UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 29, 2007

LORAL SPACE & COMMUNICATIONS INC.

(Exact name of registrant as specified in its charter)

Delaware	**1-14180**	**87-0748324**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

600 Third Avenue New York, New York	**10016**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (212) 697-1105

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Entry into Adjustment Agreement .

As previously reported by Loral Space & Communications Inc. (the " Company ") in Forms 8-K filed with the Securities and Exchange Commission (the " SEC ") on December 18, 2006 and December 21, 2006, on December 16, 2006, Telesat Interco Inc. (formerly 4363213 Canada Inc.) (the " Purchaser "), a Canadian company formed as a wholly owned subsidiary of Telesat Holdings Inc. (formerly 4363205 Canada Inc.) (" Holdco "), a Canadian company principally owned by the Company and Public Sector Pension Investment Board (" PSP "), entered into a Share Purchase Agreement (as amended, the " Share Purchase Agreement ") with BCE Inc. and Telesat Canada (" Telesat "), pursuant to which, among other things, the Purchaser agreed to purchase all of the issued and outstanding shares and certain safe income notes of Telesat.

On October 29, 2007, the Purchaser, BCE Inc. and Telesat entered into an Adjustment Agreement (the " Adjustment Agreement ") providing for the implementation of certain provisions of the Share Purchase Agreement which contemplated a reduction of the purchase price payable by the Purchaser under the Share Purchase Agreement to offset certain amounts payable by Telesat to certain of its employees in connection with the consummation of the acquisition of Telesat by the Purchaser. Such purchase price reduction is subject to adjustment after the closing of the acquisition as provided in the Adjustment Agreement.

The foregoing discussion of the Adjustment Agreement is qualified in its entirety by reference to the Adjustment Agreement, a copy of which is attached to this Form 8-K as Exhibit 2.1 and is incorporated in this Item 1.01 by reference.

Entry into Omnibus Agreement .

As previously disclosed on a Form 8-K filed with the SEC on August 9, 2007, on August 7, 2007: (i) Holdco, Loral Skynet Corporation, a wholly owned subsidiary of the Company (" Skynet "), and the Company entered into an Asset Transfer Agreement (as amended, the " Asset Transfer Agreement "); (ii) Skynet, Skynet Satellite Corporation, a Delaware corporation (" SSC "), and the Company entered into an Asset Purchase Agreement (as amended, the " Asset Purchase Agreement "); and (iii) the Company, Skynet, PSP, Holdco and 4363230 Canada Inc., a Canadian company formed as a wholly owned subsidiary of Purchaser (" Interco "), entered into an Ancillary Agreement (as amended, the " Ancillary Agreement "). In addition, on August 7, 2007, PSP, Red Isle Private Investments Inc., a Canadian company and a wholly owned subsidiary of PSP (" Red Isle "), and Holdco entered into a Subscription Agreement for Shares (as amended, the " PSP Subscription Agreement ") providing for Red Isle and/or PSP to purchase shares of Holdco in connection with PSP's previously disclosed equity commitment to Holdco.

On October 30, 2007, the Company, Skynet, PSP, Red Isle and Holdco entered into an Omnibus Agreement (as amended, the " Omnibus Agreement "). The Omnibus Agreement provided for (i) Skynet to transfer to Holdco, on or before October 30, 2007, certain foreign currency exchange related agreements that were entered into by Skynet for the benefit of Holdco in connection with the debt financing for the Telesat acquisition, and (ii) PSP to pay to Holdco, simultaneously with the closing of the transactions contemplated by the Asset Transfer Agreement, an amount equal to the economic benefit of certain foreign currency exchange related agreements that were entered into by PSP for the benefit of Holdco in connection with the debt financing for the Telesat acquisition. Such transfer by Skynet was completed on October 23, 2007, and such payment by PSP was effected on October 31, 2007. In consideration for such transfer and payment, Holdco issued shares to Skynet and PSP such that, upon the completion of the issuances of Holdco shares under the Omnibus Agreement, the Asset Transfer Agreement, the PSP Subscription Agreement and certain other related definitive agreements: (a) the Company owned, directly or indirectly, shares of Holdco representing 64% of the economic equity interests and 33 1/3% of the voting equity interests of Holdco; and (b) PSP owned, directly or indirectly, shares of Holdco representing 36% of the economic equity interests and 66 2/3% of the non-director voting equity interests of Holdco.

The Omnibus Agreement also provided for Red Isle to pay a portion of the consideration payable by it to Holdco under the PSP Subscription Agreement in the form of certain marketable securities having an aggregate fair market value on the date of the closing under the Asset Transfer Agreement equal to the purchase price of US$25,472,000 under the Asset Purchase Agreement. In addition, the Omnibus Agreement provided for certain amendments, modifications and clarifications of the provisions of the Asset Transfer Agreement and the Ancillary Agreement.

The foregoing discussion of the Omnibus Agreement is qualified in its entirety by reference to the Omnibus Agreement, a copy of which is attached to this Form 8-K as Exhibit 10.1 and is incorporated in this Item 1.01 by reference.

Entry into Amending Agreement .

On October 31, 2007, Red Isle, PSP, Telesat, the Company and Skynet entered into an Amending Agreement (the " Amending Agreement ") providing for certain amendments to: (i) the rights, privileges, restrictions and conditions attaching to the Senior Preferred Shares, Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares of Holdco; and (ii) the terms of the Shareholders Agreement and the Consulting Services Agreement discussed below. The amendments to such classes of equity shares of Holdco took effect prior to the issuance thereof pursuant to the Asset Transfer Agreement, the PSP Subscription Agreement and the Omnibus Agreement (as applicable). In addition, the amendments to the Shareholders Agreement and Consulting Services Agreement were reflected in the

agreements that were entered into by the parties thereto in connection with the consummation of the transactions contemplated by the Asset Transfer Agreement.

The foregoing discussion of the Amending Agreement is qualified in its entirety by reference to the Amending Agreement and Schedule A attached thereto, which contains the terms of the Senior Preferred Shares of Holdco, copies of which are attached to this Form 8-K as Exhibit 10.2 and are incorporated in this Item 1.01 by reference.

Entry into Shareholders Agreement .

The discussion in Item 2.01 of this Form 8-K under the caption "Shareholders Agreement" is incorporated by reference in this Item 1.01 under the caption "Entry into Shareholders Agreement."

Entry into Consulting Services Agreement .

The discussion in Item 2.01 of this Form 8-K under the caption "Consulting Services Agreement" is incorporated by reference in this Item 1.01 under the caption "Entry into Consulting Services Agreement."

Item 2.01. Completion of Acquisition or Disposition of Assets.

Share Purchase Agreement .

As disclosed by the Company in a Form 8-K filed with the SEC on October 31, 2007, on such date, the Purchaser consummated the acquisition of Telesat pursuant to the Share Purchase Agreement. The aggregate purchase price paid by the Purchaser for Telesat's outstanding shares and certain safe income notes was C$3.25 billion. In connection with such acquisition, on the closing date, C$25.5 million of indebtedness of Telesat and its subsidiaries was repaid and Telesat's outstanding notes, having an aggregate principal amount of C$125 million, were called for redemption.

Financing for the Telesat Acquisition .

Equity Financing

Equity financing for the Telesat acquisition was provided by the Company in the form of a transfer of substantially all of Skynet's assets to Holdco pursuant to the Asset Transfer Agreement. PSP provided financing of approximately C$570.6 million for the transaction by consummating its equity investment as provided in the PSP Subscription Agreement, the Ancillary Agreement and the Omnibus Agreement, which included approximately C$55.2 million in respect of the economic benefit of certain foreign exchange related agreements as described above.

Transfer and Sale of Skynet Assets

The Asset Transfer Agreement provided for the transfer to Holdco of substantially all of the assets of Skynet and for Holdco's assumption of the principal amount of Skynet's senior secured debt and substantially all of its liabilities relating to the transferred assets. As previously disclosed by the Company, the transactions contemplated by the Asset Transfer Agreement were consummated on October 31, 2007 nearly simultaneously with the acquisition of Telesat by the Purchaser. The assets that were transferred to Holdco pursuant to the Asset Transfer Agreement principally consisted of Skynet's fixed satellite services and network services assets, with the exception of certain excluded assets, and the equity interests of certain of Skynet's subsidiaries, including all of the issued and outstanding capital stock of SSC, which was the purchaser under the Asset Purchase Agreement. Under the Asset Transfer Agreement, in consideration for the assets transferred to Holdco, Holdco issued to Skynet shares representing, together with the shares issued to Skynet under the Omnibus Agreement, 64% of the economic interests and 33 1/3% of the voting power of Holdco at the time of the consummation of such transaction.

Pursuant to the terms of the Asset Transfer Agreement and the Ancillary Agreement, at the closing, the Company received from PSP a purchase price adjustment payment of approximately C$41.8 million, which amount is subject to final adjustment as provided therein.

After the closing under the Asset Transfer Agreement, Skynet and SSC (which pursuant to the Asset Transfer Agreement and a corporate reorganization by Holdco and its subsidiaries became an indirect wholly owned subsidiary of Telesat) consummated the transactions contemplated by the Asset Purchase Agreement. Under the Asset Purchase Agreement, SSC purchased certain of Skynet's assets, including real property, Federal Communications Commission licenses and rights to certain vendor and customer contracts, and assumed certain liabilities of Skynet relating to such assets. The purchase price for such assets was US$25,472,000, which was paid to Skynet in the form of marketable securities as contemplated by the Asset Purchase Agreement.

Upon the completion of the transactions contemplated by the Asset Transfer Agreement, the Asset Purchase Agreement, the Ancillary Agreement, the Omnibus Agreement and the PSP Subscription Agreement: (i) the Company owned, directly or indirectly, shares of Holdco representing 64% of the economic equity interests and 33 1/3% of the voting equity interests of Holdco; and (ii) PSP owned, directly or indirectly, shares of Holdco representing 36% of the economic equity interests and 66 2/3% of the non-director voting equity interests of Holdco.

Debt Financing.

On October 31, 2007, Holdco, the Purchaser, Interco (which amalgamated with Telesat on October 31, 2007), Telesat and the subsidiaries of Holdco named therein

entered into, (i) a Credit Agreement (the " Senior Secured Credit Facility "), (ii) a Senior Bridge Loan Agreement (the " Senior Bridge Facility ") and (iii) a Senior Subordinated Bridge Loan Agreement (the " Senior Subordinated Bridge Facility " and, together with the Senior Secured Credit Facility and the Senior Subordinated Bridge Facility, the " Facilities "), in each case with Morgan Stanley Senior Funding, Inc. as administrative agent, and the other agents and lenders named in the respective Facilities. Following the consummation of the transactions contemplated by the Asset Transfer Agreement, the Asset Purchase Agreement and the Share Purchase Agreement, and of the completion of the amalgamation of Interco with Telesat on October 31, 2007, the borrowers (the " Borrowers ") under each of the Facilities became Telesat and Telesat LLC, a Delaware limited liability company and an indirect wholly owned subsidiary of Holdco.

The Senior Secured Credit Facility provides for United States currency-denominated term loans in the aggregate amount of approximately US$1.91 billion (the " U.S. Term Loans "), a Canadian currency-denominated term loan in the amount of C$200 million (the " Canadian Term Loans "), and a Canadian currency-denominated revolving loan in the amount of C$153 million (the " Revolving Loans "). A Canadian Term Loan may be a loan made by way of accepting and purchasing either (i) a depository bill within the meaning of the *Depository Bills and Notes Act* (Canada) or (ii) a bill of exchange within the meaning of the Bills of Exchange Act (Canada) (each, a " BA "), denominated in Canadian dollars, drawn by the applicable Borrower on a lender and accepted by a lender in accordance with the terms of the applicable Facility (each, a " BA Loan "). If a lender is not a chartered bank named in Schedule I to the *Bank Act* (Canada) or if a lender notified the relevant administrative agent in writing that it is otherwise unable to accept BAs, such lender will, instead of accepting and purchasing BAs, make an advance (a " BA Equivalent Loan ") to the Canadian Borrower in the amount and for the same term as the draft that such lender would otherwise have required to accept and purchase under the terms of the applicable Facility. BA Loans include any BA Equivalent Loans and each BA Equivalent Loan will have the same economic consequences for each lender making such BA Equivalent Loan and the Canadian Borrower as the BA that such BA Equivalent Loan replaces.

The Senior Bridge Facility provides for a United States currency-denominated term loan in the amount of approximately US$692.83 million. The Senior Subordinated Bridge Facility provides for a United States currency-denominated term loan in the amount of approximately US$217.18 million.

The obligations of the Borrowers under each of the Facilities are guaranteed jointly and severally by Holdco and certain of its current and future restricted subsidiaries (collectively, the " Guarantors "). The obligations of the Borrowers under the Senior Secured Credit Facility, and the guarantees of those obligations, are also secured by a first priority security interest (subject to certain exceptions) in substantially all of the existing and future property and assets, including inventory, equipment, general intangibles, intellectual property, investment property, deposit accounts and other personal property, and certain real property and leasehold interests of the Borrowers and Guarantors and a first priority pledge (subject to certain exceptions) of the capital stock held by Holdco, the Borrowers and the Guarantors. Until Telesat's C$125 million 8.2% Senior Notes are redeemed, the holders of such notes, to secure the obligations thereunder, also have an equal and ratable lien in the collateral securing the Senior Secured Credit Facility. Notice of redemption of such notes was given on or about October 31, 2007. Funds to redeem the Telesat Senior Notes were set aside at closing in a separate bank account.

The interest rate per annum applicable to U.S. Term Loans will be, at the option of the Borrowers, equal to either an alternate base rate or an adjusted LIBO rate for a one, two, three or six-month (or to the extent available to each applicable lender, nine or twelve-month) interest period chosen by the Borrowers, in each case plus an applicable margin percentage. The alternate base rate will be the greater of (i) the prime rate reported by the Wall Street Journal and (ii) 50 basis points over the weighted average of rates on overnight Federal funds as published by the Federal Reserve Bank of New York. The adjusted LIBO rate will be determined by reference to settlement rates established for deposits in dollars in the London interbank market for a period equal to the interest

period of the loan as adjusted for the maximum reserve percentages established by the Board of Governors of the United States Federal Reserve.

The interest rate per annum applicable to Canadian Term Loans and Revolving Loans will be, at the option of the Borrowers, equal to either the Canadian prime rate or the rate for BA Loans for a one, two, three or six-month (or to the extent agreed to by each applicable lender, twelve-month) contract period (the "BA Contract Period") chosen by the Borrowers, in each case plus an applicable margin percentage. The Canadian prime rate will be the greater of (i) the average of the rate of interest per annum quoted by the reference banks named in the Senior Secured Credit Facility for Canadian currency-denominated commercial loans in Canada and (ii) the BA Discount Rate (as described below), as determined by said reference banks for one month bankers' acceptances, plus 75 basis points.

"BA Discount Rate" means, with respect to any BA Contract Period for any BA Loan, (a) in the case of any Revolving Loan lender or Canadian Term Loan lender named in Schedule I of the *Bank Act* (Canada), the rate determined by the applicable administrative agent to be the average offered rate for bankers' acceptances for the applicable BA Contract Period quoted on Reuters Screen CDOR (Certificate of Deposit Offered Rate) page as of 10:00 a.m. (New York City time) on the first day of such BA Contract Period, and (b) in the case of any other Revolving Loan lender or Canadian Term Loan lender, (i) the rate per annum set forth in clause (a) above plus (ii) 0.10%. In the event that such rate is not quoted on the Reuters Screen CDOR (Certificate of Deposit Offered Rate) page (or otherwise on the Reuters screen), the BA Discount Rate will be determined by reference to such other comparable publicly available service for displaying bankers' acceptance rates as may be selected by the applicable administrative agent, or, if such other comparable publicly available service for displaying bankers' acceptance rates is not available, the BA Discount Rate will be the average of the bankers' acceptance rates quoted by the reference banks, as determined by the applicable administrative agent, and, in the event that the CDOR rate is not available for any business day, the CDOR rate for the immediately previous business day for which a CDOR rate is available is to be used.

The applicable margin percentage under the Senior Secured Credit Facility is a percentage per annum equal to (a) in the case of Canadian Term Loans, (i) 1.75% for Canadian prime rate loans and (ii) 2.75% for BA Loans, (b) in the case of U.S. Term Loans, (i) 2.00% for alternate base rate loans and (ii) 3.00% for adjusted LIBO rate loans and (c) in the case of Revolving Loans, (i) 1.75% for alternate base rate loans and (ii) 2.75% for adjusted LIBO rate loans. The applicable margin percentages on the Revolving Loans are subject to downward adjustments based on achieving certain leverage ratios on the applicable date of determination. The interest rate on any overdue amounts of principal shall be increased by an additional 2.00%.

The Senior Secured Credit Facility also provides for the payment to the lenders of a commitment fee (i) on the unused portion of the Revolving Loans at a rate of 0.50% from the date of the initial funding until three months following such date and, thereafter, at a percentage per annum determined in accordance with a leverage based pricing grid, and (ii) on the unused portions of the portion of the U.S. Term Loans that remains available after October 31, 2007 through October 31, 2008 at a rate equal to one-half times the applicable margin for adjusted LIBO rate U.S. Term Loans per annum on the daily unused amount of such U.S. Term Loans during the period such loans remain available. Further, letters of credit and BA Loans are subject to customary fees. In addition, fees (including original issue discount, financing and administrative fees, but not including the reimbursement of expenses) amounting to approximately US$66.03 million and C$8.83 million were paid on October 31, 2007 in connection with the Facilities.

Subject to certain conditions, the Senior Bridge Facility and the Senior Subordinated Facility are rolled over on the maturity date thereof into senior rollover loans and senior subordinated rollover loans, respectively.

The interest rate per annum applicable to loans made under the Senior Bridge Facility will be equal to the greater of (i) the adjusted LIBO rate (determined as described above) for a three-month interest period plus an applicable margin percentage and (ii) 9.00%, but may not exceed 11.00%. The applicable margin under the Senior Bridge Facility, (i) with respect to interim bridge loans, is 3.62%, which amount will increase by an additional 1.00% at the end of the first six-month period after October 31, 2007 and shall further increase by an additional 0.50% at the end of each subsequent three-month period thereafter as long as the interim bridge loans are outstanding; and (ii) with respect to rollover loans, at October 31, 2008 (the first anniversary of the closing of the Telesat acquisition), the applicable margin in respect of interim bridge loans in effect on such

date, increasing by 0.50% at the end of the first three-month period after such date and by an additional 0.50% at the end of each subsequent three-month period thereafter.

The interest rate per annum applicable to loans made under the Senior Subordinated Bridge Facility will be equal to the greater of (i) the adjusted LIBO rate (determined as described above) for a three-month interest period plus an applicable margin percentage, and (ii) 10.50%, but may not exceed 12.50%. The applicable margin under the Senior Bridge Facility is: (i) with respect to interim subordinated bridge loans, 5.12%, which amount will increase by an additional 1.00% at the end of the first six-month period after October 31, 2007 and will further increase by an additional 0.50% at the end of each subsequent three-month period thereafter as long as the interim subordinated bridge loans are outstanding; and (ii) with respect to rollover loans, at October 31, 2008, the applicable margin in respect of interim subordinated bridge loans in effect on such date, increasing by 0.50% at the end of the first three-month period after such date and by an additional 0.50% at the end of each subsequent three-month period thereafter.

The maturity date of the Canadian Term Loans and the Revolving Loans is October 31, 2012. The maturity of the U.S. Term Loans is October 31, 2014. The maturity date of the interim bridge loans and the interim subordinated bridge loans under the Senior Bridge Facility and Senior Subordinated Bridge Facility is, in each case, October 31, 2008. The maturity date of the rollover loans under the Senior Bridge Facility is seven years from the maturity date of the interim bridge loans if such loans are converted to rollover loans under the Senior Bridge Facility. The maturity date of the rollover loans under the Senior Subordinated Bridge Facility is nine years from the maturity date of the interim subordinated bridge loans if such loans are converted to rollover loans under the Senior Subordinated Bridge Facility.

The Senior Secured Credit Facility is subject to scheduled amortization and requires mandatory prepayments of principal based on certain percentages of “Excess Cash Flow” (as defined therein) and, subject to certain exceptions (including in respect of reinvestment in productive assets), in the event of certain casualty events, asset sales or other dispositions (including certain sale/leaseback transactions). Notwithstanding the foregoing, until October 31, 2012, any required prepayment of any U.S. Term Loans, or any regularly scheduled amortization payment required to be applied to such loan, will not be required to be made if, after giving effect to such prepayment or payment, the aggregate principal amount of all repayments of such loan exceeds 25% of the aggregate initial principal amount of such loan (the “ Excess Prepayment Amount ”). After October 31, 2012, the Borrowers will be obligated to prepay a principal amount of the U.S. Term Loans that is equal to the Excess Prepayment Amount. The Senior Secured Credit Facility provides for voluntary prepayments of the loans without premium or penalty subject to certain conditions pertaining to minimum notice and payment/reduction amounts, and breakage costs, if any.

The Senior Bridge Facility and Senior Subordinated Bridge Facility are not subject to scheduled amortization, but require mandatory prepayments of principal, subject to certain exceptions (including in respect of reinvestment in productive assets),

in the event of certain casualty events, debt issuances, asset sales or other dispositions (including certain sale/leaseback transactions), only after all loans outstanding under the Senior Secured Credit Facility have been repaid, and, in the case of the Senior Subordinated Bridge Facility, after all loans outstanding under the Senior Bridge Facility have been repaid. The Senior Bridge Facility and Senior Subordinated Bridge Facility provide for voluntary prepayments of the loans without premium or penalty, subject to certain conditions pertaining to minimum notice and payment/reduction amounts, and breakage costs, if any.

The Senior Secured Credit Facility contains financial, affirmative and negative covenants. The negative covenants include limitations (each of which shall be subject to significant exceptions) on the Borrowers' and their restricted subsidiaries' ability to (i) incur additional indebtedness; (ii) incur liens; (iii) effect any merger, consolidation or amalgamation; (iv) engage in certain transactions with affiliates; (v) convey, sell, lease, assign, transfer or otherwise dispose of their respective property, business or assets; (vi) make loans and investments; (vii) pay dividends; (viii) modify or cancel satellite related insurance coverage; (ix) prepay, repurchase or redeem subordinated debt; (x) make capital expenditures; and (xi) engage in certain sale/leaseback transactions. In addition, the Senior Secured Credit Facility contains financial maintenance covenants including maximum total leverage, minimum interest coverage and limitations on capital expenditures.

The Senior Bridge Facility and Senior Subordinated Bridge Facility contain affirmative and negative covenants. The negative covenants for the interim bridge loans and the interim subordinated bridge loans are similar to those contained in the Senior Secured Credit Facility, except they do not include financial maintenance covenants.

The Senior Secured Credit Facility contains certain events of default, including (i) nonpayment of principal and interest; (ii) breach of certain covenants; (iii) material breach of the representations and warranties; (iv) cross-default with respect to certain material indebtedness; (v) a change in control (as defined therein); (vi) bankruptcy or insolvency; (vii) material legal judgments; (viii) certain violations under the Employee Retirement Income Security Act of 1974, as amended; and (viii) actual or asserted invalidity of the Senior Secured Facility and certain related definitive agreements entered into in connection therewith. If such an event of default occurs, the lenders under the Senior Secured Credit Facility would be entitled to take various actions, including the acceleration of amounts due thereunder and all actions permitted to be taken by a secured creditor.

The interim bridge loans under the Senior Bridge Facility and the interim subordinated bridge loans under the Senior Subordinated Bridge Facility contain similar events of default, however, a change of control (as respectively defined in these Facilities) does not give rise to an event of default but to an offer by the Borrowers to prepay such Facilities at par, plus accrued and unpaid interest.

