first step in the implementation of this strategy was the launch of Nimiq 1 in May 1999, Telesat's first high-powered DBS satellite with 32 transponders of capacity capable of providing full coverage of Canada and the United States. More recently, in February 2001, Telesat placed into service the FSS satellite, Anik F1. Nimiq 2, which provides additional DBS capacity, was launched in late 2002 and entered service in February 2003.

Telesat will be further expanding its satellite fleet and currently has two satellites under construction: Anik F2 and Anik F1R. Anik F1R will replace the North American payload on Anik F1 in 2005. Anik F2, which is to provide full North American coverage at C-band, Ku-band and broadband services in Ka-band, is scheduled to begin commercial operation in 2004. For several years, Telesat has been actively involved in the research and development of next generation advanced satellite technologies. In 1999, Telesat was awarded a $60 million contract from the Canadian Space Agency to build and implement the Ka-band payload in partnership with key Canadian space segment equipment manufacturers. In return, Telesat will provide the Government of Canada with multi-media services at Ka-band. In addition to the Canadian Space Agency contract, Telesat has received a pre-launch commitment from WildBlue for the use of Ka-band capacity covering the United States on Anik F2.

Management believes that capacity has been added in a prudent manner, in response to firm customer demand. Telesat's satellites are typically launched with a substantial portion of the capacity pre-sold or entirely sold. In the case of Anik F1, in excess of 80% of the North American payload was pre-sold. In the case of Nimiq 1 and Nimiq 2, 100% of both payloads have been pre-sold.

The following summarizes Telesat's strategic focus:

Maintaining a Strong Position in the Canadian Market. Telesat's existing core domestic space segment business forms the foundation for future growth. Telesat has strong relationships with key Canadian customer groups within the cable, broadcasting and telecommunications industries. Telesat has successfully signed long-term contracts for Anik F1 capacity with substantially all of its broadcast customers, and has pre-sold 50% of the Ku-band capacity on Anik F2. The transfer of remaining traffic from Anik E1 and E2 is expected to utilize the balance of Ku-band capacity on Anik F2. Over 95% of broadcasting signals originating in Canada are distributed over Telesat's satellites.

Expanding Geographically in the Americas

The U.S. Market. Telesat believes opportunities exist through the provision of satellite facilities to a U.S. market which is currently dominated by three major satellite operators. Telesat has entered into an arrangement with Insight Telecommunications and over the past two years has generated revenue through U.S. occasional use customers and short-term contracts for the distribution of video signals in the U.S. using its Anik satellites. The Company is seeking to expand the opportunities for additional use of its Anik satellites in the U.S. occasional use market through exposure to other resellers and revised pricing targeted at this market. Telesat continues to differentiate itself from its U.S. competitors on the basis of its ability to provide a full range of service operations to customers and its excellence in satellite operations, technical support and systems expertise. In addition, the Company continues to pursue maintenance and implementation opportunities for ground segment services in the United States.

The South American Market. Economic growth, inadequate telecommunications infrastructure and low population densities outside major urban centres make satellites an ideal choice to deliver basic telecommunication, broadcast, DTH and Internet services in South America. To date, Telesat's main focus in South America has been in Brazil

and Argentina where the Company has obtained landing rights. In addition, Telesat has the necessary landing rights required in Bolivia, Chile, Ecuador, French Guiana, Paraguay, Peru, Suriname, Uruguay, Venezuela and neighbouring Panama, and has provisional landing rights in Colombia.

Pursuing the Emerging Broadband/Multi-Media Market. The Company expects broadband/multi-media services will continue to stimulate growth in the new information economy. Expected applications include high speed corporate intranets, Internet access, video streaming, high definition TV, entertainment television and video conferencing, among others. With the advantage of ubiquitous coverage, Telesat believes satellites offer an efficient and affordable communications platform. The Company is actively involved in developing Ka-band multimedia satellite technologies and applications. Once Anik F2 is in service, its Ka-band payload has been pre-committed to provide multi-media services to the Canadian government, while approximately two-thirds of the payload will be used by WildBlue to deliver two-way, high-speed/broadband, wireless Internet access directly to residential and small office/home office consumers in the United States.

For Canada, Telesat is also developing Ka-band services to be provided to end consumers through distributors/resellers (potentially including DTH providers, cable companies, internet service providers, and telephone companies), and directly to enterprise (business) users requiring high speed two-way internet access in remote or under-served areas. Telesat has also retained 9.5% of the U.S. Ka-band capacity for a three-year period as part of its agreement with Wildblue to serve enterprise customers. During 2003, Telesat will focus on Ka-band service development, including the construction of gateways in Toronto, Vancouver and Winnipeg, and the selection of the Ka-band hardware suppliers. The availability of low-cost Ka-band terminals will be a key factor in determining the success of Ka-band services and the rate at which the service is accepted by end-users. There is currently no certainty that such low-cost terminals will be available when Ka-band services are launched in 2004.