Upon the conversion of the interim bridge loans and interim subordinated bridge loans into rollover loans under the Senior Bridge Facility and Senior Subordinated Bridge

Facility, respectively, the affirmative covenants (other than those related to the securities demand and the exchange notes, which are described below, and shall remain unchanged), the negative covenants and the events of default and remedies will be deemed to have been automatically replaced by the affirmative and negative covenants described in the Description of Senior Exchange Notes attached to the Senior Bridge Facility, with respect to the rollover loans issued thereunder, and the Description of Senior Subordinated Exchange Notes, with respect to the rollover loans issued thereunder. At the request of the respective administrative agent under the Senior Bridge Facility or the Senior Subordinated Bridge Facility, such Facility will be amended as appropriate to effect the foregoing changes and to add change of control prepayment offer provisions at 101% of the principal amount of rollover loans outstanding under the applicable Facility.

At any time after the October 31, 2008, rollover loans due to any lender under the Senior Bridge Facility and Senior Subordinated Bridge Facility may, at the option of such lender, be exchanged for an equal principal amount of senior unsecured, senior or senior exchange notes or senior subordinated exchange notes, as applicable, of the Borrowers. Such exchange notes shall be issued under an indenture which shall include provisions customary for an indenture governing publicly traded high yield debt securities and shall contain the same covenants, events of defaults and remedies as applicable to the rollover loans under the Senior Bridge Facility or the Senior Subordinated Bridge Facility, as applicable. From and after the exchange of rollover loans into Exchange Notes, the holder of such Exchange Notes will have the option to fix the rate of interest due on such lender's Exchange Notes at the rate applicable at the time the fixed rate option is exercised under the Senior Bridge Facility or the Senior Subordinated Bridge Facility, as applicable.

The Senior Bridge Facility and Senior Subordinated Bridge Facility contain a securities demand, whereby, upon the request of the lead arrangers under such Facilities, from and after the date that is 180 days after October 31, 2007, for a period ending 540 days after October 31, 2007, the Borrowers shall, after a roadshow and marketing period customary for similar offerings, issue permanent securities in such amount as will generate gross proceeds in an amount sufficient to repay all outstanding amounts under the Senior Bridge Facility and the Senior Subordinated Bridge Facility and all related fees and expenses. The permanent securities shall have, subject to certain limitations set forth in the Senior Bridge Facility and the Senior Subordinated Bridge Facility, such form, term, yield guarantees, covenants and default provisions as are customary for securities of the type issued by similarly situated issuers in light of the then prevailing market conditions and may be issued in one or more tranches, all as determined in the sole discretion of Morgan Stanley & Co. Incorporated and such other institution engaged as an investment bank; provided that the maturity of the permanent securities shall not be earlier than six months after the final stated maturity of the Senior Secured Credit Facility or a shorter weighted average life (and, if after the issuance of any such permanent securities, loans or exchange notes will still be outstanding under either the Senior Bridge Facility or Senior Subordinated Bridge Facility, the permanent securities shall not have a maturity date earlier than October 31, 2008 and shall not have a shorter weighted average life than the rollover loans under the respective Senior Bridge Facility or Senior Subordinated Bridge Facility.

The foregoing discussion of the Senior Secured Credit Facility, the Senior Bridge Facility and Senior Subordinated Bridge Facility is qualified in its entirety by reference to the Senior Secured Credit Facility, the Senior Bridge Facility and Senior Subordinated Bridge Facility, copies of which are attached to this Form 8-K as Exhibits 99.1, 99.2 and 99.3, respectively, and are incorporated by reference in this Item 2.01 under the caption "Financing for the Telesat Acquisition — *Debt Financing* ."

The terms of the Senior Preferred Shares of Holdco are attached as Schedule A to the Amending Agreement, a copy of which is attached to this Form 8-K as part of Exhibit 10.2, and are contained in the Articles of Incorporation of Holdco, a copy of which is attached to this Form 8-K as Exhibit 99.4. Such Schedule A to the Amending Agreement attached hereto as part of Exhibit 10.2 and such terms of the Senior Preferred Shares of Holdco contained in Holdco's Articles of Incorporation that are attached hereto as Exhibit 99.4 are incorporated by reference in this Item 2.01 under the caption "Financing for the Telesat Acquisition — *Debt Financing* ."

Shareholders Agreement .

On October 31, 2007, PSP, Red Isle, the Company, Loral Space & Communications Holdings Corporation, a Delaware corporation and a direct wholly owned subsidiary of the Company, Loral Holdings Corporation, a Delaware corporation and an indirect wholly owned subsidiary of the Company, Skynet, two third-party investors, Holdco, the Purchaser, Telesat and MHR Fund Management LLC entered into a Shareholders Agreement (the " Shareholders Agreement "). Among other things, the Shareholders Agreement provides for the manner in which the affairs of Holdco and its subsidiaries will be conducted and the relationships among the parties thereto and future shareholders of Holdco. Specifically, the Shareholders Agreement provides for Holdco's capital structure, the number and election of members of its board of directors, meetings of directors, the required vote of the board of directors to take certain actions, the approval of the Skynet related transactions described above, the officers and the rights of observers of the board of directors.

The Shareholders Agreement provides for a board of directors of each of Holdco, the Purchaser and Telesat consisting of ten directors, three nominated by the Company, three nominated by PSP and four independent directors to be selected by a nominating committee comprised of one PSP nominee, one nominee of the Company and one of the independent directors then in office. Each party to the Shareholders Agreement is obligated to vote all of its Holdco shares for the election of the directors nominated by the nominating committee. Pursuant to action by the board of directors taken on October 31, 2007, Dr. Mark Rachesky, who is non-executive chairman of the board of directors of the Company, was appointed chairman of the board of directors of Telesat.

The Shareholders Agreement also approves an initial business plan, provides for the preparation and approval of annual budgets and business plan updates and procedures for the purchase of equipment, products and services from the Company and its affiliates and agreements by the parties to the Shareholders Agreement not to solicit employees of Holdco or any of its subsidiaries. Additionally, the Shareholders Agreement details the matters requiring the approval of Holdco's shareholders, provides for preemptive rights for certain shareholders upon the issuance of certain capital shares of Holdco and provides for either PSP or the Company to cause Holdco to conduct an initial public offering of its equity shares if an initial public offering is not completed by the fourth anniversary of the Telesat acquisition.

The Shareholders Agreement also restricts the ability of holders of certain shares of Holdco to transfer such shares unless certain conditions are met or approval of the transfer is granted by the directors of Holdco, provides for a right of first offer to certain Holdco shareholders if a holder of equity shares of Holdco wishes to sell any such shares to a third party, provides for, in certain circumstances, tag-along rights in favor of shareholders that are not affiliated with the Company if the Company sells equity shares, drag-along rights in favor of the Company in case the Company or its affiliate enters into an agreement to sell all of its Holdco equity securities and drag-along rights in favor of PSP for the sale of Holdco if the Company undergoes a change of control (as defined in the Shareholders Agreement). In addition, the Shareholders Agreement provides for PSP and the Company to have the right to require the other party to sell all of its equity shares or voting shares to PSP or the Company, as applicable, under certain circumstances.

The Company also agreed in the Shareholders Agreement that, subject to certain exceptions described in the Shareholders Agreement, for so long as the Company has an equity interest in Telesat, it will not engage in, manage, consult with or invest in securities of any entity having participation rights in excess of 2% of the profits of the business of leasing, selling or otherwise furnishing fixed satellite services, broadcast satellite services or audio and video broadcast direct-to-home services using transponder capacity in the C-band, Ku-band and Ka-band (including in each case extended band) frequencies and the business of providing end-to-end data solutions on networks comprised of earth terminals, space segment and, where appropriate, networking hubs.

The foregoing discussion of the Shareholders Agreement is qualified in its entirety by reference to the Shareholders Agreement, a copy of which is attached to this Form 8-K as Exhibit 10.3 and is incorporated by reference in this Item 2.01 under the caption “Shareholders Agreement.”

The Articles of Incorporation of Holdco set forth the terms of all classes of equity shares of Holdco. In addition, By-Law No.1 of Holdco (the “ By-Laws ”) provides for certain matters with respect to the governance of Holdco. Certain provisions of Holdco’s Articles of Incorporation and By-Laws are referenced in the Shareholders Agreement. Copies of Holdco’s Articles of Incorporation and By-Laws are attached to this Form 8-K as Exhibits 99.4 and 99.5, respectively, and are incorporated by reference in this Item 2.01 under the caption “Shareholders Agreement.”

Consulting Services Agreement .

Pursuant to the Asset Transfer Agreement, on October 31, 2007, the Company and Telesat entered into a Consulting Services Agreement (the “ Consulting Agreement ”) setting forth the terms under which the Company will provide to Telesat certain non-exclusive consulting services in relation to the Skynet business that was transferred to Telesat pursuant to the Asset Transfer Agreement and the Asset Purchase Agreement, as well as with respect to certain aspects of the satellite communications business of Telesat. The Consulting Agreement has a term of seven years, with an automatic renewal for an additional seven years if certain conditions are met.

In exchange for the Company’s services under the Consulting Agreement, Telesat will pay the Company an annual fee of US$5,000,000, payable quarterly in arrears on the last day of March, June, September and December of each year during the term of the Consulting Agreement. For an additional fee, Telesat may request assistance from the Company with respect to certain matters, if the terms for providing such additional services are approved by a majority of the board of directors of Holdco, excluding the Company’s nominees on such board of directors. Pursuant to the terms of the debt

financing discussed above, until Telesat meets certain financial requirements, the US$5,000,000 annual fee payable to the Company under the Consulting Agreement will be paid by Telesat in the form of subordinated promissory notes in favor of the Company instead of cash.

The foregoing discussion of the Consulting Agreement is qualified in its entirety by reference to the Consulting Agreement, a copy of which is attached to this Form 8-K as Exhibit 10.4 and is incorporated by reference in this Item 2.01 under the caption "Consulting Services Agreement."

Director Indemnity Agreement .

In connection with the transactions contemplated by the Share Purchase Agreement, the Asset Transfer Agreement and the Asset Purchase Agreement, on October 31, 2007, the Company, Telesat, Holdco, the Purchaser and Mr. Henry Gerard (Hank) Intven entered into an Indemnity Agreement (the " Director Indemnity Agreement "). Under the Director Indemnity Agreement, among other things, Telesat, Holdco and the Purchaser agreed to severally and, in some cases, jointly indemnify Mr. Intven to the extent permitted by applicable law from and against any and all losses, damages, costs and expenses (including reasonable attorneys' and other professionals' fees) suffered or incurred by Mr. Intven in connection with his service as a director or officer of any such company (subject to certain exceptions). In the event that any of Telesat, Holdco or the Purchaser fails for any reason to perform its indemnification obligations to Mr. Intven pursuant to the Director Indemnity Agreement, the Company must then perform such obligations.

The foregoing discussion of the Director Indemnity Agreement is qualified in its entirety by reference to the Director Indemnity Agreement, a copy of which is attached to this Form 8-K as Exhibit 10.5 and is incorporated in this Item 2.01 by reference.

Acknowledgement and Indemnity Agreement .

In connection with the transactions contemplated by the Share Purchase Agreement, the Asset Transfer Agreement, the Asset Purchase Agreement and the Director Indemnity Agreement, on October 31, 2007, the Company, Telesat, Holdco, the Purchaser and McCarthy Tétrault LLP, the law firm serving as Canadian counsel to the Company and of which Mr. Intven is a partner (" McCarthy "), entered into an Acknowledgment and Indemnity Agreement (the " Acknowledgment and Indemnity Agreement "). The Acknowledgment and Indemnity Agreement provides for, among other things, an acknowledgment by the parties thereto that, when he is serving as an officer or director of any of Telesat, Holdco or the Purchaser, Mr. Intven is acting in his personal capacity and not as a partner of McCarthy, and that McCarthy will not owe any duty to the Company, Telesat, Holdco or the Purchaser by virtue of such service by Mr. Intven.

Pursuant to the Acknowledgment and Indemnity Agreement, Telesat, Holdco and the Purchaser agreed to severally and, in some cases, jointly indemnify McCarthy to the

extent permitted by applicable law from and against any and all losses, damages, costs and expenses (including reasonable attorneys' and other professionals' fees) suffered or incurred by McCarthy in connection with Mr. Intven's service as a director or officer of any such company (subject to certain exceptions). In the event that any of Telesat, Holdco or the Purchaser fails for any reason to perform its indemnification obligations to McCarthy pursuant to the Acknowledgment and Indemnity Agreement, the Company must then perform such obligations.

The foregoing discussion of the Acknowledgment and Indemnity Agreement is qualified in its entirety by reference to the Acknowledgment and Indemnity Agreement, a copy of which is attached to this Form 8-K as Exhibit 10.6 and is incorporated in this Item 2.01 by reference.

Item 8.01. Other Events.

Repayment of Redemption Loan .

As previously disclosed by the Company on a Form 8-K filed with the SEC on September 6, 2007, on September 4, 2007, Skynet entered into a Loan and Security Agreement with Valley National Bank for the purpose of making available to Skynet a loan (the " Redemption Loan ") in the aggregate principal amount of US$141,050,000 to fund the redemption on such date of Skynet's then outstanding 14% Senior Secured Cash/PIK Notes due 2015. The Redemption Loan was repaid in full on October 31, 2007. The aggregate amount repaid in respect of the Redemption Loan was approximately US$142 million, with the accrued and unpaid interest on the Redemption Loan having been paid by Skynet and the principal amount thereof having been paid by Holdco.

Redemption of Skynet Preferred Stock .

As previously disclosed by the Company on a Form 8-K filed with the SEC on October 10, 2007, in connection with the Asset Transfer Agreement, on October 4, 2007, Skynet issued a mandatory notice of redemption of all 1,187,997 of its issued and outstanding Series A 12% Non-Convertible Preferred Stock (the " Skynet Preferred "). The redemption of the Skynet Preferred is to occur on November 5, 2007 pursuant to the terms of Exhibit A to the Amended and Restated Certificate of Incorporation of Skynet. Pursuant to the Asset Transfer Agreement, on October 31, 2007, Loral Skynet deposited into escrow approximately US$246.4 million, representing the aggregate redemption price for the Skynet Preferred, including accrued and unpaid dividends to November 5, 2007. Such funds will be released from escrow and payable to the holders of the Skynet Preferred on the redemption date of November 5, 2007.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of business acquired.

The financial statements specified in Rule 3-05(b) of Regulation S-X are attached to this Form 8-K as Exhibits 99.6, 99.7, 99.8 and 99.9.

(b) Pro forma financial information.

The pro forma financial information specified in Article 11 of Regulation S-X is attached to this Form 8-K as Exhibits 99.10 and 99.11.

(d) Exhibits.

Exhibit #	Description
2.1	Adjustment Agreement, dated as of October 29, 2007, between Telesat Interco Inc. (formerly 4363213 Canada Inc.), BCE Inc. and Telesat Canada
10.1	Omnibus Agreement, dated as of October 30, 2007, by and among Loral Space & Communications Inc., Loral Skynet Corporation, Public Sector Pension Investment Board, Red Isle Private Investments Inc. and Telesat Holdings Inc. (formerly 4363205 Canada Inc.)
10.2	Amending Agreement, dated as of October 31, 2007, between Red Isle Private Investments Inc., Public Sector Pension Investment Board, Telesat Holdings Inc. (formerly 4363205 Canada Inc.), Loral Space & Communications Inc. and Loral Skynet Corporation
10.3	Shareholders Agreement, dated as of October 31, 2007, between Public Sector Pension Investment Board, Red Isle Private Investments Inc., Loral Space & Communications Inc., Loral Space & Communications Holdings Corporation, Loral Holdings Corporation, Loral Skynet Corporation, John P. Cashman, Colin D. Watson, Telesat Holdings Inc. (formerly 4363205 Canada Inc.), Telesat Interco Inc. (formerly 4363213 Canada Inc.), Telesat Canada and MHR Fund Management LLC
10.4	Consulting Services Agreement, dated as of October 31, 2007, between Loral Space & Communications Inc. and Telesat Canada
10.5	Indemnity Agreement, dated as of October 31, 2007, between Loral Space & Communications Inc., Telesat Canada, Telesat Holdings Inc. (formerly 4363205 Canada Inc.), Telesat Interco Inc. (formerly 4363213 Canada Inc.) and Henry Gerard (Hank) Intven
10.6	Acknowledgement and Indemnity Agreement, dated as of October 31, 2007, between Loral Space & Communications Inc., Telesat Canada, Telesat Holdings Inc. (formerly 4363205 Canada Inc.), Telesat Interco Inc. (formerly 4363213 Canada Inc.) and McCarthy Tétrault LLP

Exhibit #	Description
99.1	Credit Agreement, dated as of October 31, 2007, among Telesat Interco Inc. (formerly 4363213 Canada Inc.), Telesat Holdings Inc. (formerly 4363205 Canada Inc.), 4363230 Canada Inc., Telesat LLC, certain subsidiaries of Telesat Holdings Inc., as guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent, and Morgan Stanley & Co. Incorporated, as collateral agent for the lenders, UBS Securities LLC, as syndication agent, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia, as issuing bank, and Citibank, N.A., Canadian Branch or any of its lending affiliates, as co-documentation agents, and Morgan Stanley & Co. Incorporated, UBS Securities LLC and J.P. Morgan Securities Inc., as joint lead arrangers and joint book running managers
99.2	Senior Bridge Loan Agreement, dated as of October 31, 2007, among Telesat Interco Inc. (formerly 4363213 Canada Inc.), Telesat Holdings Inc. (formerly 4363205 Canada Inc.), 4363230 Canada Inc., Telesat LLC, certain subsidiaries of Telesat Holdings Inc., as guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent for the lenders, UBS Securities LLC, as syndication agent, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia and Jefferies Finance LLC, as co-documentation agents, and Morgan Stanley & Co. Incorporated, UBS Securities LLC and J.P. Morgan Securities Inc., as joint lead arrangers and joint book running managers
99.3	Senior Subordinated Bridge Loan Agreement, dated as of October 31, 2007, among Telesat Interco Inc. (formerly 4363213 Canada Inc.), Telesat Holdings Inc. (formerly 4363205 Canada Inc.), 4363230 Canada Inc., Telesat LLC, certain subsidiaries of Telesat Holdings Inc., as guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent for the lenders, UBS Securities LLC, as syndication agent, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia and Jefferies Finance LLC, as co-documentation agents, and Morgan Stanley & Co. Incorporated, UBS Securities LLC and J.P. Morgan Securities Inc., as joint lead arrangers and joint book running managers
99.4	Articles of Incorporation of Telesat Holdings Inc. (formerly 4363205 Canada Inc.)
99.5	By-Law No. 1 of Telesat Holdings Inc. (formerly 4363205 Canada Inc.)
99.6	Financial Statements of Loral Skynet Corporation as of December 31, 2006 and 2005 for the year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005 (Successor Business Operations), for the period from January 1, 2005 to October 1, 2005 and the year ended December 31, 2004 (Predecessor Business Operations) (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of Loral Space & Communications Inc. filed with the Securities and Exchange Commission on August 9, 2007)

Exhibit #	Description
99.7	Financial Statements of Loral Skynet Corporation as of June 30, 2007 and December 31, 2006 and for the periods ended June 30, 2007 and June 30 2006
99.8	Financial Statements of Telesat Canada as of December 31, 2006 and 2005 and for the years ended December 31, 2006, 2005 and 2004 (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K of Loral Space & Communications Inc. filed with the Securities and Exchange Commission on August 9, 2007)
99.9	Financial Statements of Telesat Canada as of June 30, 2007 and December 31, 2006 and for the periods ended June 30, 2007 and June 30, 2006
99.10	Pro forma financial information of Loral Skynet and Telesat Canada as of June 30, 2007 and for the six months ended June 30, 2007 and the year ended December 31, 2006
99.11	Pro forma financial information of Loral as of June 30, 2007 and for the six months ended June 30, 2007 and the year ended December 31, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LORAL SPACE & COMMUNICATIONS INC.

Date: November 2, 2007

By: /s/ Richard J. Townsend
Name: Richard J. Townsend
Title: Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

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10.2	Amending Agreement, dated as of October 31, 2007, between Red Isle Private Investments Inc., Public Sector Pension Investment Board, Telesat Holdings Inc. (formerly 4363205 Canada Inc.), Loral Space & Communications Inc. and Loral Skynet Corporation
10.3	Shareholders Agreement, dated as of October 31, 2007, between Public Sector Pension Investment Board, Red Isle Private Investments Inc., Loral Space & Communications Inc., Loral Space & Communications Holdings Corporation, Loral Holdings Corporation, Loral Skynet Corporation, John P. Cashman, Colin D. Watson, Telesat Holdings Inc. (formerly 4363205 Canada Inc.), Telesat Interco Inc. (formerly 4363213 Canada Inc.), Telesat Canada and MHR Fund Management LLC
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99.2	Senior Bridge Loan Agreement, dated as of October 31, 2007, among Telesat Interco Inc. (formerly 4363213 Canada Inc.), Telesat Holdings Inc. (formerly 4363205 Canada Inc.), 4363230 Canada Inc., Telesat LLC, certain subsidiaries of Telesat Holdings Inc., as guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent for the lenders, UBS Securities LLC, as syndication agent, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia and Jefferies Finance LLC, as co-documentation agents, and Morgan Stanley & Co. Incorporated, UBS Securities LLC and J.P. Morgan Securities Inc., as joint lead arrangers and joint book running managers
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99.7	Financial Statements of Loral Skynet Corporation as of June 30, 2007 and December 31, 2006 and for the periods ended June 30, 2007 and June 30, 2006
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99.9	Financial Statements of Telesat Canada as of June 30, 2007 and December 31, 2006 and for the periods ended June 30, 2007 and June 30, 2006

Exhibit #	Description
99.10	Pro forma financial information of Loral Skynet and Telesat Canada as of June 30, 2007 and for the six months ended June 30, 2007 and the year ended December 31, 2006
99.11	Pro forma financial information of Loral as of June 30, 2007 and for the six months ended June 30, 2007 and the year ended December 31, 2006

Exhibit 2.1

ADJUSTMENT AGREEMENT dated as of October 29 th , 2007.

BETWEEN:

TELESAT INTERCO INC. (formerly 4363213 CANADA INC.),
a corporation existing under the laws of Canada,

(hereinafter referred to as the " **Purchaser** ")

- and -

BCE INC.,
a corporation existing under the laws of Canada,

(hereinafter referred to as the " **Seller** ")

- and -

TELESAT CANADA,
a corporation amalgamated under the laws of Canada,

(hereinafter referred to as the " **Corporation** ")

WHEREAS the Seller, the Purchaser and the Corporation have entered into a share purchase agreement dated December 16, 2006 (the " **Share Purchase Agreement** "), with respect to the sale by the Seller of all of the issued and outstanding Common Shares in the share capital of the Corporation and certain promissory notes of the Corporation to the Purchaser (the " **Transaction** ").

WHEREAS in accordance with section 2.1(c) of the Share Purchase Agreement, the Purchase Price shall be reduced by an amount equal to the aggregate amount, determined on an after-tax basis, of: (a) any out-of-pocket expenses paid or accrued by or for which the Corporation has become liable (including all fees and expenses of counsel, accountants, investment bankers, experts and consultants) in connection with, or related to, the authorization preparation, negotiation, execution and performance of the Share Purchase Agreement and the transactions contemplated thereby; and (b) any amounts that have been paid by or for which the Corporation or its subsidiaries is liable as a result of the Transaction to the officer's of the Corporation or its subsidiaries in respect of (i) entitlements of such officers to receive a "success fee" as contemplated in their employment agreements, (ii) the BCE Long-Term Incentive (Stock Option) Program (1999), (iii) the BCE Restricted Stock Unit Plan for Executives and Other Key Employees (2004) and (iv) the BCE Deferred Share Unit Plan, excluding any such payments made after September 30, 2006, which were accrued on or before September 30, 2006 in the financial statements of the Corporation as at September 30, 2006 (collectively, as the same may be adjusted pursuant to the terms of any EV and RSU Adjustment Agreement that may be entered into among, *inter alia* , the parties hereto and each of the affected employees, the " **Price Reduction Expenses** ");

WHEREAS the parties wish to set out their rights in the event that the actual aggregate amount, determined on an after-tax basis, of the Price Reduction Expenses differs from the parties' estimate of the aggregate amount, determined on an after-tax basis, of the Price Reduction Expenses;

WHEREAS the Seller and the Corporation have entered into a letter agreement dated the date hereof whereby the Corporation agreed *inter alia* , to provide the Seller with a copy of all of the final tax returns and related filings for the Corporation and its subsidiaries for the taxation year ending on October 30, 2007 (the " **Final Tax Returns** ") together with the associated non-consolidated financial statements prior to April 30, 2008, provided, however, that drafts of such tax returns (the " **Draft Tax Returns** ") shall be provided to the Seller for review no later than March 31, 2008 and provided further that any disagreements in respect of such tax returns shall be dealt with in accordance with the terms of this agreement;

NOW, THEREFORE , in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, the parties hereto hereby covenant and agree as follows:

1. Definitions

Unless otherwise defined, all capitalized terms herein shall have the meanings ascribed thereto in the Share Purchase Agreement.