3.5 Competition

Canadian Market. Since March 1, 2000, the Canadian government, through Industry Canada, has authorized, in addition to Telesat, more than 50 foreign FSS satellites to provide services in Canada. As a result, the Company no longer has a monopoly on FSS business in Canada. However, while the Canadian market is competitive, Telesat believes that it remains strongly positioned in the market, having entered into long-term contracts for satellite capacity with its major Canadian customers.

Telesat's satellites currently occupy three of the four FSS orbital slots allocated to Canada. In addition, Telesat has been granted spectrum licenses to operate its two Nimiq DBS satellites in the 82ºWL and 91ºWL DBS orbital positions.

U.S. Market. The U.S. market continues to be dominated by U.S. satellite operators Panamsat, SES Global/SES Americom, and Loral Global Alliance, which have a combined market share of approximately 90% of the satellite revenues in North America. In addition, Telesat anticipates increased competition as foreign satellite operators position themselves globally to land their traffic in the North American market. However, Telesat believes its current orbital slots and ground services expertise position the Company competitively to offer its satellite services.

South American Market. Telesat faces strong competition in South America from several satellite operators, both U.S. and international, which entered the market as a result of increased demand.

Terrestrial Competition. The Company actively competes with terrestrial competitors such as Canada's telephone carriers and service resellers in virtually all of its market segments. Terrestrial competitors are making some in-roads into market segments that have traditionally been the domain of satellite service providers. Telesat, however, focuses on market segments and niches best suited to satellite technology, such as point-to-multipoint applications and services to areas where terrestrially-based alternatives are not economical.

International Competition. The market for satellite consulting services is generally comprised of a few service providers qualified to provide services in specific areas of expertise. The Company's competitors are primarily U.S. and European-based companies. Telesat is a leading provider of comprehensive consulting services to the satellite industry.

3.6 Property

3.6.1 Satellites

The following table describes the Company's operational and satellites under construction:

Operational Satellites

	Anik E1	Anik E2	Nimiq 1	Nimiq 2	Anik F1
Regions Covered	Canada, Northeastern U.S.	Canada, Northeastern U.S.	Canada, U.S.	Canada, U.S.	North America, South America
Launch Date	Operating	Operating	Operating	Operating	Operating
Expected End of Life	Q3 2006 (inclined orbit)	Q4 2003	Q2 2011	Q1 2015 —	2010 (design) See note (4)
Transponders					
C-band	8 @ 36MHz	20 @ 36MHz	—	—	24 @ 36MHz (N. America) 12 @ 36MHz (S. America)
Ku-band	6 @ 54MHz	16 @ 54MHz	32 @ 24MHz	32 @ 24MHz	32 @ 27MHz (N. America) 16 @ 27MHz (S. America)
Ka-band	—	—	—	2 @ 500/100MHz	—
Model	GE 5000 (General Electric)	GE 5000 (General Electric)	A2100 AX (Lockheed Martin)	A2100 AX (Lockheed Martin)	Boeing 702 (Boeing)
Orbital Slot	118.7ºWL	111. 1ºWL	82.0ºWL	91.0ºWL	107.3ºWL
Note		(1)			(2) (3)

Satellites Under Construction

	Anik F2	Anik F1R
Regions Covered	North America	Canada, U.S.
Launch Date	2003 (expected)	2005 (expected)
Expected Life	15 years	15 years
Transponders		
C-band	24 @ 36MHz	24 @ 36MHz
Ku-band	32 @ 27MHz	32 @ 27MHz
Ka-band	45 @ 56 MHz 6 @ 500 MHz	
Model	Boeing 702 (Boeing)	Eurostar 3000 (Astrium)
Orbital Slot	111.1ºWL	107.3ºWL
Note		(2)

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(1) Anik E2R will replace Anik E2 in 2003.
(2) See “General Development of Telesat Canada – Satellites – Existing Satellites -- Anik F1” for information concerning the Anik F1 power anomaly.
(3) Anik F1 and Anik F1R will be co-located once Anik F1R is launched.
(4) See “General Development of Telesat Canada -- Existing Satellites – Anik F1”. Although core services on the satellite will be affected starting in 2005, Anik F1’s projected end-of-life is approximately 2010 with minimal transponder capacity available at the end-of-life.

3.6.2 Risk Management

Telesat's primary consideration in managing its satellite telecommunications systems is to provide reliable and cost-effective services to its customers. The Company endeavours to limit assumption of risk to activities under its control. The Company's space risk management program has been designed to achieve these objectives.