2. Currency

All dollar amounts referred to in this Agreement are to Canadian dollars, unless otherwise specified.

3. Initial Reduction to the Purchase Price

3.1 The parties agree that the aggregate of the Price Reduction Expenses determined on both a pre-tax and an after-tax basis is estimated to be equal to the amounts calculated as set forth in Schedule A hereto (respectively, the " **Estimated Pre-Tax Price Reduction Expenses** " and the " **Estimated After-Tax Price Reduction Expenses** "). In accordance with subsection 2.1(c) of the Share Purchase Agreement, the parties agree to reduce the Purchase Price by the amount of the Estimated After-Tax Price Reduction Expenses such that the Purchase Price shall equal to $3,222,750,097.12 for purposes of the Closing, subject to the further adjustments hereinafter provided.

3.2 In the event that the actual Price Reduction Expenses exceed the Estimated Pre-Tax Price Reduction Expenses, then the Seller will reimburse such excess to the Purchaser, on an after-tax basis, promptly following the Closing, and the amount of such refund will increase Estimated After-Tax Price Reduction Expenses. In the event that the Estimated Pre-Tax Price Reduction Expenses exceed the actual Price Reduction Expenses, then the Purchaser will refund such excess to the Seller, on an after-tax basis, promptly following the Closing, and the amount of such refund will reduce Estimated After-Tax Price Reduction Expenses. If Schedule A hereto is

in any way inconsistent with the terms of the Share Purchase Agreement or the Recitals hereto, any such inconsistencies will also be settled between the parties promptly after the closing.

4. The Tax Returns

The Corporation hereby covenants and agrees that, subject to applicable law, it will deduct the full amount of the Price Reduction Expenses in computing its income in its tax return (the " **Closing Tax Return** ") under the ITA and any applicable provincial legislation for its taxation year that ends as a result of the acquisition of control of the Corporation by the Purchaser (the " **Pre-Closing Year** ").

5. Interim Adjustment

5.1 If on December 31, 2007 (the " **Balance Due Date** "), the Corporation determines that the amount by which its taxes payable to the Receiver General of Canada and all applicable provincial taxing authorities for the Pre-Closing Year were reduced on a current cash basis as a result of the deduction of the Price Reduction Expenses pursuant to Section 4 hereof (the " **Interim Tax Saving** ") is less than [A-B], where

A = the Price Reduction Expenses; and

B = the Estimated After-Tax Price Reduction Expenses, as adjusted pursuant to Section 3.2;

(with [A – B] being referred to as the " **Estimated Tax Saving** ")

then, the Corporation shall provide the Seller with a certificate (the " **Tax Payable Certificate** ") executed by the Chief Executive Officer of the Corporation within 15 days after the Balance Due Date certifying the amount by which the Estimated Tax Saving exceeds the Interim Tax Saving (the " **Taxes Payable Differential** "). The Tax Payable Certificate shall include calculations showing in reasonable detail the Taxes Payable Differential. The Purchaser and the Corporation agree to make available to the Seller the appropriate persons to discuss and answer reasonable enquiries by the Seller concerning the Tax Payable Certificate and the Taxes Payable Differential. For greater certainty, the determination of the Interim Tax Saving shall take into account the Corporation's ability to apply any excess taxes paid for the Pre-Closing Year to other currently outstanding tax balances of the Corporation and, to currently outstanding tax balances of related corporations, in each case, to the extent permitted by applicable law or the applicable taxing authority.

5.2 If a Tax Payable Certificate is delivered to the Seller, the Seller shall pay to the Purchaser, promptly, and in any event within 5 days, following receipt of such certificate, the Taxes Payable Differential as a reduction of the Purchase Price. If the Seller pays an amount on an account of the Taxes Payable Differential pursuant to this Section 5.2, the amount of the Estimated After-Tax Price Reduction Expenses will be increased by the amount of the Taxes Payable Differential for the purposes of Section 6 hereof.

6. Final Adjustment

6.1 Within 15 days of filing its Closing Tax Return, the Corporation shall provide the Seller with a certificate (the " **Tax Return Certificate** ") executed by the Chief Executive Officer of the Corporation certifying the difference, if any, between the aggregate amount, determined on an after-tax basis of the Price Reduction Expenses (the " **Actual After-Tax Price Reduction Expenses** ") and the Estimated After-Tax Price Reduction Expenses (as adjusted pursuant to Section 5.2 hereof). For greater certainty, the amount of cash tax benefit of the Price Reduction Expenses shall be determined by calculating the Corporation's actual tax liability with and without such Price Reduction Expenses.

6.2 If the amount of the Actual After-Tax Price Reduction Expenses exceeds the amount of the Estimated After-Tax Price Reduction Expenses (as adjusted pursuant to Section 5.2 hereof), the Seller shall pay to the Purchaser, promptly, and in any event within 5 days, following determination of the Actual After Tax Price Reduction Expenses, the amount of such excess as a reduction of the Purchase Price.

6.3 If the amount of the Estimated After-Tax Price Reduction Expenses (as adjusted pursuant to Section 5.2 hereof) exceeds the amount of the Actual After-Tax Price Reduction Expenses, the Purchaser shall pay to the Seller, promptly, and in any event within 5 days, following determination of the Actual After Tax Price Reduction Expenses, the amount of such excess as an increase in the Purchase Price.

7. Indemnification of the Corporation

7.1 In the event that the Corporation's Closing Tax Return is assessed or reassessed (an " **Assessment** ") and pursuant to such Assessment all or part of the Corporation's deduction of any of the Price Reduction Expenses is denied, the Seller agrees to indemnify and save harmless the Corporation from any loss (a " **Loss** ") it may incur that is directly related to or arising from the deduction of the Price Reduction Expenses being denied. For greater certainty, any such Assessment and related Action shall be considered a Third Party Claim for purposes of Section 7.5 of the Share Purchase Agreement. The calculation of any Loss pursuant to this section shall be made in accordance with section 7.8 of the Share Purchase Agreement (provided, however, for greater certainty that any indemnification made pursuant to this Section 7.1 shall not be entitled to benefit from the Minimum Indemnification Threshold or the Basket Amounts set forth in Section 7.7 of the Share Purchase Agreement) and, for greater certainty, section 7. For greater certainty, any payment made by the Seller pursuant to this section in respect of a Loss shall, subject to applicable law, be treated as a reduction of the Purchase Price.

8. Disagreements Regarding the Tax Returns of the Corporation and its Subsidiaries

8.1 The Seller shall have a period of 21 days from the delivery of the Draft Tax Returns to review the Draft Tax Returns. At any time during such 21-day period, the Seller shall be entitled to advise the Corporation, by notice in writing (a " **Notice of Dispute** "), that it does not agree with a position taken by the Corporation or a Subsidiary in a Draft Tax Return that relates solely to the calculation of the actual After-Tax Price Reduction Expenses. If the Seller delivers a Notice of Dispute to the Corporation in respect of a Draft Tax Return of the Corporation or a

Subsidiary, the Corporation will work in good faith with the Seller to resolve the dispute, however, if the Corporation and the Seller are unable to resolve the disputed tax position prior to the filing of the Final Tax Return of the Corporation or such Subsidiary, then the Draft Tax Return shall be filed in the manner proposed by the Corporation (provided however, for greater certainty, that the failure by the parties to resolve any dispute set out in the Notice of Dispute and the subsequent filing of the Draft Tax Return in the manner proposed by the Corporation shall not be construed in any way as a waiver by the Seller or the Purchaser of any of their respective rights hereunder or under the Share Purchase Agreement).

9. Closing Date

Notwithstanding the provisions of the Share Purchase Agreement, the parties hereby confirm their agreement that the Closing shall occur on October 31, 2007 at the offices of McCarthy Tetrault LLP in Montreal, Quebec. All other provisions of the Share Purchase Agreement shall continue in force, unamended.

10. Miscellaneous and General

10.1 The Seller and the Purchaser may modify or amend this Agreement, by written agreement executed and delivered by duly authorized officers of such parties. No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by the Seller and the Purchaser. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

10.2 Each party to this Agreement covenants and agrees that, from time to time subsequent to the closing of the Transaction, it will execute and deliver all such documents including all such additional conveyances, transfers, consents and other assurances, and do all such other acts and things as any other party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or any of the respective obligations intended to be created hereby or thereby.

10.3 For the convenience of the parties hereto, this Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

10.4 This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario, and the federal laws of Canada applicable therein. Any suit, action or proceeding against any party or any of its assets arising out of or relating to this Agreement shall be dealt with in the manner provided for in Section 8.5 of the Share Purchase Agreement.

10.5 Time shall be of the essence in this Agreement.

10.6 Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by hand, courier (with a copy sent by facsimile), by facsimile or other means of electronic communication (with a copy sent by courier) or by delivery as hereafter provided. Any such notice or other communication, if sent by courier or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on

the Business Day following the confirmation of receipt, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section. Notices and other communications shall be addressed as follows or to such other address as the parties shall notify each other in writing from time to time:

if to the Purchaser:

Telesat Interco Inc.
c/o McCarthy Tétrault
66 Wellington Street
Toronto, M5K 1E6

Attention: President (c/o Robert Forbes)

Facsimile: (416) 868-0673

with a copy to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019

Attention: Bruce R. Kraus

Telephone: (212) 728-8237
Facsimile: (212) 728-9237

and

McCarthy Tétrault
66 Wellington Street
Toronto, M5K 1E6

Attention: Robert Forbes

Telephone: (416) 601-8267
Facsimile: (416) 868-0673

if to the Seller:

BCE Inc. 1000
de La Gauchetière Street West
Suite 3700 Montréal,
Québec H3B 4Y7

Attention: Chief Legal Officer

Telephone: (514) 870-4637
Facsimile: (514) 870-4877

if to the Corporation:

Telesat Canada
1601 Telesat Court
Gloucester, Ontario
K1P 5P4

Attention: Vice-President Law

Telephone: (613) 748 8700
Facsimile: (613) 748 8784

10.7 If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

10.8 This Agreement shall be binding upon and enure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

10.9 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors.

10.10 The parties acknowledge that this Agreement, any correspondence between the parties in respect of this Agreement and any opinions of counsel (including, for greater certainty, the opinion of Davies Ward Phillips & Vineberg LLP in respect of the deductibility of the success fees) in respect of this Agreement or the Transactions contemplated by this Agreement (collectively, the " **Privileged Documents** ") are subject to solicitor-client privilege. Each of the parties shall hold the existence and contents of the Privileged Documents strictly in confidence for and on behalf of the other parties hereto, using a standard of care and precaution no less than that which a careful and prudent person would be expected to employ, and no less than that which such party does employ, to protect the confidentiality and value of its own confidential or proprietary information of like importance and, in any event, adopting and maintaining procedures reasonably calculated to preserve the solicitor-client privilege of Privileged Documents. If one of the parties becomes compelled by law to disclose the existence or contents of the Privileged Documents, it shall immediately so notify the other parties hereto, and shall exert all reasonable efforts in the time available (and, once the other parties have been notified, cooperate in a reasonable manner with the other party's efforts) to oppose or minimize the extent of disclosure. Subject thereto, such party may disclose that portion (but only that portion) of the Privileged Documents that it is legally compelled to provide (and will not be in breach of this Agreement for having done so).

[signatures on following page]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto on the date first hereinabove written.

TELESAT INTERCO INC.

By /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

By /s/ Derek Murphy
Name: Derek Murphy
Title: Vice Chairman

BCE INC.

By /s/ Patricia Olah
Name: Patricia Olah
Title: Corporate Secretary and Lead Governance Counsel

TELESAT CANADA

By /s/ Ted H. Ignacy
Name: Ted H. Ignacy
Title: Chief Financial Officer

By /s/ Jennifer Lecour
Name: Jennifer Lecour
Title: Vice President, General Counsel and Secretary

Exhibit 10.1

OMNIBUS AGREEMENT

OMNIBUS AGREEMENT, dated as of October 30, 2007 (this " **Agreement** "), by and among Loral Space & Communications Inc., a Delaware corporation (" **Parent** "), Loral Skynet Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Parent (" **Skynet** "), Public Sector Pension Investment Board, a Canadian Crown corporation (" **PSP** "), Red Isle Private Investments Inc., a Canadian corporation and an Affiliate of PSP (" **Red Isle** "), and Telesat Holdings Inc. (formerly 4363205 Canada Inc.), a Canadian corporation (" **Holdco** "). Capitalized, undefined terms used herein shall have the respective meanings ascribed to them in the Asset Transfer Agreement (as hereinafter defined). Unless otherwise specified herein, all dollar amounts expressed in this Agreement as (i) "$" are to United States dollars and (ii) "C$" are to Canadian dollars.

R E C I T A L S:

WHEREAS, on December 16, 2006, Telesat Interco Inc. (formerly 4363213 Canada Inc.), a Canadian corporation and a wholly owned subsidiary of Holdco (" **Acquisition Sub** "), BCE Inc., a Canadian corporation (" **BCE** "), and Telesat Canada, a Canadian corporation (" **Telesat** "), entered into a Share Purchase Agreement (as amended from time to time, the " **Share Purchase Agreement** "), pursuant to which Acquisition Sub has agreed to purchase from BCE, and BCE has agreed to sell to Acquisition Sub, all of the outstanding shares of Telesat and certain "Safe Income Notes" upon the terms and subject to the conditions set forth in the Share Purchase Agreement;

WHEREAS, in connection with the Share Purchase Agreement, Parent has committed to acquire shares of Holdco simultaneously with the consummation of the transactions contemplated by the Share Purchase Agreement, the terms of which transaction are set forth in (i) an Alternative Subscription Agreement, dated as of August 7, 2007 (as amended from to time, the " **Alternative Subscription Agreement** "), by and among Parent, Skynet and Holdco and (ii) an Asset Transfer Agreement, dated as of August 7, 2007 (as amended from time to time, the " **Asset Transfer Agreement** "), by and among Skynet, Holdco and Parent;

WHEREAS, in connection with the Share Purchase Agreement, Red Isle has committed to acquire shares of Holdco simultaneously with the consummation of the transactions contemplated by the Share Purchase Agreement, the terms of which transaction are set forth in a Subscription Agreement, dated as of August 7, 2007 (as amended from time to time, the " **PSP Subscription Agreement** "), by and between PSP, Red Isle and Holdco;

WHEREAS, an Asset Purchase Agreement, dated as of August 7, 2007 (as amended from time to time, the " **Asset Purchase Agreement** "), has been entered into by and among Skynet, Skynet Satellite Corporation, a Delaware corporation (" **Buyer** "), and Parent;

WHEREAS, upon the consummation of the transactions contemplated by the Share Purchase Agreement, the Alternative Subscription Agreement, the PSP Subscription Agreement, the Asset Transfer Agreement, the Asset Purchase Agreement and an Ancillary Agreement, , dated as of August 7, 2007 (as amended from time to time, the " **Ancillary Agreement** "), by and among Skynet, Holdco, Parent, and 4363230 Canada Inc., a Canadian corporation and a wholly owned subsidiary of Holdco (collectively, including this Agreement and the agreements entered into by Holdco and its subsidiaries with respect to the Financing, the " **Transaction Documents** "),

(i) Parent is to own, directly or indirectly, shares of Holdco representing 64% of the economic equity interests and 33 1/3% of the voting equity interests of Holdco, and (ii) PSP is to own, directly or indirectly, shares of Holdco representing 36% of the economic equity interests and 66 2/3 % of the non-director voting equity interests of Holdco;

WHEREAS, in connection with the transactions contemplated by the Transaction Documents, (i) Parent caused Skynet to enter into certain foreign currency exchange transactions, the terms and conditions of which transactions are set forth in the contracts listed on Schedule I attached hereto (such contracts, the " **Skynet Hedge Agreements** ") and (ii) PSP entered into certain foreign currency exchange transactions, the terms and conditions of which transactions are set forth in the contracts listed on Schedule II attached hereto (such contracts, the " **PSP Hedge Agreements** ");

WHEREAS, in connection with the Transaction Documents, (i) Skynet desires to transfer to Holdco, for subsequent transfer to Acquisition Sub, Skynet's right, title and interest in, to and under the Skynet Hedge Agreements and (ii) PSP desires to pay to Holdco, for subsequent transfer to Acquisition Sub, an amount in cash equal to the economic value of the PSP Hedge Agreements;

WHEREAS, on October 23, 2007, Acquisition Sub entered into a foreign currency transaction to hedge $316,000,000 to Canadian dollars, which transaction is to be settled on October 31, 2007 (the " **Interco Hedge** ");

WHEREAS, the parties hereto anticipate that Acquisition Sub will settle the transactions contemplated by the Skynet Hedge Agreements and the Interco Hedge on the Closing Date and that PSP will settle the transactions contemplated by the PSP Hedge Agreements on or around December 27, 2007;

WHEREAS, Skynet has entered into the Basis Swap, which the parties now desire to include as part of the Transferred Property;

WHEREAS, Red Isle desires to pay a portion of the consideration payable by it under the PSP Subscription Agreement for Equity Shares (as defined in the PSP Subscription Agreement) in the form of Marketable Securities (as defined in the Asset Purchase Agreement) having an aggregate fair market value on the Closing Date equal to the "Purchase Price" of $25,472,000 under the Asset Purchase Agreement; and

WHEREAS, the parties desire to provide for certain amendments, modifications and/or clarifications of the provisions of the Asset Transfer Agreement so as to reflect the transactions contemplated by this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises, and of the covenants and agreements contained herein, the parties hereto hereby covenant and agree as follows:

SECTION 1. TRANSFER AND PAYMENT .

SECTION 1.1. Transfer by Skynet . On or before October 30, 2007, Skynet (on behalf of Parent) shall transfer, convey, assign and deliver unto Holdco, for subsequent transfer to Acquisition Sub, all of Skynet's right, title and interest in, to and under the Skynet Hedge Agreements.

SECTION 1.2. Payment by PSP; Treatment .

(a) At the Closing, Red Isle shall pay to Holdco, for subsequent transfer to Acquisition Sub, C$55,163,172 (the " **PSP Hedge Amount** ") in cash, representing the economic value of the PSP Hedge Agreements.

(b) The payment by PSP of the PSP Hedge Amount as provided in Section 1.2(a) hereof shall be made in addition to the amounts otherwise due under the PSP Subscription Agreement and without regard to the "PSP Cap" under the Ancillary Agreement, and the PSP Hedge Amount shall not be taken into consideration for the purpose of (i) determining whether the PSP Cap is met or exceeded or (ii) calculating or determining the PSP Common Equity Amount or the Required Equity Contribution Amount (as defined in the Alternative Subscription Agreement).

SECTION 1.3. Consideration . In consideration for the transfer and payment (as applicable) set forth in Sections 1.1 and 1.2 hereof, Holdco shall (a) issue to Skynet, on the date of the transfer to Holdco of Skynet's right, title and interest in, to and under the Skynet Hedge Agreements, non-voting participating preferred shares of Holdco in such number as shall equal the value of (i) the Skynet Hedge Agreements on such date, less (ii) the amount of any positive Tranche Differential with respect to any Tranche that is the subject of any such Skynet Hedge Agreement, at an issue price of C$10.00 per share, and (b) issue to PSP, at the Closing (upon payment to Holdco of the PSP Hedge Amount), such number of voting participating preferred shares and common shares of Holdco as shall equal the number of shares issued to Skynet under this Section 1.3, divided by 64 and multiplied by 36. For greater certainty, as a result of the issuances of shares of Holdco under this Agreement and under the Transaction Documents: (A) Parent will own, directly or indirectly, shares of Holdco representing 64% of the economic equity interests and $33\ ^{1}/_{3}$% of the voting equity interests of Holdco; and (B) PSP will own, directly or indirectly, shares of Holdco representing 36% of the economic equity interests and $66\ ^{2}/_{3}$% of the non-director voting equity interests of Holdco.

SECTION 2. SUBSCRIPTION CONSIDERATION .

SECTION 2.1. Subscription Consideration; Transaction Expenses . On the Closing Date, Red Isle shall pay a portion of the consideration payable by it for Equity Shares pursuant to the PSP Subscription Agreement in the form of Marketable Securities having an aggregate fair market value on the Closing Date equal to the "Purchase Price" of $25,472,000 under the Asset Purchase Agreement, it being understood that such Purchase Price amount denominated in United States dollars shall be translated into Canadian dollars for the purposes of the PSP Subscription Agreement at the exchange rate at which PSP or Red Isle, as the case may be, converts Canadian dollars into United States dollars in order to purchase such Marketable Securities. For the avoidance of doubt, any costs or expenses that either PSP or Red Isle incurs in connection with the acquisition or transfer of such Marketable Securities are Transaction Expenses (as defined in the Ancillary Agreement) with respect to which PSP or Red Isle, as the case may be, shall be entitled to reimbursement pursuant to the Ancillary Agreement.

SECTION 3. BASIS SWAP; AMENDMENT, MODIFICATION AND CLARIFICATION OF ASSET TRANSFER AGREEMENT .

SECTION 3.1. Basis Swap . On or before October [29], 2007, Skynet (on behalf of Parent) shall transfer, convey, assign and deliver unto Holdco, for subsequent transfer to Acquisition Sub, all of Skynet's right, title and interest in, to and under the Basis Swap (which transfer shall be deemed to satisfy Parent's obligations under Section 3.6(b) of the Ancillary Agreement). Notwithstanding anything to the contrary contained in any Transaction Document, including, without limitation, the Asset Transfer Agreement, the parties agree that: (a) the Basis Swap shall form part of the "Transferred Property" under the Asset Transfer Agreement for which the consideration therefor is being paid under Article II thereof; and (b) "Interim Taxes" under the Asset Transfer Agreement shall include any and all Taxes payable by Skynet or any of its Affiliates in respect of taxable income realized thereby in connection with such transfer of the Basis Swap as part of the Transferred Property (" **Basis Swap Taxes** "), provided that, for the purposes of Section 2.6 of the Asset Transfer Agreement, the portion of the Interim Taxes that constitutes Basis Swap Taxes shall be expressed in Canadian dollars at the Closing Date Exchange Rate.

SECTION 3.2. Section 1.1; Definition of Basis Swap . Section 1.1 of the Asset Transfer Agreement is hereby amended by deleting the definition of "Basis Swap" contained therein in its entirety and inserting the following in lieu thereof:

"' **Basis Swap** " means that certain letter agreement, dated December 27, 2006, between Morgan Stanley Capital Services Inc. and Skynet relating to $1,054,000,000 in respect of the term loan B under the Financing;"

SECTION 3.3. Sections 2.6(h) and 2.6(i) of the Asset Transfer Agreement . Sections 2.6(h) and 2.6(i) of the Asset Transfer Agreement are hereby amended by deleting them in their entirety and inserting the following in lieu thereof:

"(h) " **Tranche Differential** " means for each Tranche, the share of such Tranche that is hedged by Parent, multiplied by the Tranche Differential Rate.