Non Insurance Risk Management Initiatives. Telesat's risk management program begins at the technical analysis and design stage of the satellites. The Company engineers extensive redundancy onboard every satellite. Furthermore, Telesat is extensively involved in overseeing the manufacture of all of its satellites. The Company requires the manufacturer and its subcontractors to carry out rigorous assembly and quality assurance programs. Telesat secures and maintains access to work performed by the satellite manufacturer and its subcontractors for the purpose of observing the quality and progress of such work. Reliability tests conducted at the manufacturer's or a subcontractor's plant must meet Telesat's standards and/or be supervised by Telesat engineers/technicians. Telesat engineers/technicians review program management and construction schedules, engineering, design, manufacturing and integration and testing activities at both the manufacturer's and subcontractor's sites. After construction is complete, the Company conducts extensive final acceptance inspections of all deliverable items.

Telesat believes it is crucial to have first-hand knowledge and insight into the launch vehicles being used to launch the Company's satellites. Telesat engineers/technicians are on site before and during all launches to ensure that all checks and integration steps are completed.

Management believes that these stringent quality assurance and extensive manufacturing process monitoring programs help Telesat maintain its successful launch record and result in lower launch and in-orbit insurance costs.

Pre-Launch Insurance. Pre-launch risks (risks during the manufacturing and transport phase) are primarily managed through contractual arrangements between the Company and the manufacturer.

Launch Insurance. The procurement of satellite launch insurance is, and has been, an integral part of Telesat's risk management program. While Telesat has never experienced a launch failure, it is the Company's policy to insure all of its launches. Typically, launch insurance will cover the following events in a satellite's life: (i) delivery from the launch pad to orbit; (ii) separation from the launch vehicle; (iii) drift orbit manoeuvres; (iv) solar array and antenna deployment; (v) testing and commissioning; and (vi) at least one eclipse period.

In-Orbit Insurance. In-orbit (life) insurance provides all-risks coverage for total and/or partial losses during the operating phase of a satellite. In-orbit insurance may be purchased at the same time launch insurance is procured (for new satellites) or once the satellite is in orbit, in the case of existing satellites, subject to functionality and insurance market conditions. Premium rates are dependent on the operating condition of the satellite as well as prevailing insurance market conditions. Telesat currently has in place in-orbit insurance for all of its satellites in service except for Anik E1 and Anik E2 which are nearing the end of their service lives.

Emergency Committee. Protecting and maintaining service to customers is of vital importance to the Company. Telesat's emergency committee (the "Committee") is responsible for managing satellite operations and restoring services in the event of an actual or threatened critical condition such as satellite failure or loss of telemetry and tracking ability. Restoration of services is effected by first redirecting traffic to any spare transponder capacity within Telesat's fleet and secondly to available capacity on other service providers' satellites. Telesat maintains documented emergency procedures, including key contacts, escalation procedures, satellite orbital plans, transponder assignments, key uplinks, checklists and worksheets. Telesat's emergency team's skills are tested, at a minimum, annually during simulated failures, with Committee members having no advance warning of the timing or nature of the simulated failure. The Company has also built special communications links and computerized databases that are devoted to the handling of emergency situations.

3.6.3 Satellite Control Centre and Earth Station Facilities

The Company's Satellite Control Centre ("SCC") is located at its headquarters in Ottawa, Ontario. The SCC is the hub for all satellite-related activities. The facility is staffed 24 hours a day and currently operates nine satellites: Telesat's two Anik E satellites, Anik F1, Nimiq 1, Nimiq 2, the Anik C1 satellite, and, under a ten-year contract, a MSS satellite for an entity managed by MSV LP. Operation of two satellites for XM Satellite Radio commenced in October 2001.

Telesat's Allan Park earth station (northwest of Toronto) is the focal point of the Company's network management facilities. The facility contains Telesat's Satellite Network Operations Centre and VSAT Control Centre, which are used to monitor and manage the quality of service delivered to Telesat's North American customers. This facility is also the main TT&C earth station complex for the Company's satellites, interconnected by diverse voice and data networks to Telesat's SCC.

Telesat currently owns and operates 240 earth stations of various sizes and capabilities and also provides third party maintenance service at approximately 21,500 customer-owned earth stations within North America. The Company owns and operates five teleports in Canada which are located in Vancouver, Calgary, Edmonton, Toronto and Montreal. The Edmonton and Toronto teleports are located on land owned by third parties which Telesat rents under long-term lease arrangements. A teleport is a concentration of multiple antennas capable of accessing several satellites (in Telesat's case, the Company's satellites as well as most U.S. domestic and international satellites) from a single location. Advantages of teleports include the sharing of environmental and support facilities (i.e. heating, ventilation, air conditioning and power systems), sharing of antennae, local technical support and the sharing of spare facilities.

During 2002, Telesat achieved an end-to-end service reliability level of 99.98%, which is the highest level achieved to date by the Company.