(i) " **Tranche Differential Rate** " means, (a) in respect of the Note Tranche, the difference between the exchange rate obtained by Parent and the exchange rate obtained by PSP and (b) in respect of the Remaining Term Loan B Tranche, the difference between the exchange rate obtained by Parent and the exchange rate at which Canadian dollars are purchased with respect to the remaining $282,566,500 of the Remaining Term Loan B Tranche at the Telesat Closing (which purchase may be made pursuant to a hedge contract entered into by Holdco or one of its subsidiaries). The Tranche Differential Rate will be (i) positive, if the exchange rate obtained by Parent in respect of the applicable Tranche is greater than the PSP exchange rate (in the case of the Note Tranche) or the actual exchange rate (in the case of the Remaining Term Loan B Tranche), (ii) negative, if the exchange rate obtained by Parent in respect of the applicable Tranche is less than the PSP exchange rate (in the case of the Note Tranche) or the actual exchange rate (in the case of the Remaining Term Loan B Tranche), or (iii) zero, if the exchange rate obtained by Parent in respect of the applicable Tranche is the same as the PSP exchange rate (in the case of the Note Tranche) or the actual exchange rate (in the case of the Remaining Term Loan B Tranche)."

SECTION 3.4. Section 4.20 of the Asset Transfer Agreement . Section 4.20 of the Asset Transfer Agreement is hereby amended by deleting it in its entirety and inserting the following in lieu thereof:

" **4.20 Currency Hedging.**

(a) For the purposes of calculating the Total Hedging Differential, the parties acknowledge and agree that Parent and PSP have entered into the following hedge transactions:

(i) Parent and PSP have hedged $594,000,000 and $316,000,000, respectively, of the $910,000,000 of unsecured debt tranche under the Financing (the **"Note Tranche** "); and

(ii) Parent has hedged $103,433,500 of the $386,000,000 of original term loan B-1 under the Financing that is not hedged by the Basis Swap (the " **Remaining Term Loan B Tranche** ").

(b) Each of the Note Tranche and the Remaining Term Loan Tranche is a Tranche for purposes of calculating the Total Hedging Differential pursuant to Section 2.6 hereof. For purposes of this Section 4.20, hedges procured by an Affiliate of Parent shall be deemed to be hedges procured by Parent."

SECTION 3.5. Exhibit D to Asset Transfer Agreement . Exhibit D to the Asset Transfer Agreement is hereby amended by deleting it in its entirety and inserting in lieu thereof Exhibit A to this Agreement.

SECTION 4. MISCELLANEOUS .

SECTION 4.1. Successors and Assigns . No party may transfer or assign any of its rights or obligations hereunder without the express written consent of the other party hereto, and any such attempted transfer or assignment in violation of this Section 4.1 shall be null and void *ab initio* ; provided , however , that a party hereto may, without the prior written consent of any other party hereto, (a) assign (in whole or in part) this Agreement and all of its rights hereunder to its lenders and debt providers (or any administrative or collateral agent therefor) for collateral security purposes, and (b) assign (in whole or in part) this Agreement and its rights and obligations hereunder to any of its Subsidiaries; provided , further , that, notwithstanding any such assignment described in the immediately preceding clauses (a) and (b), the assigning party shall remain liable to perform all of its obligations hereunder.

SECTION 4.2. Governing Law and Waiver of Jury Trial . This Agreement, and all matters arising out of or relating to this Agreement and the transactions contemplated hereby, including (a) its negotiation, execution, and validity, and (b) any claim or cause of action, whether in contract, tort or otherwise (including any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), shall be

governed by, construed and interpreted in accordance with the laws of the State of New York, without regard to the conflicts of law rules and principles thereof; provided that, to the extent that the provisions of this Agreement amend the terms of the PSP Subscription Agreement, such provisions of this Agreement shall be governed by, construed and interpreted in accordance with the laws of the Province of Ontario, Canada. Any suit, action or proceeding against any party or any of its assets arising out of or relating to this Agreement shall be brought in the federal or state courts located in New York, New York, and each party hereby irrevocably and unconditionally attorns and submits to the exclusive jurisdiction of such courts over the subject matter of any such suit, action or proceeding. Each party irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such suit, action or proceeding in any such court including any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter. EACH PARTY HEREBY ACKNOWLEDGES AND AGREES THAT ANY DISPUTE OR CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. Each party irrevocably consents to process being served by any party to this Agreement in any legal proceeding by delivery of a copy thereof in accordance with the provisions of Section 4.4 hereof.

SECTION 4.3. Severability . If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

SECTION 4.4. Notices . Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by hand, courier (with a copy sent by facsimile), by facsimile or other means of electronic communication (with a copy sent by courier) or by delivery as hereafter provided. Any such notice or other communication, if sent by courier or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the confirmation of receipt, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this Section 4.4. Notices and other communications shall be addressed as follows or to such other address as the parties shall notify each other in writing from time to time:

(a) If to Parent, Skynet or Holdco, as provided in the Asset Transfer Agreement; and

(b) If to PSP, as provided in the Ancillary Agreement.

SECTION 4.5. Amendments; Waivers . The parties hereto may modify or amend this Agreement only by written agreement executed and delivered by duly authorized officers of such parties. No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by the parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

SECTION 4.6. Entire Agreement . Except as agreed to in writing on or after the date hereof, this Agreement and the Transaction Documents constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties (both written and oral), among the parties with respect to the subject matter hereof.

SECTION 4.7. Parties in Interest . This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or entity any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement; provided that, from the date hereof through the date of the Telesat Closing, PSP shall have the right to take any action on behalf of Holdco, and to exercise all remedies and rights on behalf of and for the benefit of Holdco, under this Agreement, and shall be entitled to full indemnity from Holdco in respect of, and Holdco shall pay to PSP an amount equal to, any Losses incurred by PSP in doing so (including any costs and expenses incurred by PSP incident to exercising any such remedies or rights) unless PSP shall have acted in bad faith or shall have been grossly negligent, provided , further , that nothing contained in this Section 4.7 shall be deemed to create any liability on PSP's part to any of the other parties hereto in connection with, and no such other party hereto shall have any recourse against PSP for, any action so taken, or any exercise of such remedies or rights made, by PSP on behalf of or for the benefit of Holdco prior to the Telesat Closing pursuant to this Section 4.7.

SECTION 4.8. Section and Paragraph Headings . The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

SECTION 4.9. Counterparts . For the convenience of the parties hereto, this Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

SECTION 4.10. Successors . This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Omnibus Agreement as of the date first above written.

LORAL SPACE & COMMUNICATIONS INC.

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

LORAL SKYNET CORPORATION

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

PUBLIC SECTOR PENSION INVESTMENT BOARD

By: /s/ Derek Murphy
Name: Derek Murphy
Title: First Vice President, Private Equity

By: /s/ John Valentini
Name: John Valentini
Title: First Vice President and CFO

TELESAT HOLDINGS INC.
(formerly 4363205 Canada Inc.)

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

By: /s/ James Pittman
Name: James Pittman
Title: Vice President

RED ISLE PRIVATE INVESTMENTS INC.

By: /s/ Derek Murphy
Name: Derek Murphy
Title: Vice Chairman

By: /s/ James Pittman
Name: James Pittman
Title: Vice President

Exhibit 10.2

AMENDING AGREEMENT

THIS AGREEMENT is made as of the 31st day of October , 2007

B E T W E E N:

RED ISLE PRIVATE INVESTMENTS INC. , a corporation incorporated under the laws of Canada (hereinafter referred to as " **Red Isle** ")

– and –

PUBLIC SECTOR PENSION INVESTMENT BOARD , a corporation incorporated under the laws of Canada (hereinafter referred to as " **PSPIB** ")

– and –

TELESAT HOLDINGS INC. (formerly **4363205 CANADA INC.**), a corporation incorporated under the laws of Canada (hereinafter referred to as " **Holdco** ")

– and –

LORAL SPACE & COMMUNICATIONS INC. , a corporation incorporated under the laws of Delaware (hereinafter referred to as " **Loral** ")

– and –

LORAL SKYNET CORPORATION , a corporation incorporated under the laws of Delaware (hereinafter referred to as " **Skynet** ")

WHEREAS Red Isle, PSPIB and Holdco have entered into a Subscription Agreement for Shares dated August 7, 2007 (the " **Subscription Agreement** ") pursuant to which Red Isle has agreed to purchase, *inter alia* , Senior Preferred Shares of the Corporation having the rights, privileges, restrictions and conditions contemplated by the Subscription Agreement;

AND WHEREAS the parties hereto wish to change the rights, privileges, restrictions and conditions of the Senior Preferred Shares in the manner set out herein;

AND WHEREAS Loral has agreed to enter into a Consulting Services Agreement with Telesat Canada in the form attached as Exhibit C to an Asset Transfer Agreement (the " **Asset Transfer Agreement** ") dated August 7, 2007 entered into among Loral, Skynet and Holdco, which Consulting Services Agreement will be entered into on the date (the " **Closing Date** ") of the acquisition by Telesat Interco Inc. (formerly 4363213 Canada Inc.) , a wholly-owned subsidiary of Holdco, of all of the shares of Telesat Canada pursuant to a Share Purchase Agreement dated December 16, 2006 between Telesat Interco Inc., BCE Inc. and Telesat Canada;

AND WHEREAS the parties hereto wish to change the terms of such Consulting Services Agreement in the manner set out herein;

AND WHEREAS Red Isle, PSPIB, Holdco and Loral have agreed to enter into a Unanimous Shareholders Agreement in the form attached as Exhibit E to the Asset Transfer Agreement, which Unanimous Shareholders Agreement will be entered into on the Closing Date;

AND WHEREAS the parties hereto wish to change the terms of such Unanimous Shareholders Agreement in the manner set out herein;

NOW THEREFORE, in consideration of the covenants contained herein and for other consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The rights, privileges, restrictions and conditions attaching to the Senior Preferred Shares are amended in the manner disclosed in Schedule A attached hereto, and such Schedule A, without indication by way of blacklines of the changes made by virtue of this Amending Agreement, shall be attached to the Subscription Agreement as indicating the rights, privileges, restrictions and conditions attaching to the Senior Preferred Shares to be purchased by Red Isle pursuant to the Subscription Agreement.

2. The rights, privileges, restrictions and conditions attaching to the Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares shall each be amended by deleting the provision entitled “Tax on Conversion” contained in the rights, privileges, restrictions and conditions attached to each such class of shares and replacing it with the following, adjusted to reflect the applicable class of shares:

   “The Corporation shall pay any governmental or other taxes imposed on the Corporation in respect of the conversion of [Common Shares], but shall not pay any governmental or other taxes imposed on the holder of [Common Shares] in respect of any conversion of [Common Shares].”

3. Section 4.04 of the Consulting Services Agreement shall be deleted in its entirety and shall be replaced by the following prior to execution:

   “4.04 **Payment in Kind**

   If and for so long as the terms of the Acquisition Debt (as defined in the terms of the Senior Preferred Shares of Telesat Holdings Inc. as they exist on the date hereof) (the “ **Acquisition Financing** ”) permit the payment of the fees set out in Section 4.01 in cash without recourse to any

provision of the Acquisition Financing providing for a fixed or calculated amount available for such purposes and other purposes (including without limitation the Applicable Amount defined in the credit agreement originally forming part of the Acquisition Debt (each such provision a " **basket provision** "; provided, that, for the avoidance of doubt, a basket provision does not include a covenant that requires compliance with a financial ratio other than with respect to the financial ratios in the Applicable Amount)), Telesat shall pay such fees in cash. Otherwise, unless the Directors determine to utilize such basket provision in order to pay all or part of such fee in cash, Telesat shall not be required to pay such fees in cash but shall issue to Loral, on each payment date provided in Section 4.01, a promissory note of Telesat for the amount of such payment. Such promissory notes shall be payable in full, or to the extent then permitted, 10 days after (i) a determination being made, by way of the certification provided in this Section 4.04, that such promissory notes, or a portion of such promissory notes, may be paid pursuant to the terms of the Acquisition Financing without recourse to a basket provision, or (ii) if the Directors subsequently determine to utilize such basket provision to pay some or all of such promissory notes, that such determination has been made by the Directors, or if not then paid in full, all such promissory notes shall be paid in full on ·October 31, 2018. Any such payment shall be made in the manner provided in Section 4.03 without necessity of delivery to Telesat of any promissory notes for cancellation. Telesat shall provide Loral with a quarterly certificate to be delivered by not later than 60 days after each fiscal quarter-end of Telesat certifying whether any such promissory notes, or a portion thereof, may be paid pursuant to the terms of the Acquisition Financing without recourse to a basket provision or whether the Directors shall have determined to pay any promissory notes by utilizing and reducing any such basket provision, and shall specify in such certificate the amount of such promissory notes that may then be paid, and shall provide to Loral details in support of such certificate. Interest on all such promissory notes shall be payable on the outstanding principal balance of each promissory note at the rate of 7% per annum, compounded quarterly, from the date of issue of any such promissory note to the date of payment thereof. Promissory notes, including all accrued interest thereon, shall be repaid in order of issuance. Loral shall deliver to Telesat all promissory notes that have been paid in full as soon as practicable after payment in full thereof."

4. The definition of "Fair Market Value" contained in Section 1.01 of the Unanimous Shareholders Agreement shall be amended prior to execution of the Unanimous Shareholders Agreement by deleting from the end of such definition the words ", with no discount for minority interests or illiquidity and no premium for a control block of Equity Shares."

5. The Unanimous Shareholders Agreement shall be further amended prior to its execution to add thereto the following provision:

"10.13 **Effectiveness**

Article 3 (Corporate Governance) of this Agreement shall come into effect upon the release from escrow on the date of this Agreement of all documents contemplated by the closing agenda for the acquisition of the shares of Telesat, and the contribution to the

Company of assets from Loral Skynet pursuant to the Skynet Asset Transfer Agreement and subscription and purchase of shares of the Company by PSP pursuant to the PSP Subscription Agreement, including the corporate reorganizations contemplated by such closing agenda and all documents necessary for the financings of the acquisition of such Telesat Shares. The remainder of this Agreement shall come into effect immediately upon execution of this Agreement."

6. This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Province of Ontario (excluding any conflict of laws rule or principle which might refer such construction to the laws of another jurisdiction). Each Party irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario with respect to any matter arising hereunder or related hereto.

(signature page follows)

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

RED ISLE PRIVATE INVESTMENTS INC.

By: /s/ Derek Murphy
Name: Derek Murphy
Title: Vice Chairman

By: /s/ James Pittman
Name: James Pittman
Title: Vice President

PUBLIC SECTOR PENSION INVESTMENT BOARD

By: /s/ Derek Murphy
Name: Derek Murphy
Title: First Vice President, Private Equity

4363205 CANADA INC.

By: /s/ James Pittman
Name: James Pittman
Title: Vice President

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

LORAL SPACE & COMMUNICATIONS INC.

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

LORAL SKYNET CORPORATION

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

SCHEDULE A

SHARE CONDITIONS – SENIOR PREFERRED SHARES

SHARE CONDITIONS – SENIOR PREFERRED SHARES

1. To provide that the rights, privileges, restrictions and conditions attaching to the Senior Preferred Shares are as follows:

   (a) **Dividends:** The holders of the Senior Preferred Shares shall be entitled to receive if, as and when declared by the Directors out of monies of the Corporation properly applicable to the payment of dividends, cumulative preferential dividends at the rate of (i) 7% per annum on the Liquidation Value until a Performance Failure and (ii) 8.5% per annum on the Liquidation Value after a Performance Failure and while such Performance Failure is continuing, in priority to the declaration or payment of dividends or other distributions on the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares, the Redeemable Non-Voting Participating Preferred Shares, the Director Voting Preferred Shares or any other class of shares which ranks junior to the Senior Preferred Shares with respect to dividends. All such dividend amounts shall be paid annually on October 31 of each year to the holders of the Senior Preferred Shares as they appear in the share register of the Corporation on the tenth day prior to each such date, and shall be pro-rated, if applicable for (i) the number of days in which the Senior Preferred Shares shall be outstanding in any year, in relation to the actual number of days in such year, and (ii) the number of days in any year in which a Performance Failure shall not have occurred or be continuing, and the number of days in such year in which a Performance Failure shall have occurred and been continuing, in each case in relation to the actual number of days in such year. The holders of the Senior Preferred Shares shall not be entitled to any dividends other than or in excess of the cumulative dividends provided for in this clause.

   The Annual Dividend Amount (i) shall be paid in cash, if such amount may be paid in cash on the dividend payment date under the terms of the agreements or instruments governing the Acquisition Debt, without recourse to any provision of such agreements or instruments providing for a fixed or calculated amount available for such purposes and other purposes (including without limitation the Applicable Amount as defined in the Senior Secured Credit Facilities (each such provision a “basket provision” provided, that (a) for the avoidance of doubt, a basket provision does not include a covenant that requires compliance with a financial ratio other than with respect to the financial ratio in the Applicable Amount, and (b) a reduction in the “Restricted Payments Basket “ (as defined in the form of indenture for each of the senior exchange notes and the subordinate exchange notes attached to the Senior Bridge Loan Facility and the Senior Subordinate Bridge Facility, as applicable, forming part of the Acquisition Debt) in respect of cash dividend payments on the Senior Preferred Shares will not constitute recourse to a basket provision if the Company is otherwise in compliance with the financial ratio permitting cash dividend

payments on the Senior Preferred Shares)) or (ii) may be paid in cash by utilizing any such basket provisions, if the Directors determine to utilize such basket provisions in order to pay all or part of such Annual Dividend Amount in cash. The Annual Dividend Amount, to the extent not paid in cash on the dividend payment date, shall be paid in additional Senior Preferred Shares ("PIK Shares"). Not later than thirty (30) days prior to any dividend payment date, the Directors shall determine whether the Corporation shall pay any portion or all of the Annual Dividend Amount in cash or in PIK Shares in accordance with the terms of the Acquisition Debt.

If the Directors determine to pay any portion or all of any dividend in PIK Shares, the Corporation shall pay such portion of the Annual Dividend Amount in newly-issued Senior Preferred Shares, at the rate of one Senior Preferred Share per $1,000 of Annual Dividend Amount in respect of which the Directors have determined to pay such dividend in PIK Shares (rounded to the nearest whole Senior Preferred Share in respect of the aggregate dividend paid in PIK Shares to any registered holder of Senior Preferred Shares). Such Senior Preferred Shares shall be duly and validly issued as fully-paid and non-assessable, in the name of the registered holder of the Senior Preferred Shares on which such dividend is to be paid (according to the shareholder register of the Corporation) and certificates evidencing such Senior Preferred Shares shall be mailed to the address of such shareholders as set out in the shareholder register of the Corporation. On and after a dividend payment date, until certificates representing additional Senior Preferred Shares shall have been issued, the certificates representing such shares held by a holder on the dividend payment date shall represent not only such existing shares, but also the additional Senior Preferred Shares issued to such holder pursuant to such dividend.

The Directors shall declare and the Corporation shall pay all dividends on the Senior Preferred Shares to the full extent that they are legally entitled to do so, and the Corporation shall not take any action solely to prevent it from being legally entitled to do so. If the Directors determine that any Annual Dividend Amount may not legally be declared, such Annual Dividend Amount, or the portion thereof which may not legally be declared, shall cumulate from the date on which such annual dividend should have been paid until such dividend is paid in full and at the same rate as is then otherwise payable on the Senior Preferred Shares, and shall be compounded annually.

If the Directors determine to pay any portion or all of any dividend in cash, all such cash dividends shall be paid in the manner provided in By-law Number 1 of the Corporation.

So long as any Senior Preferred Shares remain outstanding, the Corporation shall not pay or declare any dividend, or make any distribution, upon the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares, the Redeemable Non-Voting Participating Preferred Shares and the Director Voting Preferred Shares or the

shares of any other class which ranks junior to the Senior Preferred Shares with respect to dividends unless and until all accrued and unpaid dividends shall have been paid in cash or in PIK Shares in respect of the Senior Preferred Shares.

(b) **Return of Capital upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, in each case, whether voluntary or involuntary, (but for greater certainty, not including an amalgamation, arrangement, consolidation or other merger or similar event, or a sale, exchange, lease or transfer of all or substantially all of the assets of the Corporation), the holders of the Senior Preferred Shares shall be entitled, out of funds available for distribution to shareholders (after satisfaction of all liabilities and financial or monetary obligations to creditors, including without limitation Obligations in respect of the Acquisition Debt, in each case as required by law) and to the extent available for such purpose, in priority to the rights of the holders of Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Director Voting Preferred Shares, the Redeemable Common Shares, the Redeemable Non-Voting Participating Preferred Shares and any other class of shares which ranks junior to the Senior Preferred Shares with respect to distribution of assets on liquidation, dissolution or winding up, to an amount equal to the Liquidation Value with respect to each Senior Preferred Share so held. The holders of Senior Preferred Shares shall not be entitled to any other or additional participation or distribution in the event of the liquidation, dissolution or winding up of the Corporation.

(c) **Voting Rights:** The holders of Senior Preferred Shares shall not be entitled as such to receive notice of, to attend or to vote at any meeting of shareholders of the Corporation, except for meetings of the holders of the Senior Preferred Shares as a class, as provided in Section 7(h). At any meeting of shareholders at which the holders of the Senior Preferred Shares are entitled to vote, each holder shall be entitled to one vote in respect of each Senior Preferred Share held.

(d) **Mandatory Redemption:** Subject to compliance with (i) the terms of all the agreements and instruments governing Acquisition Debt relating to the subject matter of this clause (d) (subject to the exclusion described in the final sentence of this clause (d) with respect to clause (iii) of the definition of Acquisition Debt), and (ii) Section 36(2) of the Canada Business Corporations Act, the Corporation shall redeem for cash all Senior Preferred Shares which have been tendered for redemption by the requested holder thereof at any time on or after October 31, 2019, or on the first date thereafter that it is legally able to do so. A holder of Senior Preferred Shares wishing to have Senior Preferred Shares redeemed shall provide to the Corporation a written notice of redemption specifying the date of redemption (which shall be no less than 30 days from the date of receipt by the Corporation of the notice of redemption, and which can first be sent to the Corporation 30 days before the date on which Senior Preferred Shares can first be tendered for redemption). No agreement or instrument governing

Obligations of the type described in clause (iii) of the definition of Acquisition Debt shall restrict the ability of the Corporation to redeem any Senior Preferred Shares in cash on any such specified redemption date.

(e) **Redemption After a Change of Control:** Subject to compliance with the terms of all the agreements and instruments governing Acquisition Debt relating to the subject matter of this clause (e) (subject to the exclusion described in the following paragraphs of this clause (e) with respect to clause (iii) of the definition of Acquisition Debt), the Corporation shall offer to all holders of Senior Preferred Shares the right to redeem for cash all Senior Preferred Shares then outstanding upon (i) a Change of Control which occurs after ·October 31, 2012 or (ii) on ·October 31, 2012, if prior to such date, a Change of Control has occurred.

With respect to the right described in clause (i) of the first paragraph of this clause (e), such offer of redemption shall be made to all holders of Senior Preferred Shares upon the later of (i)(A) at least 30 days prior to the occurrence of the Change of Control or (B) in the event that the Common Shares are publicly traded and a Change of Control occurs without the Corporation being aware of such event, as promptly as possible upon the Corporation acquiring knowledge of such Change of Control; (ii) the Corporation being able to redeem the Senior Preferred Shares pursuant to Section 36(2) of the Canada Business Corporations Act and (iii) such redemption not being prohibited by the terms of the Acquisition Debt, but excluding, for such purposes, any indebtedness described in clause (iii) of the definition of Acquisition Debt incurred in contemplation of such Change of Control or incurred after such Change of Control (it being understood that no agreement or instrument governing any Obligation of the type described in clause (iii) of the definition of Acquisition Debt that was incurred in contemplation of such Change of Control or incurred after such Change of Control shall restrict the ability of the Corporation to redeem the Senior Preferred Shares in cash pursuant to this clause (e)). Each holder of Senior Preferred Shares to whom an offer of redemption is made may accept such offer of redemption by delivering to the Corporation a redemption acceptance notice, in the form provided by the Corporation with its offer of redemption, within 25 days of the date of the Corporation's offer of redemption, in which case all Senior Preferred Shares in respect of which an accepted offer of redemption has been received by the Corporation within 25 days of the date of the Corporation's offer of redemption shall be called for redemption by the Corporation with effect from the later of the date of Change of Control and such 25th day after the date of the offer of redemption (and such date shall be the redemption date referred to in clause (g) below).