3.6.4 Human Resources

On a consolidated basis, including Infosat, Telesat currently employs approximately 565 employees, the majority of whom are located at its headquarters in Ottawa, Ontario. The Company's employee body is primarily comprised of professional engineering, sales and marketing, administrative and skilled technical workers. Telesat's employees are non-unionized.

3.6.5 Research and Development

In 2002, research and development activities focused on the development of a multimedia ground segment program and the development of broadband service applications. These services included Schoolnet, satellite web caching and 2-way high speed multimedia services. Continuing application trials took place for tele-commuting, tele-health, tele-education and community service applications for remote and under-served areas. Telesat also continued to research HDTV technology, HDTV standards, internet via satellite and broadband service applications.

Telesat invests in research and development for satellite applications. As a condition of its licenses for the Nimiq 1 and Anik F1 satellites, Telesat is committed to investing 2% of those satellites' adjusted gross revenues in research and development related to satellite communications activities averaged over the first five years after the commencement of commercial operation of each satellite.

3.6.6 Regulatory Framework

Canadian Regulatory Environment

CRTC. Telesat is a Canadian carrier under the Telecommunications Act (the "Act") and is therefore subject to the jurisdiction of the CRTC. The CRTC is responsible for regulation of telecommunications services with a view to implementing the policy objectives set out in the Act. In fulfilling this mandate, the CRTC is required to ensure that the rates charged by the federally-regulated carriers are just and reasonable and that carriers do not discriminate unjustly in respect of their rates, services or facilities, or give undue or unreasonable preference or advantage to any person (including the carrier itself). As of March 1, 2000, and coincident with the end of Telesat's FSS monopoly in Canada, the Company is no longer rate-of-return regulated and does not have to file tariffs in respect of its FSS services. Under the current "transitional" regulatory regime, the Company has pricing flexibility subject to a price ceiling on certain Full Period FSS services offered in Canada under minimum five-year lease arrangements. The Act currently includes significant restrictions on foreign ownership of the Company, including a requirement that the Company be Canadian-controlled. In November 2002, the Government announced that it was reviewing the foreign ownership restrictions applicable to all Canadian carriers. No indication was provided as to when any changes to those restrictions found to be in the public interest would be implemented.

DBS Transponder Contracts. Telesat's DBS services offered within Canada are also subject to CRTC regulation, but have been treated as separate and distinct from Telesat's fixed satellite services and facilities. Accordingly, Telesat has sought CRTC approval of the specific customer agreements relating to the sale of all of the capacity on the Nimiq satellites, including the rates, terms and conditions of service set out therein. The Commission accepted this approach for these services, approving the Nimiq 1 Agreement in 1997 and the Nimiq 2 Agreement in November 2002 .

Contribution Collection Mechanism. In November 2000, the CRTC changed the mechanism by which local telephone service in high-cost areas is subsidized in Canada (“Decision 2000-745”). Under the new regime, virtually all telecommunications service providers are required to pay contribution charges based on their Canadian telecommunications service revenues, minus certain deductions (e.g. Internet and paging revenues, terminal equipment sales and inter-carrier payments). For 2001, the rate was set at 4.5%. The rate was reduced to 1.4% on an interim basis for 2002, and was later further reduced to 1.3%, effective back to January 1, 2002. The interim rate for 2003 has also been set at 1.3%, and will be finalized later in the year. Telesat filed an application requesting that Decision 2000-745 be reviewed and varied in order to exempt the Company from application of the charge. The CRTC denied this application in May 2001. A subsequent appeal to Cabinet was filed on behalf of Canadian broadcasters and distributors by the Canadian Association of Broadcasters, the Canadian Satellite Users' Association and Star Choice Television Network Inc. (Star Choice later withdrew its participation in the petition), essentially requesting that the Telesat revenues generated from Canadian broadcasters be exempt from contribution requirements and the charges therefore not flowed through to these customers pursuant to contractual commitments, based on the fact that these entities already make significant financial commitments in support of public policy objectives under the Broadcasting Act. This appeal was denied in PC 2002-833, issued on May 23, 2002.

To date, Telesat has been reimbursed for the charge by most of its customers; however, Cancom, one of its broadcasting customers, and Cancom subsidiaries are refusing to reimburse Telesat under certain of its contracts. As a result, Telesat has initiated a court action against Cancom and its subsidiaries, seeking a declaration that they are required to pay the contribution charge applicable to services purchased pursuant to the terms of their contracts for the purchase and operation of transponders or, alternatively, damages for their failure to pay such charge.

Orbital Slots and License Conditions. The assignment of Canadian orbital slots and the use of radio spectrum is subject to regulation by Industry Canada pursuant to the Radiocommunication Act. This Act provides the legislative authority to Industry Canada to perform a number of functions with a view to ensuring the orderly development and efficient operation of radiocommunication in Canada. Specifically, in order to operate its satellites and certain earth stations, Telesat requires spectrum licenses issued by the Minister of Industry pursuant to the provisions of the Radiocommunication Act.