With respect to the right described in clause (ii) of the first paragraph of this clause (e), such offer of redemption shall be made to all holders of Senior Preferred Shares upon the later of (i) 30 days prior to ·October 31, 2012, (ii) the Corporation being able to redeem the Senior Preferred Shares pursuant to Section 36(2) of the Canada Business Corporations Act and (iii) such redemption not

being prohibited by the terms of the Acquisition Debt, but excluding, for such purposes, any term contained in any agreement or instrument governing Obligations, described in clause (iii) of the definition of Acquisition Debt incurred in contemplation of the applicable Change of Control or incurred after such Change of Control (it being understood that no agreement or instrument governing any Obligation of the type described in clause (iii) of the definition of Acquisition Debt that was incurred in contemplation of such Change of Control, or incurred after such Change of Control, shall restrict the ability of the Corporation to redeem the Senior Preferred Shares in cash pursuant to this clause (e)). Each holder of Senior Preferred Shares to whom an offer of redemption is made may accept such offer of redemption by delivering to the Corporation a redemption acceptance notice, in the form provided by the Corporation with its offer of redemption, within 45 days of the date of the Corporation's offer of redemption, in which case all Senior Preferred Shares in respect of which an accepted offer of redemption has been received by the Corporation within 45 days of the date of the Corporation's offer of redemption shall be called for redemption by the Corporation with effect from October 31, 2012 (and such date shall be the redemption date referred to in clause (g) below).

(f) **Optional Redemption:** Unless prohibited by the terms of any agreement or instrument governing the Acquisition Debt, the Corporation may, at its option, redeem at any time or times all or any part of the Senior Preferred Shares registered in the name of any holder of any such Senior Preferred Shares on the books of the Corporation without the consent of such holder by giving notice in writing to such holder specifying:

(i) that the Corporation desires to redeem all or any part of the Senior Preferred Shares registered in the name of such holder;

(ii) any conditions precedent to the effectiveness of the redemption of such Senior Preferred Shares;

(iii) if part only of the Senior Preferred Shares registered in the name of such holder is to be redeemed, the number thereof to be so redeemed;

(iv) the business day on which the Corporation desires to redeem such Senior Preferred Shares. The redemption date shall be the date on which the redemption notice is given by the Corporation unless a later date is specified in the redemption notice; and

(v) the place of redemption.

Any such partial optional redemption shall be made on a pro rata basis with respect to all Senior Preferred Shares then outstanding.

(g) **Redemption Procedures:** The Corporation shall, on the redemption date for any Senior Preferred Shares pursuant to clauses (d), (e) or (f), redeem such Senior Preferred Shares by paying to such holder the then current Liquidation Value per

share on presentation and surrender of the certificate(s) for the Senior Preferred Shares so called for redemption at such place as may be specified in such notice or, if no such place is named, at the registered office of the Corporation. The certificate(s) for such Senior Preferred Shares shall thereupon be cancelled and the Senior Preferred Shares represented thereby shall thereupon be redeemed and cancelled. Such payment shall be made by wire transfer in immediately available funds to the bank account or accounts designated by the holders of Senior Preferred Shares, or if no such account has been designated, then by delivery to such holder of a cheque payable at any branch of the Corporation's bankers for the time being in Canada. From and after the redemption date, holders of Senior Preferred Shares called for redemption shall not be entitled to exercise any of their rights as holders of Senior Preferred Shares unless payment of the said redemption price is not made on the redemption date, in which case the rights of the holders of the said Senior Preferred Shares shall remain unaffected.

The Corporation shall have the right, at any time on or after the date for redemption of Senior Preferred Shares or the mailing or delivery of notice of its intention to redeem Senior Preferred Shares, to deposit the redemption price of the Senior Preferred Shares so called for redemption, or of such of the Senior Preferred Shares which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account maintained by the Corporation with a branch of a Canadian chartered bank or trust company designated by the Corporation in the notice of redemption (the "Trustee") which has offices in the City of Ottawa, to be paid without interest to or to the order of the respective holders of Senior Preferred Shares whose shares have been called for redemption, upon presentation and surrender to the Trustee of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption, whichever is later, the Senior Preferred Shares in respect of which such deposit shall have been made shall be deemed to have been redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving their proportion of the amount so deposited without interest, upon presentation and surrender to the Trustee of the certificate or certificates representing the Senior Preferred Shares being redeemed. Any interest allowed on any such deposit shall belong to the Corporation. Redemption moneys that are represented by a cheque that has not been presented for payment or that otherwise remain unclaimed (including moneys held on deposit in a special account as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation. If less than all Senior Preferred Shares represented by a certificate are redeemed, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing Senior Preferred Shares of such holder which have not been redeemed.

No Senior Preferred Shares acquired by the Corporation shall be reissued, and all such shares shall be cancelled, retired and eliminated from the Senior Preferred Shares which the Corporation shall be authorized to issue.

(h) **Approval of Holders of Senior Preferred Shares** : Subject to compliance with the terms of all agreements and instruments governing the Acquisition Debt relating to the subject matter of this clause (h), the rights, privileges, restrictions and conditions of the Senior Preferred Shares may be added to, changed or removed, or any matter as may by law require the consent of the Senior Preferred Shares may be obtained, only with the approval of the holders of the Senior Preferred Shares given as hereinafter specified.

Subject to compliance with the terms of all agreements and instruments governing the Acquisition Debt relating to the subject matter of this clause (h), the approval of the holders of the Senior Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Senior Preferred Shares, or any other matter as may by law require the consent of the holders of the Senior Preferred Shares, may be given by the affirmative vote of holders of Senior Preferred Shares holding not less than 66- $^{2}/_{3}$% of the Senior Preferred Shares voting on a resolution in respect of such matter or by such other percentage as may then be permitted by law. An increase in the number of Senior Preferred Shares, or the creation of a new class of shares having priority, or ranking pari passu, as to payment of dividends or return of capital upon liquidation, dissolution or winding up of the Corporation, or as to any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, shall not require the consent of the holders of the Senior Preferred Shares. The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting of the holders of the Senior Preferred Shares for such purpose, and in the conduct thereof, shall be those from time to time prescribed by law and by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation.

(i) **Definitions** : With respect to the rights, privileges, restrictions and conditions attaching to the Senior Preferred Shares:

" **Acquisition Debt** " means collectively, (i) Obligations incurred in respect of the Senior Secured Credit Facilities and in respect of the Senior Bridge Loan Facility and the Senior Subordinated Bridge Loan Facility, including the Rollover Loans and Exchange Notes (each as defined in the Senior Bridge Loan Facility or Senior Subordinated Bridge Loan Facility, as applicable), (ii) any indebtedness incurred to refinance the Senior Bridge Loan Facility and/or the Senior Subordinated Bridge Loan Facility and (iii) Obligations incurred in respect of any Refinancing of any indebtedness described in the foregoing clauses (i) and (ii) or this clause (iii);

“ **Affiliate** ” has the meaning set forth in the Canada Business Corporations Act;

“ **Annual Dividend Amount** ” means the amount of dividends payable on each Senior Preferred Share in any year in accordance with Section 7(a);

“ **Change of Control** ” means and shall be deemed to occur if:

(x) a person or group of persons acting jointly or in concert pursuant to the provisions of the Securities Act (Ontario) (other than (A) the Public Sector Pension Investment Board or any of its Affiliates, (“ **PSP Permitted Persons** ”), Loral Space & Communications Inc. or any of its subsidiaries (“ **Loral Permitted Persons** ”) or MHR Fund Management LLC (“MHR”) or any investment funds controlled by MHR (“ **MHR Permitted Persons** ”) and together with PSP Permitted Persons and Loral Permitted Persons, “ **Permitted Persons** ”) or (B) a group of persons who are acting jointly or in concert pursuant to the provisions of the Securities Act (Ontario) in which Loral Permitted Persons and/or MHR Permitted Persons, as part of such group of persons, will own, collectively, 10% or more of the securities having a participating equity interest in the Corporation, 4363213 Canada Inc. (“ **Acquireco** ”) or Telesat Canada, or any of their respective successors, as the case may be, immediately following the Change of Control) acquires after ·October 31, 2007, directly or indirectly, ownership of securities of the Corporation, Acquireco or Telesat Canada or any of their respective successors, as the case may be, having (i) participating equity interest that is greater than fifty-one percent (51%) of the participating equity interest of the Corporation, Acquireco or Telesat Canada, or any of their respective successors, as the case may be, and (ii) aggregate votes that may be cast to elect directors of the Corporation, Acquireco or Telesat Canada, or any of their respective successors, as the case may be, that is greater than fifty-one percent (51%) of the aggregate votes that may be cast for the election of directors of the Corporation, Acquireco or Telesat Canada, or their respective successors, as the case may be (including for such purpose any votes that may be cast for the election of directors that would attach to shares issuable upon exercise of rights of conversion into voting shares which are then exercisable); provided, however, that if a group of persons described in this clause (x) would have caused a Change of Control but for the fact that Loral Permitted Persons and/or MHR Permitted Persons collectively own securities having a 10% or greater participating equity interest in the Corporation, Acquireco or Telesat Canada, or any of their respective successors, as the case may be, immediately following such Change of Control, there shall thereafter be a Change of Control on the date that the Loral Permitted Persons and/or MHR Permitted Persons cease to own, collectively, securities having a 10% or greater participating equity interest in the Corporation, Acquireco or Telesat Canada, or any of their respective successors, as the case may be; or (y) PSP Permitted Persons no longer hold any participating equity in the Corporation, and the Loral Permitted Persons and/or MHR Permitted Persons cease to own, collectively, at least 10% of the participating equity interests of the Corporation, Acquireco or Telesat Canada, or any of their respective successors;

“ **Liquidation Value** ” means the aggregate per Senior Preferred Share of (i) $1,000 and (ii) all accrued and unpaid preferential cumulative dividends on such Senior Preferred Share which, for such purpose, shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid up to the date of determination;

“ **Obligation** ” means any principal, interest, penalties, fees, indemnification, reimbursements, costs, expenses, damages and other liabilities, including any interest accruing subsequent to the date of filing of a petition of bankruptcy or the occurrence of any insolvency, bankruptcy, liquidation, dissolution, receivership, reorganization, winding-up or other similar proceedings;

“ **Performance Failure** ” means that any of the following events has occurred and is continuing: (i) the failure of the Corporation to pay the Annual Dividend Amount on all Senior Preferred Shares in any year on the date that such payment is due either in cash or in Senior Preferred Shares, while such failure shall be continuing, (ii) the failure of the Corporation to redeem all Senior Preferred Shares when required pursuant to section 7(d) and (iii) the failure of the Corporation to redeem such Senior Preferred Shares for which an offer of redemption is accepted in accordance with Section 7(e);

“ **Refinance** ” means, in respect of any indebtedness, Obligations incurred to refinance, extend, renew, defease, amend, restate, modify, supplement, restructure, replace, refund or repay or to issue other indebtedness in exchange or replacement for such indebtedness, including any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the such indebtedness, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof;

“Senior Bridge Loan Facility” means the Senior Bridge Loan Agreement dated as of October 31, 2007 by and among Telesat Interco Inc., 4363230 Canada Inc. (before its amalgamation with Telesat Canada, and thereafter, Telesat Canada), the other borrowers thereunder, the guarantors party thereto, the lenders party thereto, Morgan Stanley Senior Funding, Inc., as Administrative Agent, UBS Securities LLC, as Syndication Agent, and the other agents party thereto, including any guarantees, instruments and agreements executed in connection therewith;

“ **Senior Secured Credit Facilities** ” means the Credit Agreement dated as of October 31, 2007 by and among Telesat Interco Inc., 4363230 Canada Inc. (before its amalgamation with Telesat Canada, and thereafter, Telesat Canada), the other borrowers thereunder, the guarantors party thereto, the lenders party thereto, Morgan Stanley Senior Funding, Inc., as Administrative Agent, UBS Securities LLC, as Syndication Agent, and the other agents party thereto, including any guarantees, collateral documents, instruments and agreements executed in connection therewith;

“ **Senior Subordinated Bridge Loan Facility** ” means the Senior Subordinated Bridge Loan Agreement dated as of October 31, 2007 by and among Telesat Interco Inc., 4363230 Canada Inc. (before its amalgamation with Telesat Canada, and thereafter, Telesat Canada), the other borrowers thereunder, the guarantors party thereto, the lenders party thereto, Morgan Stanley Senior Funding, Inc., as Administrative Agent, UBS Securities LLC, as Syndication Agent, and the other agents party thereto, including any guarantees, instruments and agreements executed in connection therewith;

Exhibit 10.3

SHAREHOLDERS AGREEMENT

BETWEEN

PUBLIC SECTOR PENSION INVESTMENT BOARD

AND

RED ISLE PRIVATE INVESTMENTS INC.

AND

LORAL SPACE & COMMUNICATIONS INC.

AND

LORAL SPACE & COMMUNICATIONS HOLDINGS CORPORATION

AND

LORAL HOLDINGS CORPORATION

AND

LORAL SKYNET CORPORATION
(FOR PURPOSES ENUNCIATED IN SECTION 10.10)

AND

JOHN P. CASHMAN

AND

COLIN D. WATSON

AND

TELESAT HOLDINGS INC. (FORMERLY 4363205 CANADA INC.)

AND

TELESAT INTERCO INC. (FORMERLY 4363213 CANADA INC.)

AND

TELESAT CANADA

AND

MHR FUND MANAGEMENT LLC
(FOR PURPOSES ENUNCIATED IN SECTIONS 2.04, 4.05, 10.08 AND 10.09)

MADE AS OF OCTOBER 31, 2007

TABLE OF CONTENTS

SHAREHOLDERS AGREEMENT

This Agreement is made as of October 31, 2007, between

PUBLIC SECTOR PENSION INVESTMENT BOARD , a Special Act Corporation formed under the laws of Canada (" **PSP Parent** ")

and

RED ISLE PRIVATE INVESTMENTS INC. , a corporation incorporated under the laws of Canada (**"PSP"**)

and

LORAL SPACE & COMMUNICATIONS INC. , a corporation incorporated under the laws of the State of Delaware (" **Loral Space** ")

and

LORAL SPACE & COMMUNICATIONS HOLDINGS CORPORATION , a corporation incorporated under the laws of the State of Delaware (" **Loral Parent** ")

and

LORAL HOLDINGS CORPORATION , a corporation incorporated under the laws of the State of Delaware (" **Loral** ")

and

LORAL SKYNET CORPORATION , a corporation incorporated under the laws of the State of Delaware (" **Loral Skynet** ")

and

JOHN P. CASHMAN , of the City of Toronto, in the Province of Ontario (" **TPI #1** ", and together with TPI #2, the " **Third Party Investors** ")

and

COLIN D. WATSON, of the City of Toronto, in the Province of Ontario (" **TPI #2** ", and together with TPI #1, the " **Third Party Investors** ")

and

TELESAT HOLDINGS INC. (formerly 4363205 CANADA INC.), a corporation incorporated under the laws of Canada (the " **Company** ")

and

TELESAT INTERCO INC. (formerly 4363213 CANADA INC.) , a corporation incorporated under the laws of Canada (" **Interco** ")

and

TELESAT CANADA , a corporation amalgamated under the laws of Canada (**"Telesat"**)

and

MHR FUND MANAGEMENT LLC , a limited liability company formed under the laws of the State of Delaware

RECITALS

A. The authorized capital of the Company will consist of (i) an unlimited number of common shares, convertible on a one-to-one basis at the option of the holder into Voting Participating Preferred Shares or Non-Voting Participating Preferred Shares (each as defined below) (**"Common Shares"**), (ii) an unlimited number of redeemable common shares, convertible on a one-to-one basis at the option of the holder into Redeemable Non-Voting Participating Preferred Shares (the **"Redeemable Common Shares"**), (iii) an unlimited number of participating preferred shares, voting on all matters other than the election of directors and convertible at the option of the holder on a one-to-one basis into Common Shares or Non-Voting Participating Preferred Shares (the **"Voting Participating Preferred Shares"**), (iv) an unlimited number of non-voting participating preferred shares, convertible at the option of the holder on a one-to-one basis into Common Shares or Voting Participating Preferred Shares (the **"Non-Voting Participating Preferred Shares")** , (v) an unlimited number of redeemable non-voting participating preferred shares, convertible on a one-to-one basis at the option of the holder into Redeemable Common Shares (the **"Redeemable Non-Voting Participating Preferred Shares"**), (vi) 1000 fixed rate, non-participating preferred shares, voting only for the election of directors (the **"Director Voting Preferred Shares"**) and (vii) 300,000 non-voting, non-participating senior preferred shares (the **"Fixed Rate Preferred Shares")** , each class of shares as identified above having the rights, restrictions, conditions and limitations set out in the Articles of Amendment of the Company, a copy of which is attached hereto as Schedule A.

B. All the issued and outstanding shares of the Company are owned beneficially and of record by the Shareholders as set out in Schedule B.

C. The Company now owns beneficially and of record all the issued and outstanding shares in the capital of Interco.

D. Interco now owns beneficially and of record all of the issued and outstanding shares in the capital of Telesat.

E. 4363230 Canada Inc., all of the shares of which were owned beneficially and of record by Interco, was amalgamated with Telesat Canada on October 31, 2007, to form Telesat.

F. Loral Skynet has entered into this Agreement conditionally and only upon it becoming a holder of Equity Shares which may be transferred to it pursuant to the Skynet Asset Transfer Agreement and pending a transfer of such Equity Shares to Loral pursuant to Section 7.04.

G. The Shareholders wish to enter into this Agreement to record their agreement as to the manner in which the affairs of the Company, Interco and Telesat shall be conducted.

H. The parties intend this Agreement to be a unanimous shareholder agreement of the Company within the meaning of Section 146 of the CBCA.

FOR VALUE RECEIVED , the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 **Definitions**

In this Agreement:

(a) **"Accepting Shareholder"** has the meaning given to it in Section 7.08(3)(c).

(b) **"Affiliate"** means a Person which, directly or indirectly, Controls, is Controlled by, or is under common Control with, another. For the purposes of this Agreement, neither (i) MHR Fund nor any of its Affiliates shall be considered to be an Affiliate of Loral Space or any of its Affiliates, nor (ii) Loral Space nor any of its Affiliates shall be considered to be an Affiliate of MHR Fund or any of its Affiliates, provided that nothing in this definition shall be construed to imply that either Loral Space is not an Affiliate of any of its Subsidiaries, or that any Subsidiaries of Loral Space are not Affiliates of Loral Space.

(c) **"Agreement"** means this agreement, including any recitals and schedules to this agreement, as amended, supplemented or restated from time to time.

(d) **"Ancillary Agreement"** means an agreement dated August 7, 2007 pursuant to which certain adjustments related to, among other things, the Skynet Asset Transfer Agreement may become payable, in the form attached as Schedule K.

(e) **"Annual Budget"** has the meaning given to it in Section 4.01(3).

(f) **"Applicable Law"** in respect of any Person, property, transaction or event, means all present and future laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event and, whether or not having the force of law, all applicable official directives, rules, consents, approvals, authorizations, guidelines, orders and policies of any Governmental Authority having or purporting to have authority over that Person, property, transaction or event.

(g) **"Arbitration Act"** means the *Arbitration Act 1991* (Ontario).

(h) **"Arbitrator"** has the meaning given to it in Schedule E.

(i) **"Arm's Length"** has the meaning given to it in the *Income Tax Act* (Canada) as in effect on the date hereof.

(j) **"Articles"** means the articles of incorporation of the Company, as amended, restated or replaced from time to time in accordance with this Agreement.

(k) **"Associate"** has the meaning given to that term in the CBCA as in effect on the date hereof. For the purposes of this Agreement, neither (i) MHR Fund, any of its Affiliates, nor any of their respective Affiliates or Associates shall be considered to be an Associate of Loral Space or any of its Associates, nor (ii) Loral Space, any of its Affiliates, nor any of their respective Affiliates or Associates shall be considered to be an Associate of MHR Fund or any of its Associates, provided that nothing in this definition shall be construed to imply that either Loral Space is not an Associate of any of its Subsidiaries, or that any Subsidiaries of Loral Space are not Associates of Loral Space.

(l) **"Auditor"** means the auditor of the Company appointed by the Shareholders from time to time in accordance with this Agreement.

(m) **"Board"** means the board of directors of the Company.

(n) **"Business Day"** means any day other than a Saturday, a Sunday or a day on which (1) the principal Canadian bank of the Company is required or authorized to close in the City of Toronto or banks are closed for business in New York City; or (2) the principal offices of any party to this Agreement as to whom the definition of Business Day is being applied in any specific case are closed or become closed prior to 2:00 p.m. local time, whether in accordance with established company practice or by reason of unanticipated events, including adverse weather conditions.

(o) **"Business Plan"** means the five-year business plan of Telesat as prepared, updated and amended in accordance with Sections 4.01 and 4.02 and includes the Initial Business Plan.

(p) " **Business Plan Update Date** " has the meaning given to it in Section 4.02.

(q) **"By-laws"** means the by-laws of the Company attached to this Agreement as Schedule C, as amended, restated or replaced from time to time in accordance with this Agreement.

(r) **"Capital Lease"** means, for any Person, a lease of any interest in any kind of property (whether real, personal or mixed) or asset by such Person as lessee that is, should be, or should have been, recorded as a "capital lease" on the balance sheet of such Person in accordance with GAAP.

(s) **"CBCA"** means the *Canada Business Corporations Act* , R.S.C. 1985, c. C.44.

(t) **"CEO"** means the chief executive officer of the Company, Interco and Telesat.

(u) **"Change in Law"** has the meaning given to it in Section 7.12.

(v) **"Chairperson"** has the meaning given to it in Section 3.02(3).

(w) **"Common Shares"** has the meaning given to it in Recital A.

(x) **"Company Sale Notice"** has the meaning given to it in Section 7.08(3)(b).

(y) **"Confidential Information"** has the meaning given to it in Section 2.04(1)(a).

(z) **"Consulting Services Agreement"** means the agreement of that name made as of the Effective Date, entered into between Loral Space and Telesat as attached hereto as Schedule D, as amended, restated or replaced from time to time in accordance with this Agreement.

(aa) **"Control"** (including, with correlative meanings, the terms Controlled by and under common Control with) means the possession of the power, in law or in fact, to direct or cause the direction of the management and policies of a corporation whether through legal and beneficial ownership of a majority of voting securities of such corporation, by agreement or otherwise.

(bb) **"Costs and Expenses"** means all costs, expenses and charges of any kind including interest charges on borrowed funds, legal fees and disbursements.

(cc) **"Designee"** has the meaning given to it in Section 7.07(1).

(dd) **"Director"** means a director of the Company.

(ee) **"Director Voting Preferred Shares** " has the meaning given to it in Recital A.

(ff) **"Director Voting Preferred Share Transfer Notice"** has the meaning given to it in Section 7.11.

(gg) **"Drag-along Shareholder"** has the meaning given to it in Section 7.08(2).

(hh) **"Effective Date"** means October 31, 2007.

(ii) **"Equity Shareholder"** means any Shareholder holding Equity Shares.

(jj) **"Equity Shares"** means the Common Shares, the Redeemable Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and the Redeemable Non-Voting Participating Preferred Shares.

(kk) **"Excess Shares"** has the meaning given to it in Section 7.12.

(ll) **"Executive Officer"** means the CEO, Chief Financial Officer or Chief Operating Officer of the Company and any other position of officer specifically referred to in the By-laws as being elected or appointed by the Board.

(mm) **"Extraordinary Resolution"** means a resolution of the Shareholders approved by each of Loral and PSP.

(nn) **"Fair Market Value"** of any Shares means the fair market value per Share of Shares of any class as relevant to such determination on any particular date determined in accordance with Section 8.03, and for the purposes of this determination " **Fair Market Value** " means the highest cash price available in an open and unrestricted market between informed and willing parties acting at Arm's Length and under no compulsion to act.

(oo) **"Fixed Rate Preferred Shares"** has the meaning given to it in Recital A.

(pp) **"GAAP"** means generally accepted accounting principles in effect in Canada including the accounting recommendations published in the Handbook of the Canadian Institute of Chartered Accountants.

(qq) **"Governmental Authority"** means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any court and any government agency, board, commission, tribunal or other authority exercising or purporting to exercise executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

(rr) **"Hedge Agreement"** means any and all transactions, agreements or documents now existing or hereafter entered into by any Person which provide for an interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging exposure to fluctuations in interest or exchange rates, loan, credit exchange, security or currency valuations or commodity prices.

(ss) **"Indebtedness"** of any Person means, without duplication, (i) all obligations of such Person, however incurred, including obligations for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, derivatives or other financial products; (iii) all obligations of such Person as a lessee under Capital Leases; (iv) all obligations or

liabilities of others secured by a Lien on any asset of such Person, irrespective of whether such obligation or liability is assumed; (v) all obligations of such Person to pay the deferred purchase price of assets; (vi) all obligations of such Person owing under Hedge Agreements; and (vii) all obligations of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, indemnified, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness of such other Person under any of clauses (i) through (vi) above.

(tt) **"Independent Director"** has the meaning given to it in Section 3.03(1).

(uu) **"Initial Business Plan"** has the meaning given to it in Section 4.01(1).

(vv) **"Insolvency Proceedings"** by or against a Person means any voluntary or involuntary case or proceeding (including the filing of any notice) under Applicable Law in any jurisdiction, or any action taken pursuant to any contractual right of a secured party under any instrument by which such Person is bound, in respect of the:

(i) bankruptcy, liquidation, winding-up, dissolution or other permanent suspension of general operations of such Person;

(ii) composition, rescheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, all or a material part of the debts or obligations of such Person;

(iii) appointment of a trustee, receiver, receiver and manager, sequestrator, liquidator, administrator, custodian or other official for all or a material part of the assets of such Person; or

(iv) possession, foreclosure or retention, sale or other disposition of, or other proceedings to realize on the security of, all or a substantial part of the assets of such Person in the course of the enforcement of security over such assets.

(ww) **"Intellectual Property"** means all patents and patent rights, industrial designs, trade-marks and trade-mark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, inventions, copyrights and copyright rights, computer software (other than off-the-shelf application software purchased in the ordinary course of business), processes, formulae, trade dress, business and product names, logos, slogans, trade secrets, industrial models, processes, designs, methodologies and related documentation, technical information, manufacturing, engineering and technical drawings, know-how and any pending applications for and registrations of patents, industrial designs, trade-marks, service marks and copyrights, including any goodwill connected with or symbolized by the foregoing.

(xx) **"Interested Party"** means (1) any Shareholder or any Affiliate or Associate of a Shareholder, (2) any director, officer or employee of a Shareholder or any of its Affiliates or Associates or any Associate of such director, officer or employee or (3) any Person who has, or whose Affiliate or Associate has, any relationship with a Shareholder that might be considered to be material to such Person, provided that (i) a Third Party Investor, or an assignee of a Third Party Investor, shall not be considered to be an Interested Party, and (ii) subject to Section 3.03(1), neither MHR Fund, any of its Affiliates or Associates nor any of their respective Affiliates or Associates shall be considered to be an Interested Party except in its capacity as a Shareholder, if and when it becomes a Shareholder (and then only through direct ownership of Shares by MHR Fund or any such Affiliate or Associate, but not through any other Person).

(yy) **"Lien"** means any lien, mortgage, charge, hypothec, encumbrance, security interest, pledge, hypothecation, deposit arrangement, priority, conditional sale agreement, other title retention agreement, lease intended as security or which secures payment or performance of an obligation, or other security agreement or instrument.

(zz) **"Loral Alternative Subscription Agreement"** means an agreement dated August 7, 2007 pursuant to which Loral Space has agreed to transfer cash and assets to the Company in the event that the transactions contemplated by the Skynet Asset Transfer Agreement and the Skynet Sale Agreement shall not have been consummated by October 31, 2008, in the form attached hereto as Schedule I.

(aaa) **"Loral Approval"** means approval by Loral (or any successor thereof), so long as it holds any Equity Shares of the Company, or by a Permitted Transferee of Loral's Equity Shares if Loral no longer holds any Equity Shares, in any case subject to Section 5.02(3).

(bbb) **"Loral Change of Control"** means the occurrence of any of the following events:

(i) Mark Rachesky ceases to own, manage or Control, either directly or through entities managed or Controlled by him, more than 18% of the aggregate voting power of all outstanding securities of Loral Space for the election of directors (including for such purpose any voting power that would attach to shares issuable upon exercise of rights of conversion into voting shares whether exercisable currently or contingently), other than in connection with or as a result of a transfer, in one or more transactions, of securities to a Strategic Competitor;

(ii) a Person or group of Persons who are acting jointly or in concert pursuant to the provisions of the *Securities Act* (Ontario) acquires, directly or indirectly, ownership of securities having the aggregate voting power for the election of directors of Loral Space that is greater than the aggregate

voting power for the election of directors of Loral Space then owned by Mark Rachesky, either directly or through entities managed or Controlled by him (including for such purpose any voting power that would attach to shares issuable upon exercise of rights of conversion into voting shares whether exercisable currently or contingently), other than in connection with or as a result of a transfer, in one or more transactions, of securities to a Strategic Competitor; or

(iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the board of directors of Loral Space, together with any new directors whose election or appointment by such board of directors, or whose nomination for election by the shareholders of Loral Space was approved by a vote of at least a majority of the directors of Loral Space then still in office who were entitled to vote and who were either directors of Loral Space at the beginning of such period or whose election or appointment, or whose nomination for election, was previously approved, ceases for any reason (other than as a result of action of Mark Rachesky, either directly or through entities managed or Controlled by him) to constitute a majority of the board of directors of Loral Space;

provided that in any event (i) a Loral Change of Control shall be deemed to have occurred only once, and not on any subsequent date which may be otherwise considered to be a Loral Change of Control, and (ii) a Loral Change of Control (as defined in clauses (i) and (ii) above) shall be deemed not to have occurred as a result of the voting power (including for such purposes any voting power that would attach to shares issuable upon exercise of right of conversion into voting shares whether exercisable currently or contingently) of Mark Rachesky, whether directly or through entities managed or Controlled by him, in Loral Space being reduced for any reason other than (x) to effect a decision made by him personally, whether directly or indirectly through entities managed or Controlled by him, to reduce such voting power or (y) as a result of an agreement or arrangement entered into by him personally whether directly or through entities managed or Controlled by him; provided that, in the event of a Loral Change of Control, Loral shall notify the Company and PSP promptly upon the occurrence thereof, but in no event more than 10 days after the occurrence of such Loral Change of Control, and if such notification is not made within such 10 day period, the time periods for the exercise of rights by PSP set forth in this Agreement that are triggered from the date of a Loral Change of Control shall be extended by one day for each day (commencing from the end of such 10 day period) that the Company and PSP have not received such notice; provided that, for additional clarity, all rights of PSP that arise from a Loral Change of Control, and all rights of Loral that are modified or cease as a result of a Loral Change of Control, shall arise (in the case of PSP) or be modified or cease (in the case of Loral) as of the date of such Loral Change of Control, with the effect that only the time periods which PSP has to exercise its rights shall be affected by the notice requirements in this proviso.

(ccc) **"Loral Cost"** means an amount per Equity Share equal to the aggregate of (i) the cash contribution made by Loral and/or its Affiliates to the Company in consideration of the issuance to Loral and/or its Affiliates of all Equity Shares purchased by Loral for cash, (ii) the amount paid by Loral and/or its Affiliates for any Equity Shares purchased by Loral and/or its Affiliates upon exercise of all rights of first offer pursuant to Section 7.07 or pre-emptive rights pursuant to Section 6.01, (iii) if the T-11N Contribution shall have occurred, the T-11N Valuation, and (iv) if the closing shall have occurred under the Skynet Asset Transfer Agreement, an amount equal to the product of (X) the Transferred Property Value less the Sale Asset Purchase Price less any MAE Adjustment Amount and (Y) the Agreed Exchange Rate (all as defined in the Skynet Asset Transfer Agreement), divided by the number of Equity Shares acquired by Loral or any of its Affiliates as a result of any of the events described in (i), (ii), (iii) and (iv).

(ddd) **"Loral Default"** means (i) if the transactions contemplated by the Skynet Asset Transfer Agreement shall have been consummated, the failure of Loral Space and its Affiliates to pay or cause to be paid to Holdco the MAE Adjustment Amount (as defined in the Skynet Asset Transfer Agreement) pursuant to and in accordance with Section 2.08(a) of the Skynet Asset Transfer Agreement and, if applicable, Section 2.1(b) of the Ancillary Agreement, or (ii) if the transactions contemplated by the Skynet Asset Transfer Agreement shall not have been consummated prior to the Alternative Subscription Date (as defined in the Loral Alternative Subscription Agreement), the failure of Loral Space and its Affiliates to transfer or deliver, or cause to be transferred or delivered, the Required Loral Alternative Subscription (as defined in the Loral Alternative Subscription Agreement) pursuant to and in accordance with Section 4.1 of the Loral Alternative Subscription Agreement, or to pay the Closing Amount (as defined in the Loral Alternative Subscription Agreement) pursuant to and in accordance with Section 4.3(a) of the Loral Alternative Subscription Agreement; provided, that for the purposes of this definition only, the provisos in Section 2.8(a) of the Skynet Asset Transfer Agreement, Section 2.1(b) of the Ancillary Agreement and Section 4.3(b) of the Loral Alternative Subscription Agreement shall be disregarded; provided further , that if Loral and/or its Affiliates shall have acquired at least 51.2% of the Equity Shares on or prior to the later of the first anniversary after the acquisition by Interco of all of the shares of Telesat and the Alternative Subscription Date (as defined in the Loral Alternative Subscription Agreement), a Loral Default shall only exist if Loral Space or its Affiliates have failed to pay or cause to be paid to Holdco the MAE Adjustment Amount, or alternatively have failed to transfer or deliver, or cause to be transferred or delivered, the Required Loral Alternative Subscription (as defined in the Loral Alternative Subscription Agreement) or to pay the Closing Amount (as defined in the Loral Alternative Subscription Agreement), as the case may be, prior to the date which is eighteen calendar months after the acquisition by Interco of all of the shares of Telesat.

(eee) **"Loral Nominee"** has the meaning given to it in Section 3.02(5)(a).

(fff) **"Material Agreement"** means a contract or other legally binding commitment, or series of related contracts or legally binding commitments, written or oral, entered into or renewed after the date hereof involving payments by the Company, Interco or Telesat, or any combination thereof, in excess of $3,000,000 in the aggregate over its term.

(ggg) **"MHR Fund"** means MHR Fund Management LLC, or any successor thereto, and any of its Subsidiaries, or any Person that Controls, is Controlled by, or is under common Control with MHR Fund Management LLC, or any successor thereto.

(hhh) **"Nominating Committee"** has the meaning given to it in Section 3.03(3).

(iii) **"Non-Resident"** means a person who is not a "resident Canadian" within the meaning of the CBCA or a "Canadian" within the meaning of the regulations promulgated under the *Telecommunications Act* (Canada).

(jjj) **"Non-Voting Participating Preferred Shares"** has the meaning given to it in Recital A.

(kkk) **"Notice"** means any notice, approval, demand, direction, consent, designation, request, document, instrument, certificate or other communication required or permitted to be given under this Agreement.

(lll) **"Notice to Arbitrate"** has the meaning given to it in Schedule E.

(mmm) **"Observer"** has the meaning given to it in Section 3.08.

(nnn) **"Parent"** has the meaning given to it in Section 2.03(2)(a).

(ooo) **"Permitted Purchaser"** means at the time that any offer to sell Shares is made (the **"Relevant Time"**), any Person:

(i) who at the Relevant Time is:

(A) a Shareholder;

(B) MHR Fund;

(C) a Permitted Transferee; or

(D) not a Strategic Competitor of Telesat, or an Affiliate of such a Strategic Competitor;

(ii) in the case of the sale of Equity Shares by any Shareholder other than Loral to a Person not named in clauses (i) (A), (B) and (C) of this definition, and other than a sale made pursuant to Sections 7.08(1), 7.08(3), 7.09 or 7.11, in respect of whom Loral shall have consented to the sale of such Shares by such Shareholder, which consent shall not be unreasonably withheld;

(iii) in the case of the sale of Equity Shares by any Shareholder other than PSP to a Person not named in clauses (i) (A), (B) and (C) of this definition, and other than a sale made pursuant to Section 7.08(2) or 7.10, in respect of whom PSP shall have consented to the sale of such Shares by such Shareholder which consent shall not be unreasonably withheld;

(iv) in the case of a purchaser of Director Voting Preferred Shares, who at the relevant time is an "accredited investor" as defined in Section 1.1 of OSC Rule 45-501 issued pursuant to the *Securities Act* (Ontario); and

(v) in the case of each of (i), (ii), (iii) and (iv) of this definition, to whom the sale of the applicable Shares would not be prohibited by Applicable Law and in respect of which sale any required Regulatory Approval, if any, has been obtained or could reasonably be expected to be obtained on terms and conditions reasonably acceptable to the purchaser, the vendor and Telesat;

provided that where Shares are to be purchased by one Person (an " **Agent** ") (whether as agent, nominee, trustee, broker or otherwise), for the benefit of or on behalf of another Person (the **"Principal** "), for the purpose of determining whether the Person purchasing such Shares is a Permitted Transferee, regard shall be had to both the Agent and the Principal.

(ppp) **"Permitted Transferee"** has the meaning given to it in Section 7.04(1).

(qqq) **"Person"** means any natural person, sole proprietorship, partnership, body corporate, corporation, company, trust, joint venture, any Governmental Authority or any incorporated or unincorporated entity or association of any nature.

(rrr) **"Plan Period"** has the meaning given to it in Section 4.01(2)(b).

(sss) **"Pro Rata Proportion"** of any Shareholder at any time means the percentage that the number of Equity Shares that the Shareholder owns at that time is of the total number of issued and outstanding Equity Shares.

(ttt) **"Proposed Purchaser"** has the meaning given to it in Section 7.08(3)(c).

(uuu) **"PSP Call Notice"** has the meaning given to it in 7.09(a).

(vvv) **"PSP Designee"** has the meaning given to it in Section 7.09(a).

(www) **"PSP Nominee"** has the meaning given to it in Section 3.02(5)(a).

(xxx) **"PSP Sell-Down"** means the right of PSP to transfer (i) up to 26.667% of the Fixed Rate Preferred Shares owned by PSP on the Effective Date, (ii) any

additional amount of Fixed Rate Preferred Shares owned by PSP from time to time as long as (a) the Board resolves in writing prior to such transfer that such transfer of such additional amount will not cause material adverse tax consequences to the Company or (b) such transfer is being made contemporaneously with or following the transfer of all Equity Shares then owned by PSP and its Affiliates, and (iii) up to .5601% of the Equity Shares owned by PSP on the Effective Date.

(yyy) **"Recipient"** means, with respect to Confidential Information, a Person identified in Section 2.04(1)(b).

(zzz) **"Redeemable Common Shares"** has the meaning given to it in Recital A.

(aaaa) **"Redeemable Non-Voting Participating Preferred Shares"** has the meaning given to it in Recital A **.**

(bbbb) **"Regulatory Approval"** in respect of any transaction or proposed transaction means all material approvals, rulings, authorizations, permissions, filings, consents, orders and sanctions (including the lapse without objection of a prescribed time under a statute, regulation, by-law, rule or other legislative or regulatory requirement that states that a transaction may be implemented if a prescribed time elapses following the giving or filing of notice without an objection being made) required to be obtained from or made to any Governmental Authority having jurisdiction or authority over any of the parties to such transaction to permit the completion of such transaction, including those required under the *Competition Act* (Canada), the *Investment Canada Act* (Canada) and the *Telecommunications Act* (Canada).

(cccc) **"ROFO Notice"** has the meaning given to it in Section 7.07(1).

(dddd) **"Sale Closing Date"** means the date on which any sale of Shares permitted under this Agreement is to be completed in accordance with the relevant provision of this Agreement or as otherwise agreed between the parties.

(eeee) **"Satellite Communications Business"** means the business of leasing, selling or otherwise furnishing fixed satellite service, broadcast satellite service (" **BSS** ") or audio and video broadcast direct to home service (" **DTH** ") using transponder capacity in the C-band, Ku-band and Ka-band (including in each case extended band) frequencies and the business of providing end-to-end data solutions on networks comprised of earth terminals, space segment, and where appropriate, networking hubs.

(ffff) **"Share"** means any of the shares in the capital of the Company.

(gggg) **"Shareholder"** means a Person who owns Shares.

(hhhh) **"Shareholder Nominee"** means any of the PSP Nominees and the Loral Nominees.

(iiii) **"Skynet Asset Transfer Agreement"** means an agreement dated •, 2007 pursuant to which Loral Skynet will transfer certain assets of Loral Skynet to the Company in exchange for Equity Shares, in the form attached as Schedule F.

(jjjj) **"Skynet Sale Agreement"** means an agreement dated August 7, 2007 pursuant to which Loral Skynet will sell to Skynet Satellite Corporation for cash certain assets of Loral Skynet, in the form attached as Schedule J.

(kkkk) **"Special Shareholder Approval"** means the approval of each of PSP and Loral, evidenced by a written instrument executed on behalf of each of PSP and Loral; provided that if Loral sells more than 75% of the Equity Shares owned by Loral and identified in Schedule B (or if the transactions contemplated in the Skynet Asset Transfer Agreement shall have been consummated, more than 75% of the Equity Shares issued to Loral pursuant to such Agreement), after adding thereto (i) any Equity Shares acquired by Loral pursuant to the Loral Alternative Subscription Agreement and (ii) any Equity Shares acquired by Loral at any time including upon exercise of pre-emptive rights pursuant to Section 6.01 and upon exercise of rights of first offer pursuant to Section 7.07, then from the date of the sale through which such aggregate percentage of Equity Shares is sold, the approval of Loral shall not be required; and further provided that if PSP sells more than 50% of the Equity Shares owned by PSP and identified in Schedule B, after adding thereto any Equity Shares acquired by PSP at any time including upon exercise of pre-emptive rights pursuant to Section 6.01 and upon exercise of rights of first offer pursuant to Section 7.07, then from the date of sale through which such aggregate percentage of Equity Shares is sold, the approval of PSP shall not be required.

(llll) **"Strategic Competitor"** , with reference to the Company or Telesat, means a Person who is a provider of satellite communications services (which shall include, without limitation, direct to home services) where the sale of such services equals at least 10% of the total annual revenue of such Person and its Affiliates for the most recently completed fiscal year determined on a consolidated basis.

(mmmm) **"Subscription Date"** has the meaning given to it in Section 6.01(2)(c).

(nnnn) **"Subscription Period"** has the meaning given to it in Section 6.01(3).

(oooo) **"Subsidiary"** means a subsidiary body corporate within the meaning of the CBCA but as if the term "control" as used in the CBCA for the purposes of the definition of "subsidiary body corporate" had the meaning given to "Control" in Section 1.01(aa) hereof. For the purposes of this Agreement, Loral shall not be considered to be a Subsidiary of MHR Fund.

(pppp) **"transfer"** , when applied to Shares, has the meaning given to it in Section 7.01.

(qqqq) **"T-11N Contribution"** has the meaning given to it in Section 4.1 of the Loral Alternative Subscription Agreement.

(rrrr) **"T-11N Valuation"** has the meaning given to it in Section 1.1 of the Loral Alternative Subscription Agreement.

(ssss) **"Valuer"** has the meaning given to it in Section 8.03(2)(a).

(tttt) **"Vendor's Valuer"** has the meaning given to it in Section 8.03(2)(b).

(uuuu)" **Voting Participating Preferred Shares** " has the meaning given to it in Recital A.

(vvvv) **"Wholly-Owned Subsidiary"** means a Subsidiary of another body corporate, all of the voting securities of which are owned by such other body corporate.

1.02 **Headings and Table of Contents**

The division of this Agreement into sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.

1.03 **References**

Unless otherwise specified, references in this Agreement to Sections and Schedules are to sections of, and schedules to, this Agreement.

1.04 **Number and Gender; extended meanings**

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" shall be interpreted to mean "including without limitation".

1.05 **Time of Day**

Unless otherwise specified, references to time of day or date mean the local time or date in the City of Toronto, Ontario.

1.06 **Business Day**

If under this Agreement any payment or calculation is to be made or any other action is to be taken, on or as of a day which is not a Business Day, that payment or calculation is to be made, and that other action is to be taken, as applicable, on or as of the next day that is a Business Day. Any extension of time will be included for the purposes of computation of interest.

1.07 **Governing Law**

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

1.08 **Conflict**

If there is a conflict between the provisions of this Agreement and the Articles or By-laws, the provisions of this Agreement shall prevail to the extent permitted by the CBCA and other Applicable Law. If there is a conflict between any provision of this Agreement and any other document contemplated by or delivered under or in connection with this Agreement (except an instrument delivered under Section 10.08 or changes to the shareholding set out in Schedule B as a result of consummation of the transactions contemplated by the Skynet Asset Transfer Agreement or the Loral Alternative Subscription Agreement), the relevant provision of this Agreement shall prevail.

1.09 **Severability**

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect

(a) the legality, validity or enforceability of the remaining provisions of this Agreement; or

(b) the legality, validity or enforceability of that provision in any other jurisdiction.

1.10 **Time of Essence**

For every provision of this Agreement, time is of the essence.

1.11 **Statutory References**

Unless otherwise provided herein, each reference to an enactment is deemed to be a reference to that enactment, and to the regulations made under that enactment, as amended or re-enacted from time to time.

1.12 **Schedules**

The following Schedules are attached to and form part of this Agreement:

Schedule A	-	Articles of Amendment of the Company
Schedule B	-	Shareholdings
Schedule C	-	By-laws of the Company
Schedule D	-	Consulting Services Agreement
Schedule E	-	Arbitration Procedures
Schedule F	-	Skynet Asset Transfer Agreement
Schedule G	-	PSP Parent Investment Policies
Schedule H	-	Acknowledgement of Transferees of Shares
Schedule I	-	Loral Alternative Subscription Agreement
Schedule J	-	Skynet Sale Agreement
Schedule K	-	Ancillary Agreement

1.13 **Entire Agreement**

This Agreement, and all documents contemplated by or delivered under or in connection with this Agreement, constitute the entire agreement between the parties with respect to the subject matter thereof and supersede all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral, with respect to the subject matter thereof, including the letter agreement between Loral Space and PSP Parent dated December 14, 2006, and any memoranda or statements prepared by any of the parties or their respective counsel, including any document prepared for submission, or submitted, to BCE Inc., its advisors, or any other party, in connection with the acquisition by Interco of Telesat Canada, concerning the proposed terms and conditions of this Agreement.

1.14 **GAAP**

Unless otherwise specified, all financial statements to be prepared in respect of any accounting period are to be prepared in accordance with GAAP applied on a basis consistent with that of the prior accounting period.

1.15 **Unanimous Shareholder Agreement**

This Agreement is intended to be a unanimous shareholder agreement of the Company within the meaning of Section 146 of the CBCA. To the extent that this Agreement specifies that any matter may only be, or shall be, dealt with or approved by or requires action by a Shareholder or the Shareholders, the powers of the directors of the Company to manage the business and affairs of the Company with respect to those matters are correspondingly restricted.

ARTICLE 2 - REPRESENTATIONS, WARRANTIES AND COVENANTS

2.01 **Shareholders**

Each Shareholder severally represents and warrants to the other parties that:

(a) except for the Third Party Investors, it has been duly incorporated and is validly subsisting as a corporation under the laws of its jurisdiction of incorporation;

(b) it has the corporate power, or in the case of a Third Party Investor, he has the power, to own the Shares owned by it or him and to enter into and to perform its or his obligations under this Agreement;

(c) it or he owns beneficially and of record the Shares set out opposite its or his name in Schedule B;

(d) the Shares set out opposite its or his name in Schedule B are held by it or him free and clear of all Liens or adverse claims of any other Person and no Person, other than the parties pursuant to the provisions of this Agreement, has any agreement or any option or right capable of becoming an agreement for the acquisition of any such Shares;

(e) this Agreement has been duly authorized, executed and delivered by it or him and constitutes a legal, valid and binding obligation enforceable against it or him in accordance with its terms subject, as to enforcement, to Applicable Law affecting the rights of creditors generally and to general principles of equity and the availability of equitable remedies which are in the discretion of the court;

(f) the execution, delivery and performance of this Agreement will not violate any material provision of any indenture, agreement or other instrument to which it or he is a party or by which it or he is bound or conflict with, result in or constitute a material breach of, or constitute a material default under, any such indenture, agreement or other instrument or result in the creation or imposition of any Lien on any of its or his property or assets; and

(g) in the case of each Third Party Investor, such Person qualifies as an Independent Director pursuant to Section 3.03 and is a "resident Canadian" within the meaning of the CBCA and a "Canadian" within the meaning of the regulations passed under the *Telecommunications Act* (Canada).