Terms of the spectrum licenses which Telesat must comply with in order to operate both the Anik F and Nimiq satellites include R&D and other industrial and public institution benefit commitments, as well as the payment of annual radio authorization fees, all-Canada satellite coverage and compliance with foreign ownership limits applicable to holders of certain radio spectrum licenses.

To fulfill its WTO commitments regarding trade in basic telecommunications services, the Canadian government has opened Canadian satellite markets (except direct-to-home television services provided through FSS and DBS facilities) to foreign satellite operators.

U.S. Regulatory Environment

The Federal Communications Commission ("FCC") regulates U.S. satellite services. To facilitate the provision of FSS satellite services in C- and Ku-band frequencies in the U.S. market, foreign operators can apply to have their satellites placed on the FCC's "Permitted Space Station List". Telesat's two Anik E and Anik F1 and F2 satellites have been placed on this list. The FCC Order placing Anik F2 on the list was adopted on December 17, 2002, and also approved Telesat's March 21, 2002, application to use Ka-band capacity on this satellite to provide two-way broadband communications services in the United States.

Certain satellite applications such as DTH and DBS television services and digital audio radio services are subjected to an evaluation of the effective competitive opportunities open to U.S. operators in the country in which the foreign satellite was licensed (e.g. in Telesat's case, Canada), which evaluation amounts to, in essence, a reciprocity test. Consequently, opportunities to provide these transmission services in the U.S. are not open to Canadian satellite operators such as Telesat at this time.

South American Regulatory Environment

Telesat Brasil has had landing rights in Brazil since November 2000. Following completion of a bilateral agreement between the Governments of Canada and Argentina in 2000, Telesat received the necessary satellite landing rights authorization for Argentina in February 2001. To date, in addition to Brazil and Argentina, Telesat has landing rights in Bolivia, Chile, French Guiana, Paraguay, Peru, Suriname, Ecuador, Uruguay, Venezuela, and Panama, as well as provisional landing rights in Colombia. In addition, in January 2001, Canada and Mexico signed FSS and MSS protocol agreements, which allow Telesat to provide service in Mexico through authorized service providers.

3.6.7 Forward Looking Statements

Certain statements made in this Annual Information Form ("AIF) are forward-looking statements and are subject to important risks, uncertainties and assumptions. The results or events predicted in these statements may differ materially from actual results or events. The forward-looking statements address, among others and without limitation, the following subjects: the Company's financial position, business strategy, projected costs, and plans and objectives of Management for future operations. Certain of the risk factors which could cause results or events to differ materially from current expectations are discussed in the next paragraph. The forward-looking statements made in the AIF do not reflect the potential impact of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced after March 4, 2003. **The forward-looking statements contained in the AIF represent the expectations of Telesat as of March 4, 2003 and, accordingly, are subject to change after such date. However, Telesat disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.**

Other factors that could cause results or events to differ materially from current expectations include, among other things: general economic conditions, the level of consumer confidence and spending and the state of capital markets; the impact of adverse changes in laws or regulations or of adverse regulatory initiatives or proceedings; the level of demand for products and services in the satellite market; Telesat's ability to manage costs, generate productivity improvements and decrease capital intensity while maintaining quality of service; the intensity of competitive activity, from both traditional and new competitors, and its resulting impact on the ability to retain existing, and attract new, customers, and the consequent impact on pricing strategies, revenues and net income; the

risk of satellite failures at launch and in-orbit; delay in delivery of satellites; the risk of lower returns on pension plan assets requiring increased pension expenses and potentially pension plan funding; the financial condition and credit risk of customers and uncertainties regarding collectibility of receivables; the availability and cost of capital required to implement Telesat's financing plan and fund capital and other expenditures; the ability of Telesat's strategies to produce the expected benefits and growth prospects; the availability of, and ability to retain, key personnel; the impact of foreign exchange gains and losses; and the outcome of any future litigation.

Additional information with respect to certain of these and other factors is disclosed elsewhere in this AIF or is disclosed in Management's Discussion and Analysis of the Financial Condition and Results of Operations of the Company for the year ended December 31, 2002 which is incorporated by reference in Item 5 of the AIF.

4.0 SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected historical financial data for each of the years in the three-year period ended December 31, 2002 has been derived from, and should be read in conjunction with, the historical financial statements of Telesat (including the notes thereto). The following table should also be read in conjunction with "Management's Discussion and Analysis of the Financial Condition and Results of Operations of the Company" which is incorporated by reference in Item 5 of the AIF.