2.02 **Telesat**

(1) Shareholdings in Telesat . The Company represents and warrants to the other parties hereto that it owns, beneficially and of record, all the issued and outstanding shares in the capital of Interco. Interco represents and warrants to the other parties hereto that it owns, beneficially and of record, all of the issued and outstanding shares of Telesat. The Company and Interco each acknowledge that under Section 5.01(1)(c), any sale, lease, exchange, transfer, encumbrance or other disposition of such shares of Interco owned by the Company, or of Telesat owned by Interco, must be authorized by Special Shareholder Approval.

(2) Control Over Interco and Telesat . The Company shall cause Interco to take or cause to be taken all such actions as may reasonably be required to give effect to the intent of this Agreement. Interco shall cause Telesat to take or cause to be taken all such action as may be reasonably required to give effect to the intent of this Agreement.

(3) Unanimous Shareholder Declaration . Without limiting Section 2.02(2), immediately after the execution and delivery of this Agreement, the Company, in its capacity as sole shareholder of Interco, and Interco, in its capacity as sole shareholder of Telesat, shall each make a written declaration in accordance with subsection 146(2) of the CBCA in form and substance satisfactory to the Shareholders. Such written declarations shall (x) restrict the powers of the directors of Interco, or Telesat, as the case may be, to manage its business and affairs in the same manner as this Agreement restricts the powers of the Directors to manage the business and affairs of the Company, (y) provide that the directors and executive officers of Interco and Telesat shall be the same as the Directors and Executive Officers, and (z) apply to Interco and Telesat terms and conditions of substantially the same tenor and effect as those contained in Article 3 and Article 5 . The Company shall not amend waive, vary, rescind or terminate such written declaration, and the Company shall not permit Interco or Telesat to, and Interco and Telesat shall not, amend, waive, vary, rescind or terminate such written declaration, unless so authorized by Extraordinary Resolution.

2.03 **Covenants of the Shareholders**

(1) Voting . Each of the Shareholders agrees that (1) it will vote or cause to be voted all the Shares owned by it and otherwise act, and in all other respects use its reasonable best efforts and take all such steps as may be within its power, so as to comply with, and to cause its Controlled Affiliates and the Company to comply with, and act in a manner consistent with, the provisions of this Agreement and so as to implement this Agreement; and (2) if any Shareholder Nominee nominated by it refuses or fails to exercise his or her discretion in a manner consistent with this Agreement, notwithstanding anything to the contrary in this Agreement, such Shareholder shall take all necessary actions to remove such Shareholder Nominee as a Director and as a director of Interco and Telesat and the other Shareholders shall co–operate in such action.

(2) Subsidiaries.

(a) Each party to this Agreement, except MHR Fund until it shall become, and only so long as it continues to be, a Shareholder (each, a **"Parent"**), covenants and agrees with each other party to this Agreement that it shall cause, directly or through its Affiliates, each of its Subsidiaries and Controlled Affiliates (whether now or hereafter existing) that may or at any time own Shares (each a **"Subsidiary Shareholder"**), to perform the Subsidiary Shareholder's obligations under and otherwise act in accordance with this Agreement. A Parent shall be jointly and severally liable, as principal obligor and not as a guarantor, with any such Subsidiary Shareholder for the due performance by the Subsidiary Shareholder of its obligations under this Agreement. The obligation of each Parent hereunder is unconditional and any party hereto may obtain the enforcement of the obligations of such Parent without any requirement that such party first proceed against the Parent's Subsidiary Shareholder; and each Parent hereby waives the benefit of any defences available to a guarantor or other surety in respect of such obligation.

(b) Each Parent covenants and agrees with the other parties that:

(i) it shall retain direct or indirect Control of any Subsidiary Shareholder so long as the Subsidiary Shareholder holds Shares; and

(ii) it shall not agree to be or be the subject of or a party to any transaction whereby or as a consequence of which Equity Shares or voting interests therein would be or are acquired, directly or indirectly through a chain of ownership, by a Strategic Competitor of the Company or Telesat.

(c) Without limiting Section 2.03(2)(b), neither the Board nor the Company shall recognize any direction, instruction or notice from any Person or group of Persons who acquires, directly or indirectly, Control of a Subsidiary Shareholder as a result of a transfer or acquisition of securities of such Subsidiary Shareholder or securities or other voting interests of any other Person resulting in a breach of this Section 2.03(2).

(d) For greater certainty, nothing in this Section 2.03(2) shall prevent, restrict, impede or in any manner affect any transaction or series of related transactions through which Loral Space may be merged, combined or amalgamated with or into any other Person, or any securities or assets of Loral Space or any of its Affiliates (other than Loral, the Company or any of its Subsidiaries) may be sold to, transferred to or exchanged for securities or property of any other Person.

(e) For the purposes of this Section 2.03(2), MHR Fund shall be deemed not to be a party to this Agreement and this Section 2.03(2) shall not apply to MHR Fund, nor shall it create any obligation on MHR Fund, until MHR Fund shall become, and only so long as it continues to be, a Shareholder.

2.04 **Confidentiality.**

(1) Defined Terms . For the purposes of this Section 2.04:

(a) **"Confidential Information"** means all oral, written and/or tangible information, documentation, knowledge, data or know-how that is owned, acquired or controlled by, or relating to:

(i) the Company, Interco or Telesat, or any of their Subsidiaries, or acquired or developed for the benefit of the Company, Interco, Telesat, or any of their Subsidiaries, or

(ii) a Shareholder and disclosed to another Shareholder in connection with the business and affairs of the Company, Interco or Telesat or the exercise of any rights of a Shareholder under this Agreement,

(each of the Company, Interco, Telesat and such Shareholder, being an **"Owner"**), regardless of its form, that is confidential, proprietary and/or not generally available to the public, including information relating in whole or in part to present and future products, services, business plans and strategies, marketing ideas and concepts (including those with respect to unannounced products and services), unpatented inventions, software, present and future product plans, pricing, financial data, product enhancement information, business plans, marketing plans, sales strategies, customer information or technical and business information, supplier and customer lists, marketing information, product information, trade secrets and computer software, but excluding any information:

(A) that is already known to the Recipient other than as a result of disclosure made to such Recipient related to the acquisition of a shareholding interest in the Company or the acquisition by Interco of Telesat;

(B) that is or becomes part of the public domain by publication or otherwise without any breach of this Agreement;

(C) that has been published or is otherwise in the public knowledge or is generally known to the public at the time of its disclosure to the Recipient or that is obtained after the date of this Agreement from another source without any breach of this Agreement; or

(D) that was not obtained from another source and that can be demonstrated by the Recipient to have been known or available to or independently developed by the Recipient before disclosure to the Recipient.

For greater certainty, this Agreement and the unanimous shareholder declaration of Interco and Telesat referred to in Section 2.02(3) constitute Confidential Information.

(b) **"Recipient"** of Confidential Information means any Person that is a party to or bound by this Agreement and that acquires, receives or otherwise becomes aware of Confidential Information.

(2) Prohibited Disclosure . From and after the date hereof, each Recipient shall, and shall cause its Affiliates and Associates to, keep confidential and not disclose to any Person any Confidential Information except as permitted under Section 2.04(3).

(3) Permitted Disclosure . A Recipient may disclose Confidential Information:

(i) for the purpose of advancing the business or interests of the Company, Interco or Telesat including for the purposes of obtaining all approvals for the acquisition of Telesat by Interco;

(ii) to those of its, or its Associates' or Affiliates', directors, employees, agents or advisors who either are bound by the duties of their employment or engagement to maintain the confidentiality of the Confidential Information or enter into a confidentiality agreement in a form reasonably acceptable to the Owner;

(iii) to MHR Fund;

(iv) as may be required of the Recipient under Applicable Laws, subject to use of reasonable best efforts to prevent or withhold, or minimize, disclosure pursuant to such Applicable Laws, and subject to providing the Company, to the extent not prohibited under Applicable Law, with prompt notice prior to the time of such disclosure in order to permit the Company to seek an appropriate protective order;

(v) as may be necessary to describe the basis of the transaction for the acquisition of Telesat, the transaction size and the names of the parties involved, as part of the promotional materials of a Shareholder or MHR Fund;

(vi) to any Person authorized by the applicable Owner to receive Confidential Information;

(vii) to any Person to whom such disclosure is required in order for the Recipient to defend or prosecute successfully an action, claim or proceeding to which the Recipient is a party;

(viii) to any Person to whom disclosure is required or requested to be made as contemplated by Section 2.04(6); and

(ix) to any Person to whom a Shareholder wishes or has offered to sell all or part of such Shareholder's Shares provided that such Person has executed and delivered to the Owner a confidentiality agreement in form and substance satisfactory to the Owner, acting reasonably, relating to Confidential Information that may be disclosed to such Person in the course of negotiations.

(4) Notwithstanding anything to the contrary contained in this Agreement, no press release or public statement that mentions PSP or Red Isle shall be made by any party to this Agreement without the prior consent of PSP, unless such mentioning is required by Applicable Law or the obligation of a party or its Affiliate pursuant to any listing agreement with or rules of any stock exchange or securities commission.

(5) Treatment of Confidential Information . Each Recipient shall use at least the same degree of care in maintaining the confidentiality of any Confidential Information in its possession or under its control as it uses in maintaining the confidentiality of its own confidential information of comparable nature and importance, but in no event with less care than is reasonable given the nature of the Confidential Information.

(6) Legal Compulsion . A Recipient (and its Affiliates and Associates) may disclose Confidential Information if so requested or required by any Governmental Authority of competent jurisdiction (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) and if at the time of such request or requirement the Recipient is reasonably satisfied (whether on the basis of express or implied undertakings or other reliable assurances, established administrative practice or requirements imposed by Applicable law) that the recipient of such Confidential Information will be required to maintain such Confidential Information in confidence.

(7) Remedies for Breach . Each party acknowledges that a breach or threatened breach of its obligations under this Section 2.04 to any Owner would result in irreparable harm to such Owner which could not be calculated or adequately compensated by recovery of damages alone. Each party therefore agrees that any Owner whose Confidential Information a Recipient discloses or threatens to disclose in breach of this Agreement shall be entitled to interim or permanent injunctive relief, specific performance and such other equitable remedies against such Recipient (or its Affiliates or Associates) to restrain or remedy such breach.

2.05 **Covenants of the Company, Interco and Telesat**

Each of the Company, Interco and Telesat, by the execution of this Agreement, hereby acknowledges that it has actual notice of the terms hereof and hereby covenants with each of the other parties that it will at all times prior to the termination of this Agreement be governed by this Agreement in conducting its business and affairs and shall do or cause to be done all such acts, matters and things as may from time to time be necessary or appropriate to the carrying out of the terms and intent hereof.

ARTICLE 3 - CORPORATE GOVERNANCE

3.01 **Board of Directors: General.**

(1) Authority and Independence . The Board shall have overall responsibility for managing and supervising the management of the business and affairs of the Company; and the power and authority of the Directors shall be subject only to such restrictions as are imposed by Applicable Law and by this Agreement. Except as expressly restricted herein, as far as possible, the power, authority and discretion of the Board shall be exercised independently and at Arm's Length from the Shareholders as if it were a board of directors of a publicly held corporation, with a view to the best interests of the Company as a whole, notwithstanding the fact that certain of the Directors are Shareholder Nominees.

(2) Information and Access: Business Conflicts . In order to resolve as expeditiously as possible, and in a manner that will promote the best interests of the Company, any conflicts of business objectives or interests between the Company, Interco or Telesat and any Shareholder (a **"Conflicted Shareholder"**), the Board may retain, at the expense of the Company, Interco or Telesat, technical and other advisors to assist in such resolution, and the Chairperson of the Board or the Board as a whole shall have the right to consult with the Executive Officers concerning the matters giving rise to the conflict in the absence of any Shareholder Nominee that is an Interested Party of the Conflicted Shareholder and, if Loral or any of its Affiliates is the Conflicted Shareholder, any Loral Nominee. Any such conflict shall be resolved by the Board in the manner required by the CBCA and in accordance with Section 3.01(1).

3.02 **Number and Election of Directors**

(1) Composition and Term . The Board shall consist of not less than four and not more than ten Directors, with the number of Directors being initially set at ten Directors. If the number of Directors is reduced below ten, such reduction shall be made proportionately and as applicable at the relevant time between directors nominated by Loral and by PSP, and the number of Independent Directors, but there shall not be any reduction in the number of Directors except with the prior written consent of each of Loral and PSP. Each Director shall hold office until the next annual meeting of the Shareholders after his or her election.

(2) Identical Boards . The members of the board of directors of each of Interco and Telesat shall at all times be the same as the members of the Board. To accomplish this end, the resignation, removal or election of a Director of the Company shall be deemed to effect at the same time the resignation, removal or election, as the case may be, of the same director of Interco and Telesat, without further formality; however, as soon as practicable after any change

in the composition of the Board, the Company with respect to Interco, and Interco with respect to Telesat, shall take or cause to be taken such steps as may be necessary to confirm, ratify and evidence such change in the board of directors of each of Interco and Telesat.

(3) Chairperson . The Board shall have a chairperson (**"Chairperson"**) who shall be elected annually by the affirmative vote of a majority of the Directors. The Chairperson may not be an employee or officer of either the Company, Interco or Telesat. The Chairperson shall be responsible for such matters as:

(a) introducing proposals to the Board on matters that require Board approval;

(b) setting the agenda for Board meetings;

(c) convening and presiding at Board meetings;

(d) presiding at meetings of Shareholders; and

(e) circulating minutes for approval by the Directors.

The Chairperson shall not have a tie-breaking or casting vote and, except as may be conferred upon him or her by resolution of the Directors related to the execution of contracts approved by the Board, or in respect of the negotiation and execution of contracts within parameters set by the Board, or except as conferred by him or her in the By-laws, shall not have the authority to bind the Company.

(4) Compensation . No Shareholder Nominee shall receive compensation for his or her services as a Director.

(5) Election and Qualification of Directors .

(a) Elections . All Directors shall be elected or confirmed in office at an annual general meeting or special meeting of Shareholders. Loral shall have the right to nominate and have elected three nominees to the Board (each, a **"Loral Nominee"**), and PSP shall have the right to nominate and have elected three nominees to the Board (each, a **"PSP Nominee"**). The remaining four Directors, which will include the two Third Party Investors, and the remaining four directors of Interco and Telesat, which will also include the two Third Party Investors, shall be Independent Directors. All Shareholders shall vote their Shares at meetings of the Shareholders and act in all other respects in connection with the corporate proceedings of the Company to ensure that the nominees of Loral and PSP are elected and maintained in office from time to time as Directors.

(b) Residency . Unless otherwise permitted by Applicable Law, no more than 20% of the Directors and no more than 20% of the directors of Interco and Telesat may be individuals who are Non-Residents. Loral shall have the exclusive right to nominate the maximum number of Non-Residents as Loral Nominees unless it expressly waives such right, which it may do with respect to each or both of such Loral Nominees, in whole or in part.

(6) Committees of Directors . The Board may appoint from among its members and maintain an audit committee, pension committee and compensation committee and, subject to the following sentence, such other committees as the Board may approve from time to time and shall delegate to each such committee appropriate powers within its terms of reference to the extent permitted by this Agreement and by Applicable Law. The Board shall not appoint an executive committee, it being the intention of the Shareholders and the Company that such matters as would be customarily delegated to an executive committee shall be the responsibility of the full Board. Each such committee shall have three members and shall be chaired either by the Chairperson of the Company or by an Independent Director. The members of each committee shall be one of the four Independent Directors, one Loral Nominee and one PSP Nominee. No business shall be conducted, or shall continue, at any meeting of any committee unless a majority of the members present, and continuing to be present, are individual Canadians (within the meaning of section 2 of the Canadian Telecommunications Common Carrier Ownership and Control Regulations promulgated pursuant to the *Telecommunications Act* (Canada) who are not persons who are or have been Interested Parties in relation to any Shareholder who is a Non-Resident.

(7) Vacancies of Shareholder Nominees . If any vacancy on the Board occurs from the retirement, resignation, death or removal of a Loral Nominee, a PSP Nominee or an Independent Director, as the case may be, a replacement for such Loral Nominee or PSP Nominee may be nominated by Loral or PSP, respectively, or the Nominating Committee shall nominate a replacement Independent Director. Upon the occurrence of such a vacancy, the Directors shall call a special meeting of Shareholders, or each Shareholder shall sign a unanimous shareholders resolution, and each Shareholder agrees to exercise its voting rights at any such meeting, or sign any such unanimous shareholders resolution, in such manner as may be required to elect a replacement for the Loral Nominee, PSP Nominee or Independent Director in the manner aforesaid. The newly elected Loral Nominee, PSP Nominee or Independent Director shall serve the balance of the term of his or her predecessor.

(8) Removal of Shareholder Nominees .

(a) Loral may requisition a meeting of Shareholders, or the execution of a unanimous shareholders resolution, to remove any Loral Nominee from the Board. PSP may requisition a meeting of Shareholders, or the execution of a unanimous shareholders resolution, to remove any PSP Nominee from the Board.

(b) No Loral Nominee may be removed from the Board unless such removal is first approved at a meeting of Shareholders at which Loral votes in favour, or unless Loral signs a unanimous shareholders resolution in favour of such removal, and no PSP Nominee may be removed unless such removal is first approved at a meeting of Shareholders at which PSP votes in favour or unless PSP signs a unanimous shareholder resolution in favour of such removal.

3.03 **Independent Directors.**

(1) Qualifications . **"Independent Director"** means any Director who is not a Shareholder Nominee, who has been designated as a candidate for the office of Independent

Director in accordance with this Section 3.03(3), who is qualified to act as a director under Applicable Law, and who at the time of his or her nomination:

(a) is an individual in good standing in the business community with experience as a company director;

(b) is not, and has not been within the last three years prior to being nominated, employed (other than as a Director or a director or officer of Telesat or as a Third Party Investor) by an Interested Party;

(c) is not an Interested Party, provided that in applying the term "Interested Party" solely in and for the purposes of this Section, but not in or for the purposes of any other Section, or cross reference to this Section, in this Agreement, MHR Fund shall be deemed to be a Shareholder; and

(d) has no other relationship (other than as a Director or as a director of Interco or Telesat) or characteristics that could reasonably be expected to compromise his or her independence in fact from all Interested Parties.

Notwithstanding the foregoing, no action by a Director designated as an Independent Director shall be invalid by reason only that such Director did not meet the foregoing qualifications at the time such action was taken.

(2) Organizational Meeting . As soon as practicable following the Closing, the Shareholders will convene a special Shareholders' meeting to elect the Directors.

(3) Independent Directors: Nominations and Challenges . Not later than 60 days before each meeting of Shareholders at which Independent Directors are to be elected, either of PSP or Loral may request the formation of a nominating committee to propose nominees for the Independent Directors to be elected at such meeting. Such nominating committee, once proposed, shall meet within 10 days of the date of proposal by either PSP or Loral. The members of such nominating committee shall be one director who is a Loral Nominee (designated by Loral), one director who is a PSP Nominee (designated by PSP) and in the case of the first nominating committee, TPI #1, after TPI #1 has been selected by PSP, and thereafter one Independent Director selected by the Independent Directors then in office. The nominating committee as so selected (the **"Nominating Committee"**) shall meet and shall select, by majority vote, within 10 days of its first meeting, a slate of nominees of Independent Directors to be elected at the next meeting of Shareholders at which Directors are to be elected. Once a Nominating Committee is formed, each member of the Nominating Committee shall take part in, and shall vote on, the selection of each nominee for the position of Independent Director. The Nominating Committee shall report to each of PSP and Loral as to its proposed nominees, providing such information in reasonable detail as to the identity and background of each individual as will enable PSP and Loral to determine whether such individual meets the qualifications referred to in Section 3.03(1). During the 10 days following the date on which such notification is received, either PSP or Loral shall have the right and opportunity to interview each proposed nominee, to examine his or her credentials and to challenge, acting reasonably and in good faith, the proposed nomination on the basis that the proposed nominee does not meet all

the qualifications referred to in Section 3.03(1). Upon such challenge being made in a timely manner, reasonably and in good faith, the proposed nomination shall be withdrawn and the Nominating Committee shall propose a new nominee. Any such challenge shall be presumed to be made reasonably and in good faith, but such presumption may be rebutted by satisfactory evidence to the contrary accepted as such, if required, by an Arbitrator in accordance with Article 9 or by a court of competent jurisdiction.

(4) Voting for Independent Directors . Subject to the right to challenge a nominee as set forth in Section 3.03(3), all Shareholders owning Shares which may be voted for the election of Directors shall vote all such Shares to elect as Independent Directors the nominees selected by the Nominating Committee.

(5) Removal of Independent Directors . Except as provided in Section 3.03(3), no Independent Director may be removed from office except by Extraordinary Resolution. An Independent Director who fails at any time to meet the requirements of independence set forth in Section 3.03(1) shall forthwith resign from the Board and the board of directors of Interco and Telesat and, if he or she fails to do so, the Shareholders shall cooperate with each other in convening as soon as practicable a meeting of the Nominating Committee to select a new nominee, and a Shareholder meeting to effect, and at such meeting shall vote to effect, the removal of such Director and the election of a new Independent Director.

3.04 **Meetings of Directors**

(1) General . The Board shall hold regular meetings no less frequently than once each quarter. The Shareholders and the Corporation shall endeavour to ensure that a majority of the meetings of the Board in each calendar year shall be held in Canada. Any Director may requisition a directors' meeting in the manner provided in the By-laws of the Company. At each meeting of the Board, the Executive Officers shall report to the Board as directed by the Board from time to time.

(2) Quorum . In addition to any requirements under Applicable Law, a quorum for meetings of the Board shall be six of the Directors then in office (reduced in proportion to any reduction in the number of directors made pursuant to Section 3.02(1)), including one PSP Nominee and one Loral Nominee. No business shall be conducted, or shall continue, at any meeting of the Board if and when a quorum ceases to exist or unless a majority of the members present and continuing to be present are individual Canadians (within the meaning of Section 2 of the Canadian Telecommunications Common Carrier Ownership and Control Regulations promulgated pursuant to the *Telecommunications Act* (Canada)) who are not persons who are or have been Interested Parties in relation to, or nominees of, any Shareholder who is a Non-Resident. Notwithstanding the foregoing, if more than three (reduced in proportion to any reduction in the number of directors made pursuant to Section 3.02(1))of the Directors then in office are Interested Directors (as defined in Section 3.04(4)) in respect of a matter to come before the meeting, a quorum shall exist and shall be deemed to continue to exist during consideration of that matter so long as (a) a majority of the Directors who are not Interested Directors with respect to such matter is present at the meeting and at least two of the Directors present are Independent Directors and (b) if some or all of the Directors who are Interested Directors are not nominees of Non-Residents, a majority of the Directors present must be

Canadians (within the meaning of Section 2 of the Canadian Telecommunications Common Carrier Ownership and Control Regulations promulgated pursuant to the *Telecommunications Act* (Canada)) who are not nominees of Non-Residents (and in order to constitute such quorum for consideration of the interested matter only, it shall be permissible for some or all of the Directors who are nominees of Non-Residents to absent themselves from that portion of the meeting at which the interested matter is being considered pursuant to Section 3.04(4)). If a quorum of directors is not present at a meeting of directors duly called because of the absence at such meeting of any Loral Nominee or any PSP Nominee, a quorum of directors at the next duly called meeting of directors shall not require the presence of a nominee of the Shareholder whose nominees prevented the formation of a quorum of directors at the last duly called meeting.