($thousands except per share data)	Years ended December 31		
Income Statement Data:	2002	2001	2000
		(restated)	(restated)
Operating revenues	326,849	320,675	296,429
Operating expenses	233,700	238,986	216,538
Earnings from operations (EBIT)	93,149	81,689	79,891
Interest expense	29,326	33,683	35,177
Other (income) expense	(26,114)	(16,557)	(18,438)
Earnings (loss) before non-recurring item	89,937	64,563	63,152
Non-recurring item	2,626	3,552	30,211
Earnings (loss) before income taxes	87,311	61,011	32,941
Income taxes	31,086	8,832	(14,032)
Net earnings (loss)	56,225	52,179	46,973
Dividends on preferred shares	2,161	2,668	2,717
Net earnings applicable to common shares	54,064	49,511	44,256
Dividends on common shares	1,473	23,975	-
Other Financial Data:			
EBITDA (1)	184,450	175,364	153,800
Cash from operating activities	119,768	116,083	68,510
Gross capital expenditures	212,415	288,558	290,600
Interest coverage (EBITDA)	6.29	5.21	4.37
Earnings per share	7.90	7.23	6.47
($thousands)	As at December 31		
Balance Sheet Data:	2002	2001	2000
		(restated)	(restated)
Total assets	1,430,109	1,319,440	1,324,021
Long-term liabilities	294,946	691,620	431,816
Future tax liabilities/ deferred income taxes	82,277	70,920	72,277
Shareholders' equity	405,341	355,139	330,945

Notes: (1) EBITDA means earnings from operations before interest, taxes, depreciation and amortization. EBITDA is presented because it is a widely accepted financial indicator of a company's ability to service and incur debt. EBITDA should not be considered by an investor as an alternative to cash flow or as a measure of liquidity.

(2) Restated to reflect the acquisition of Infosat Communications Inc.

Dividends

Telesat has five million Preferred Shares (the "Preferred Shares") outstanding. The following table sets forth details of dividends paid by Telesat during the three most recent fiscal years ended December 31 with respect to the Preferred Shares.

	Amount of dividends ($thousands)	Dividends per share($)
2002	2,161	0.43
2001	2,668	0.53
2000	2,717	0.54

The dividend rate applicable to the Preferred Shares is determined according to the provisions set out in the terms and conditions attached to the Preferred Shares. During the initial six-year period following issuance in July 1989, the cash dividend rate was set at an annual rate of 8%. For the period of March 31, 1995 to March 30, 1997, the cash dividend rate was determined quarterly and was equal to the 90 day banker's acceptance rate plus 40 basis points. For the period March 31, 1997 to March 30, 1999 the cash dividend rate was fixed at an annual rate of 5%. For the period March 31, 1999 to March 30, 2001, the cash dividend rate was fixed at an annual rate of 5.42%. For the period March 31, 2001 to March 30, 2002, the cash dividend rate was fixed at an annual rate of 5.31%. The period March 31, 2002 to March 30, 2004, the cash dividend rate has been set at an annual rate of 4.00%.

The following table sets forth details of dividends paid by Telesat during the three most recent fiscal years ended December 31 with respect to its outstanding Common Shares.

	Amount of dividends ($thousands)	Dividends per share($)
2002	1,473	0.22
2001	23,975	3.50
2000	-	-

Telesat did not pay any dividends on its common shares during the two fiscal years ended December 31, 2000. However, during 2001 and 2002 the Company paid cash dividends to its common shareholder as a result of its arrangements with respect to the consolidation of tax losses. [See "General Development of Telesat Canada –Other– 1431137 Ontario Inc."]. Any future determination to pay dividends on common shares will remain at the discretion of the Board of Directors and will depend on Telesat's financial condition, results from operations, capital requirements and such other factors as the Board of Directors deems relevant.

5.0 MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY

The Management's Discussion and Analysis of the Financial Condition and Results of Operations of the Company for the fiscal year ended December 31, 2002 is filed concurrently with this Annual Information Form and incorporated by reference herein.

6.0 MARKET FOR SECURITIES

All of the common shares of the Company, of which there were 6,842,547 outstanding as at December 31, 2002, are beneficially owned directly by Alouette Telecommunications Inc. ("Alouette") and all of the shares of Alouette are beneficially owned indirectly by BCE. The common shares of BCE are listed on the Toronto, New York, London and Swiss exchanges.

Telesat Canada has the following financing Notes (the "Notes") outstanding:

Issue	Amount ($millions as of December 31, 2002)
7.40% Notes Due June 28, 2006	150.0
8.2% Series 2001 Notes Due November 7, 2008	125.0

The Preferred Shares and the outstanding Notes of Telesat Canada are not listed on any stock exchange or similar market for securities.

7.0 DIRECTORS AND OFFICERS

Name & Municipality of Residence	Office	Principal Occupation
Bérard, André Nun's Island, Quebec, Canada	Director (since Jan 2003)	Chairman, National Bank of Canada
Currie, Richard J. Toronto, Ontario, Canada	Director (since Jan 2001)	Chairman, BCE and Bell Canada
Fell, Anthony S. Toronto, Ontario, Canada	Director (since Jan 2002)	Chairman, RBC Dominion Securities Limited
Kaufman, Donna S. Toronto, Ontario, Canada	Director (since Jan 2001)	Lawyer and Corporate Director
Kierans, Thomas E. Toronto, Ontario, Canada	Director (since Jan 2001)	Chairman, Canadian Institute for Advanced Research
Levitt, Brian M. Montreal, Quebec, Canada	Director (since Jul 1999)	Co-Chair Osler, Hoskin & Harcourt LLP
Lumley, Edward C. South Lancaster, Ontario, Canada	Director (since Jan 2003)	Vice Chairman, BMO Nesbitt Burns
Maxwell, Judith Ottawa, Ontario, Canada	Director (since Feb 2000)	President, Canadian Policy Research Networks Inc.
McArthur, John H. Wayland, Massachusetts, U.S.A.	Director (since Jan 2001)	Dean Emeritus, Graduate School of Business Administration, Harvard Univ.
Newall, J. Edward Calgary, Alberta, Canada	Director (since Jan 2001)	Chairman, Newall & Associates
O'Neill, Thomas C. Don Mills, Ontario, Canada	Director (since Jan 2003)	Corporate Director
Pozen, Robert C. Newton, Massachusetts, U.S.A.	Director (since Feb 2002)	Chief of Commerce and Labor, Massachusetts State House
Sabia, Michael J. Westmount, Quebec, Canada	Director (since Oct 2002)	President and Chief Executive Officer, BCE Inc.
Saint-Pierre, Guy Montreal, Quebec, Canada	Director (since Jan 2001)	Chairman of the Board, Royal Bank of Canada
Tellier, Paul M. Westmount, Quebec, Canada	Director (since Jan 2001)	President and Chief Executive Officer, Bombardier Inc.,
Young, Victor L. St. John's, Newfoundland	Director (since Jan 2001)	Chairman, Royal Commission Newfoundland
Billard, Dennis G. Ottawa, Ontario, Canada	Vice-President, Business Development	Vice President, Telesat
Boisvert, Laurier J. North Gower, Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer, Telesat
Bush, Paul D. Ottawa, Ontario, Canada	Vice-President, Corporate Development	Vice-President, Telesat
Ignacy, Ted H. Ottawa, Ontario, Canada	Vice President, Finance & Treasurer	Vice-President, Telesat
Lahey, David Russell, Ontario, Canada	Vice-President, Network Services	Vice-President, Telesat
Masse, David G. Montreal, Quebec, Canada	Assistant Corporate Secretary	Senior Legal Counsel and Assistant Corporate Secretary, BCE Inc.
Perkins, Jennifer E. Manotick, Ontario, Canada	Vice-President, Law and Assistant Corporate Secretary	Vice-President, Telesat
Tinley, Roger J. Ottawa, Ontario, Canada	Vice-President, Space Systems	Vice-President, Telesat
Wright, Marilynn A. Ottawa, Ontario, Canada	Vice-President, Human Resources & Administration	Vice-President, Telesat

Each director is elected to hold office until the next annual meeting of the shareholders or resolution in lieu thereof.

Each of the directors and officers has held his or her principal occupation described above for the last five years except:

André Bérard	Prior to 2001, Mr. Bérard served as President and Chief Executive Officer of National Bank of Canada.
Anthony S. Fell	From 1980 to 1998, Mr. Fell served as Chief Executive Officer of RBC Dominion Securities Limited.
Richard J. Currie	From 1996 until May 2002, Mr. Currie served as President of George Weston Limited.
Thomas E. Kierans	Prior to June 1999, Mr. Kierans served as President and Chief Executive Officer of the C. D. Howe Institute.
David C. Lahey	Prior to May 2002, Mr. Lahey served as President and COO of Infosat Telecommunications, and as Director, Network Engineering at Telesat.
Brian M. Levitt	Prior to February 2000, Mr. Levitt served as President and Chief Executive Officer, Imasco Limited.
Thomas C. O'Neill	Mr. O'Neill was Chairman and Chief Executive Officer of Price Waterhouse Canada from 1996 to 1998. He was Chief Executive Officer of Price Waterhouse Coopers LLP in Canada from 1998 to 2001 and then Chief Operating Officer of Price Waterhouse Coopers LLP global organization until January 2002.
Robert C. Pozen	From 1997 to 2001, Mr. Pozen served as President of Fidelity Management and Research Company and as Vice-Chairman of Fidelity Investments in 2000 and 2001.
Edward J. Newall	Prior to June 1998, Mr. Newall served as Vice-Chairman and Chief Executive Officer of Newall & Associates.
Michael J. Sabia	From December 2000 to March 2002, Mr. Sabia served as President of BCE and from July 2000 to December 2000, Mr. Sabia was the Executive Vice-President of BCE and Vice-Chairman, Corporate, Bell Canada. Mr. Sabia served as Vice-Chairman and Chief Executive Officer of Bell Canada International from October 1999 to July 2000. Prior to October 1999, Mr. Sabia served as Executive Vice-President and Chief Financial Officer of Canadian National Railway Company (CN).
Paul M. Tellier	Prior to January 2003, Mr. Tellier served as President, Chief Executive Officer and a Director of Canadian National Railway Company.
Roger J. Tinley	Prior to July 2001, Mr. Tinley served as Director, Satellite Systems of Telesat.
Victor L. Young	Mr. Young has held the position of Chairman Royal Commission of Newfoundland since May 2002. Prior to May 2001, Mr. Young served as Chairman and Chief Executive Officer, Fishery Products International Limited.

No director or senior officer of the Company beneficially owns, directly or indirectly, or exercises direction or control over, any voting securities of the Company or any subsidiary thereof.

Committees of the Board of Directors

The Board of Directors has established an Audit Committee, a Management Resources and Compensation Committee, a Corporate Governance Committee, and a Pension Fund Committee.

The Audit Committee consists of Messrs. Anthony S. Fell, Thomas E. Kierans, J. Edward Newall, Robert C. Pozen and Victor L. Young. The Audit Committee reviews, reports and, where appropriate, provides recommendations to the Board on: the annual and interim consolidated financial statements and the integrity of the financial reporting of the Company; the adequacy of the Company's processes for identifying and managing risk; the adequacy of its internal control system; the adequacy of its processes for complying with laws and regulations; the appropriateness of, and compliance with, the policies and practices of the Company relating to business ethics; the appointment, terms of engagement, independence and proposed fees of the shareholder's auditor; the relationship between related entities' audit committees and that of the Company; and the relationship between the Audit Committee, other standing committees of the Board of Directors and management.

The Management Resources and Compensation Committee consists of Messrs. Brian M. Levitt, John H. McArthur, Paul M. Tellier and Victor L. Young. The Management Resources and Compensation Committee reviews, reports and, where appropriate, provides recommendations to the Board on the appointment of the Chief Executive Officer and other officers; existing management resources and succession plans for officers and other management ranks; the compensation policy and the compensation of the Chief Executive Officer; and any proposed major changes in organization or personnel, or changes to the Company's pension and benefit plans.

The Corporate Governance Committee consists of Messrs. Guy Saint-Pierre, Brian M. Levitt, J. Edward Newall, Mrs. Donna Soble Kaufman and Ms. Judith Maxwell. The Corporate Governance Committee reviews, reports and, where appropriate, provides recommendations to the Board on: candidates for election to the Board of Directors and matters of corporate governance including standards of performance for directors; the size of the Board; tenure of directors; performance of directors; directors' remuneration in relation to current compensation practices; the structure, responsibility and composition of Board committees; and the merits of shareholder proposals. The Corporate Governance Committee also undertakes periodic surveys of all directors to allow each director to assess the effectiveness of the Board as well as to appraise his or her own participation on the Board. It reports to the Board periodically on the Board's assessment of its effectiveness. It also assists newly appointed Board members in becoming acquainted with the company and its governance process.

The Pension Fund Committee consists of Messrs. Richard J. Currie, Anthony S. Fell, Robert C. Pozen and Ms. Judith Maxwell. The Pension Fund Committee advises the Board of Directors on policy with respect to the administration, funding and investment of the Company's pension plans and fund.

8.0 FURTHER INFORMATION

(1) Telesat Canada shall provide to any person or company, upon request to the Vice-President, Law and Assistant Corporate Secretary of Telesat, at 1601 Telesat Court, Ottawa, Ontario K1B 5P4:

(a) when the securities of Telesat are in the course of a distribution under a preliminary short form prospectus or a short form prospectus:

(i) one copy of the AIF of Telesat, together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein;

(ii) one copy of the comparative financial statements of Telesat for its most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditors thereon, and one copy of the most recent interim financial statements of Telesat that have been filed, if any, for any period after the end of its most recently completed financial year;

(iii) one copy of the information circular of Telesat in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular, as appropriate; and

(iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i), (ii) or (iii) above; or

(b) at any other time, one copy of any documents referred to in (1)(a)(i), (ii) and (iii) above, provided that Telesat may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of Telesat.

(2) Additional information, including directors' and senior officers' indebtedness, principal holders of Telesat's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in Telesat's annual filing. Additional information is also conferred in Telesat's comparative consolidated financial statements for the year ending December 31, 2002 which are filed concurrently with this document.