(3) Vote . Any matter put before the Directors shall be decided by the affirmative vote of a majority of the Directors present at the meeting who are not Interested Directors in respect of that matter, or a resolution signed by all of the directors.

(4) Interested Matters . In addition to any requirements under Applicable Law, at any meeting at which the Board considers any matter involving a material agreement or transaction or proposed material agreement or transaction with the Company, Interco or Telesat to which a Shareholder (an "Interested Shareholder") or any of its Affiliates or Associates is a party, or the transfer or redemption of any Fixed Rate Preferred Shares, (in each case an **"Interested Matter"**), then any Shareholder Nominee who is an Interested Party of the Interested Shareholder (collectively, the **"Interested Directors"**), shall be required by the Chairperson to leave the meeting (after having an opportunity to make a presentation to the Board regarding the Interested Matter) while such Interested Matter is being considered, unless such requirement is waived by a majority vote of the Directors who are not Interested Directors, and shall abstain from voting thereon. For greater certainty, (x) a matter referred to in Section 3.05(1)(e) or Section 3.05(1)(l) shall be considered an Interested Matter in respect of each Loral Nominee and (y) a matter referred to in Section 3.05(1)(k) shall be considered an Interested Matter in respect of each PSP Nominee.

3.05 **Board Vote Required**

(1) The following matters must be brought to a vote of the Board and decisions thereon may not be delegated by the Board to a committee thereof or to officers or employees of the Company:

(a) amendments to the Business Plan, including each update as provided in Section 4.02;

(b) approval of the Annual Budget and Capital Budget;

(c) entering into any Material Agreement;

(d) entering into any agreement with a Shareholder or with an Affiliate or Associate of a Shareholder involving payments in excess of $100,000 in the aggregate over its term, or any material variation in or amendment to any existing agreement between the Company, Interco or Telesat and a Shareholder or an Affiliate or Associate of a Shareholder,

(e) amending, waiving or terminating in whole or in part the Consulting Services Agreement;

(f) initiating, settling or compromising any claim, suit, action or proceeding which is material to the Company, Interco or Telesat;

(g) any amendments to scope of authority of the CEO as set out in Section 3.07(2)(b);

(h) entering into any hedge, swap or other derivatives transaction, including interest rate swaps, forward rate transactions, commodity swaps, commodity options, interest rate options, forward foreign exchange transactions and currency options (collectively, **"Derivatives"**), except for Derivatives entered into for the sole purpose of hedging the Company's, Interco's or Telesat's actual exposure to risks of fluctuations in interest rates or foreign exchange rates in respect of obligations of the Company, Interco or Telesat existing at the time such Derivatives are entered into;

(i) encumbering, disposing of or transferring by the Company, Interco or Telesat of any assets that constitute Intellectual Property;

(j) subject to Section 3.07, the election, appointment or removal of any Executive Officers of the Company and the establishment of and any change in their compensation;

(k) purchasing for cancellation or exercising any optional redemption feature on any Fixed Rate Preferred Shares or authorizing the transfer by PSP of any Fixed Rate Preferred Shares on the basis that such transfer will not cause material adverse tax consequences to the Company;

(l) making any determination or exercising any discretion on behalf of the Company or any of its Subsidiaries pursuant to the Skynet Asset Transfer Agreement, the Loral Alternative Subscription Agreement or the Skynet Sale Agreement; and

(m) any other matters which by the terms of this Agreement or under the CBCA are reserved to the Board and may not be delegated;

3.06 **Skynet**

The execution and delivery by the Company of the Skynet Asset Transfer Agreement, the Skynet Sale Agreement and the Loral Alternative Subscription Agreement and all documents required for the consummation of the transactions contemplated therein, the redemption of the Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares, if any, held by Loral at the time of the closing of the Skynet Asset Transfer Agreement, and the issuance to Loral of Common Shares or Non-Voting Participating Preference Shares, on terms consistent with the Skynet Asset Transfer Agreement and the Loral Alternative Subscription Agreement, is hereby approved by the parties hereto and is not subject to the provisions of Section 3.04(4) or Section 3.05 (other than as specifically referred to in Section 3.05(1)(l)).

3.07 **Officers.**

(1) Executive Officers . Each of the Company, Interco and Telesat shall have a CEO, a Chief Financial Officer, a Chief Operating Officer and such other Executive Officers as are provided in the By-laws and the by-laws of Interco or Telesat, as the case may be. The officers of the Company shall be the same persons, and shall have the same designations, as in each of Interco and Telesat. There shall be no change in the titles or duties of the Executive Officers and no appointment of persons with similar powers or authorities except by amendment to the By-laws and the by-laws of Interco or Telesat. At the first meeting of the Board after the occurrence of any vacancy in the office of any Executive Officer, the Board shall appoint executive officers to fill such vacancies.

(2) CEO.

(a) Identity . The same individual shall be the CEO for each of the Company, Interco and Telesat. To accomplish this end, the Shareholders agree that the resignation, removal or election of the CEO of the Company shall be deemed to effect at the same time the resignation, removal or election, as the case may be, of the CEO of Interco and Telesat without further formality; however, as soon as practicable after any change in the CEO of the Company, the Company shall cause the board of directors of Interco, and Interco shall cause the board of directors of Telesat, to take, or cause to be taken, such steps as may be necessary to confirm, ratify and evidence the change in the CEO of Interco and Telesat.

(b) Authority . The CEO shall have the day-to-day responsibility for managing the business and operations of the Company within the discretion of the CEO as restricted by the scope of the Business Plan. In addition, the CEO shall have the powers and duties set forth in the By-laws and the power and authority normally incident to the office of CEO, including the following authorities and accountabilities:

(i) accountability to the Board to achieve the milestones, requirements and objectives as set forth in the Business Plan, Annual Budget and Capital Budget or otherwise;

(ii) day-to-day administration of the Company;

(iii) representing the Company in dealings with the Shareholders, their Affiliates and third parties;

(iv) preparing and proposing to the Board updates and amendments to the Business Plan, Annual Budget and Capital Budget including the annual update referred to in Section 4.02; and

(v) managing the human resources of Telesat in a manner consistent with the Business Plan, including the appointment and removal of managers other than the Executive Officers.

(c) Change in Authority . No change shall be made in the scope of the authority of the CEO unless approved in writing by each of PSP and Loral.

(3) Term and Appointment of Other Executive Officers . The Board shall have the sole and absolute authority to elect, appoint, hire, remove or dismiss any Executive Officer of the Company. At the first meeting of the Board or after the occurrence of any vacancy among Executive Officers, the Board shall appoint each Executive Officer for which a vacancy then exists.

3.08 **Board Observer Rights**

For so long as any PSP Nominee or any Loral Nominee, as the case may be, is a Director on the Board, each of the Company, Interco and Telesat shall permit each of PSP or Loral, as the case may be, to designate a person (any such person, an **"Observer"**) to attend meetings of the Board as an observer, and each such Observer shall be entitled to receive all materials relevant to such meeting as provided to the Directors; provided that each of PSP and Loral may designate a different person to be its Observer from time to time as it wishes; provided, further, that the Shareholder who designates such Observer undertakes that such Observer shall keep all information received or observed in his or her capacity as an Observer confidential to the same extent as such Observer would be obligated to do as a Director; provided, further, that the Company reserves the right to exclude any such Observer from access to any material or meeting or portion thereof if the Company believes upon advice of counsel that such exclusion is reasonably necessary to preserve attorney-client privilege, or if the Company, acting through its Board of Directors, believes that access to any such material or meeting, or portion thereof, is inappropriate under the circumstances.

ARTICLE 4 - SCOPE AND OBJECTIVES; BUSINESS PLAN

4.01 **Initial Business Plan; Budgets**

(1) Initial Business Plan . Each party acknowledges that it has received a certified copy of the Business Plan initially prepared by management of Telesat, with the assistance of management of Loral in relation to the assumed consummation of the transactions contemplated by the Skynet Asset Transfer Agreement and the Skynet Sale Agreement with effect from September 1, 2007 (the **"Initial Business Plan"**), and the Initial Business Plan is hereby approved by the parties hereto. The Initial Business Plan shall take effect on the date of this Agreement and for greater certainty shall not require the approval of the Board. The Initial Business Plan sets forth the objectives of Telesat for the period ending on December 31, 2012.

(2) Scope and Contents of Business Plans

(a) It is the parties' intention that the Business Plan and any amendments thereto shall be prepared and updated with a view to furthering their objectives of maximizing the financial performance of the Company, Interco and Telesat.

(b) The Business Plan, as amended and updated from time to time in accordance with Section 4.02, shall set out the strategic goals of the Company to be met during the period ending on December 31, 2012, in the case of the Initial Business Plan, and

commencing on the date of each annual update under Section 4.02, in the case of annual amendments to the Initial Business Plan (each such five year period under the Business Plan, a " **Plan Period** ") as well as the general operational and marketing approaches toward meeting those goals. It shall set forth the overall service development, market scope, quality standards and commercial policies and practices of the Company, Interco and Telesat for the Plan Period, but shall be drafted with express recognition that the specifics of implementing the strategic goals within the broad guidelines set forth therein are within the province of management discretion. The Business Plan shall incorporate a model that provides a projection for the current year, and projections for the next five years, of the income statement, balance sheet and statement of cash flows, presented on a quarterly basis for the first two years of each such Plan Period and on an annual basis for the next three years of the Plan Period. The statement of cash flows shall include a line item for capital expenditures over $2 million, with a schedule of supporting detail. The level of detail for each subsequent Plan Period shall be consistent with the detail in the Initial Business Plan. In the case of any inconsistency between this Agreement and the Business Plan, this Agreement, insofar as it is applicable, shall govern.

(3) Budgets

No later than 60 days before the end of each fiscal year, the CEO shall prepare or cause to be prepared and shall present to the Board for approval, a budget for the next fiscal year (each, an " **Annual Budget** "). Each Annual Budget shall consist of an income statement, balance sheet and statement of cash flows in detail at least equivalent to those contained in the Initial Business Plan, together with supporting schedules as would reasonably accompany an annual budget. The statement of cash flows shall include a line item for capital expenditures over $2 million, with a schedule of supporting detail. The Annual Budget shall be presented on a monthly basis showing the actual results for the previous year and the budget year budgeted forecasts.

4.02 **Updates to Business Plan**

The Business Plan shall be reviewed and updated by management in the event that the transactions contemplated by the Skynet Asset Transfer Agreement and the Skynet Sale Agreement do not occur by October 31, 2007 and/or in the event that the transactions contemplated by the Loral Alternative Subscription Agreement are consummated. The Business Plan shall also be reviewed and updated by management of the Company each year, and presented to the Board by the CEO, no later than 30 days before the end of each fiscal year (the " **Business Plan Update Date** "). This Business Plan update shall reflect the actual results for the previous year as well as the budget for the subsequent year. In addition, management will review, and if necessary, update, the Business Plan for presentation by the CEO to the Board no later than seven months after the close of each fiscal year. The Business Plan shall also be reviewed and updated by management of the Company and presented by the CEO to the Board no later than 60 days after there shall have occurred a material change to the business of the Company. Upon presentation of any draft revised Business Plan by the CEO, the Board shall review such plan and shall ratify or amend plan information so that the Business Plan in effect at any time during the term of this Agreement will constitute a rolling five-year business plan for

the Company. If the Board is unable to agree by any Business Plan Update Date on the Business Plan for the next fiscal year, then the Business Plan then in effect shall be controlling. The Board may review and amend the Business Plan at any time during the fiscal year upon the recommendation of the CEO.

4.03 **Purchases from Loral**

Subject to approval by the Board under Section 3.05(1)(d) in accordance with Section 3.04(4), the Company, Interco or Telesat may purchase any equipment, products and services from Loral Space and its Affiliates on commercially reasonable terms. The Company, Interco and Telesat shall provide to Loral and its Affiliates a first right to accept an offer to procure equipment, products or services that is issued by Telesat to more than one bidder or to negotiate, including in the case of a sole source procurement, for the purchase of equipment, products and services in those areas in which Loral and its Affiliates regularly carry on business, subject to the approval of the Board under Section 3.05(1)(d) in accordance with Section 3.04(4) with regard to any contract that results from such first rights of acceptance or negotiation. Such first right of acceptance or negotiation shall not constitute an obligation on the part of the Company or Telesat to deal exclusively with, or purchase from, Loral and its Affiliates.

4.04 **Loral Non-Competition Covenant**

(1) Covenant . Loral Space agrees, for the benefit of the Company and its Subsidiaries, including Interco and Telesat, that, after the completion of the transactions contemplated by the Skynet Asset Transfer Agreement and the Loral Sale Agreement, and thereafter for so long as Loral (or any Person who is a Permitted Transferee of Loral within the meaning of clause (a) of the definition of Permitted Transferee) owns any Shares, it shall not, directly or indirectly, through any Subsidiary (other than the Company and its Subsidiaries, including Interco and Telesat), engage in, manage, consult with, or invest in securities of any Person having participation rights in excess of 2% of the profits of, a Satellite Communications Business. In addition, until completion of the transactions contemplated by the Skynet Asset Transfer Agreement and the Skynet Sale Agreement, up to but not after the Alternative Subscription Date as defined in the Loral Alternative Subscription Agreement, Loral Space and its Subsidiaries shall hold any rights or interests in any Satellite Communication Business which any of them acquires after the date hereof for the benefit of Loral Skynet and to transfer such rights and interests to the Company, in conjunction with the closing of the transactions contemplated by the Skynet Asset Transfer Agreement and the Skynet Sale Agreement.

(2) Exceptions . The restrictions set out in Section 4.04(1) shall not apply to restrict Loral from (i) owning equity interests in Globalstar, Inc., Enlaces Integra, S.A. de C.V. and Xtar LLC; (ii) owning its current equity interest in Satellites Mexicanos, S.A. de C.V. and acquiring any additional equity interest therein pursuant to the exercise of rights (including rights of first offer, rights of first refusal and pre-emptive rights) under existing documents (including charter, by-laws and other organizational documents) related thereto (iii) engaging in, managing, consulting with or investing in Satellite Communications Businesses that utilize the X-band frequency or that provide service to the government of the United States to the extent the Company and its Subsidiaries are unable, whether by operation of law or otherwise, to provide such service; or (iv) owning interests in Satellite Communications Businesses, or acquiring rights

to satellite transponders, acquired by Space Systems/Loral, Inc. (**"SS/L"**) in connection with or related to awards of satellite construction contracts from its customers, provided, that, at the Company's option, the Company may acquire such interests from SS/L at their fair market value, (v) owning interests in any opportunity which the Board has rejected as an opportunity of the Company or Telesat, or which the Board has approved, but subsequently rejected, or which the Company was unable to pursue due to the failure of PSP to provide funding therefor upon exercise of pre-emptive rights or (vi) owning, acquiring, engaging in, managing, consulting with, or investing in such businesses or Persons as shall be approved by the Board in accordance with Section 3.04(4).

4.05 **Non-Solicitation Covenant**

(1) Each of Loral and Loral Space shall not, and shall cause its directors, officers, employees (in their capacity as such) and Subsidiaries not to, directly or indirectly, while Loral (or any Person who is a Permitted Transferee of Loral within the meaning of clause (a) of the definition of Permitted Transferee) is a Shareholder and for a period of one year thereafter, cause, solicit, induce or encourage any employee who is a member of senior management of the Company and any of its Subsidiaries, including Interco and Telesat, to leave such employment or hire, employ or otherwise engage any such individual, provided that the foregoing shall not prohibit any general solicitation of employees that is not targeted at such persons.

(a) Each of PSP and MHR Fund shall not, and shall cause its directors, officers, employees (in their capacity as such) and Subsidiaries not to, directly or indirectly in the case of PSP, while PSP (or any Person who is a Permitted Transferee of PSP within the meaning of clause (a) of the definition of Permitted Transferee) is a Shareholder, and in the case of MHR Fund while it owns, directly or indirectly, shares of Loral Space or is a Shareholder, and in each case for a period of one year thereafter, cause, solicit, induce or encourage any employee who is a member of senior management of the Company and any of its Subsidiaries, including Interco and Telesat, to leave such employment or hire, employ or otherwise engage any such individual, provided that the foregoing shall not (i) apply to Persons in which either PSP or MHR Fund have made investments, or (ii) prohibit any general solicitation of employees that is not targeted at such persons.

4.06 **Enforcement of Restrictive Covenants**

(1) The covenants and undertakings contained in Sections 4.04 or 4.05 relate to matters which are of a special, unique and extraordinary character and a violation of any of the terms of Sections 4.04 or 4.05 will cause irreparable injury to the Company, Interco or Telesat, the amount of which will be impossible to estimate or determine and which cannot be adequately compensated. Accordingly, the remedy at law for any breach of Sections 4.04 or 4.05 will be inadequate. Therefore, the Company, Interco or Telesat will be entitled to a temporary and permanent injunction, restraining order or other equitable relief from any court of competent jurisdiction in the event of any breach of Sections 4.04 or 4.05 without the necessity of proving actual damage or posting any bond whatsoever. The rights and remedies provided by this Section 4.06 are cumulative and in addition to any other rights and remedies which the Company, Interco or Telesat may have hereunder or at law or in equity.

ARTICLE 5 – SHAREHOLDER MATTERS

5.01 **Restrictions on Management and the Board, Matters Requiring Shareholder Approval**

(1) None of the following actions shall be taken by the Company, or by the Company to authorize any such action to be taken by Interco, or by Interco to authorize any such action to be taken by Telesat, unless, in addition to any shareholder approval required as a mandatory provision of the CBCA, such action is authorized by Special Shareholder Approval:

(a) any change in the Articles or By-laws or the articles or by-laws of Interco or Telesat;

(b) the taking of any steps to wind up, dissolve, reorganize or terminate the corporate existence of the Company, Interco or Telesat or the taking of any steps in respect of Insolvency Proceedings by or against the Company, Interco or Telesat;

(c) the sale, lease, exchange, encumbrance, transfer or other disposition of all or substantially all of the assets of the Company, Interco or Telesat, including the granting of an option for any such transaction (other than pursuant to the exercise of a permitted drag along right pursuant to Article 7) or the issuance, sale, lease, exchange, encumbrance, transfer or other disposition of any shares of the Company's Subsidiaries, including Interco or Telesat; or

(d) the taking of any steps to amalgamate or merge the Company, Interco or Telesat with another Person (other than the amalgamation of 4363230 Canada Inc. and Telesat) or to consolidate, recapitalize or reorganize the Company, Interco or Telesat (other than pursuant to the exercise of a permitted drag along right pursuant to Article 7), or to continue the Company, Interco or Telesat under the laws of another jurisdiction.

(2) None of the following actions shall be taken by the Company, or by the Company to authorize any such action to be taken by Interco, or by Interco to authorize any such action to be taken by Telesat, unless, in addition to any shareholder approval required as a mandatory provision of the CBCA, such action is authorized by a Loral Approval:

(a) any change in the authorized or issued shares in the capital of the Company, Interco or Telesat, the entering into of any agreement, or the making of any offer or the granting of any right capable of becoming an agreement, to issue any shares in the capital of the Company, Interco or Telesat (other than in circumstances where the Board determines that such change in share capital, entering into of such Agreement or making of such offer or granting of such right is necessary as a result of financial distress of the Company, Interco or Telesat, or to provide for management equity incentive programs of the Company, Interco or Telesat which in the aggregate do not exceed 5% of Equity Shares of the Company from time to time), or a decision to conduct or prepare for an initial public offering of securities of the Company or Telesat either (i) within the first four years from the date of this Agreement or (ii) other than as a result of either PSP or Loral exercising its right to compel the Company to complete an initial public offering pursuant to Section 6.02;

(b) the entering into of any agreement or series of related agreements that is not in the ordinary course of business of the Company, Interco or Telesat, consistent with past practices, including the entering into of any agreement or series of related agreements, or the adoption of any business strategy or the change in the Business Plan, that, if implemented and aggregated with all other actions taken by the Board during the relevant Plan Period, could reasonably be expected to change the projected revenues, expenses, capital expenditures or cash flows of the Company, Interco or Telesat, as set out in the most recently approved Business Plan, by more than 10% during the then current Plan Period;

(c) the sale, lease, exchange, transfer or other distribution, or contribution to any Person through a single agreement or transaction or series of related agreements or transactions, of any satellite or part interest therein, where the proceeds from such agreement or transaction, or series of related agreements or transactions, would be greater than $50,000,000 in cash or the fair value of any property received (determined on a net present value basis in respect of any deferred proceeds);

(d) the purchase of any assets or the making of any other capital expenditures pursuant to any contract or series of related contracts at a cost in excess of $100,000,000; provided that (i) for so long as Space Systems/Loral, Inc. or its successors (" **SS/L** ") is an Affiliate of Loral, Loral Approval shall not be required in respect of the approval of any contract (a " **Subject Satellite Contract** ") to purchase a satellite of the type then manufactured by SS/L, unless such decision regarding the award of a Subject Satellite Contract involves the choice between or among satellite manufacturers (none of which is SS/L), but only so long as Loral does not exercise such approval right to veto the award of a contract to all of the manufacturers then under consideration, and (ii) Loral Approval shall not be required in respect of the purchase of a satellite to be used primarily to provide services in, or to customers in, Canada if at the time that the decision is being made to purchase such satellite Telesat shall be within 10% of planned revenues, expenses, capital expenditures and cash flow as set out in the most recently approved Business Plan; it being understood and agreed that the general decision to approve capital expenditures in excess of $100,000,000 for a new satellite other than as provided in (ii) (including whether Indebtedness, if in excess of $100,000,000, shall be incurred in connection with such capital expenditure (a " **Cap Ex Indebtedness Decision** "), shall require Loral Approval, and if Loral exercises its rights to veto any contract or series of related contracts pursuant to this Section 5.01(2)(d), PSP shall have the right to approve in writing any contract or series of related contracts in replacement thereof made with Loral or any Affiliate of Loral, and no such contract or series of related contracts shall be entered into unless such written approval has been received);

(e) the making of, directly or indirectly, loans or advances to, or the giving of security for, or the guaranteeing of the Indebtedness of, or otherwise giving financial assistance to, any Person ;

(f) increases in the compensation to be paid to the senior management of the Company, Interco and Telesat (for such purposes, being the 10 most highly compensated officers and employees of the Company, Interco or Telesat, in the aggregate) by more than 5% from the compensation paid to such senior management in the aggregate in the immediately preceding year, or the establishment of any incentive compensation plan (other than management equity incentive programs which in the aggregate do not exceed 5% of the outstanding Equity Shares of the Company from time to time) for employees;

(g) the incurring of Indebtedness or the giving of any Lien to any Person in respect of obligations in excess of $100,000,000 or the amendment or modification of material terms of any such Indebtedness, or the granting of a Lien over any material assets of the Company, Interco or Telesat (other than (i) Indebtedness or Liens required to fund the acquisition of Telesat or the consummation of the transactions contemplated by the Skynet Sale Agreement and related revolving credit facilities and (ii) Indebtedness (" **Satellite Indebtedness** ") to be incurred for the purpose of funding the acquisition of a new satellite procured pursuant to a Subject Satellite Contract, provided that Loral Approval shall be required to approve a Cap Ex Indebtedness Decision or to approve any Satellite Indebtedness in excess of $100,000,000 so long as the decision to incur such Satellite Indebtedness is made following the award and execution of a Subject Satellite Contract); or

(h) the declaration or payment of any dividend, the redemption, purchase or other acquisition of any Shares by the Company or of any shares in the capital of Interco or Telesat (except for redemptions of Shares required to be made by the Articles) or the repayment of any Indebtedness to any Shareholder or the Affiliate or Associate of any Shareholder; or

(i) any amendment, waiver or termination of the Consulting Services Agreement.

5.02 **Termination of Rights**

(1) The provision of Section 5.01(2) shall cease to apply upon a Loral Change of Control.

(2) The provisions of Section 5.01(2) shall not apply in respect of any matter where the Company is proposing to make an investment in any business in which Loral or an Affiliate of Loral is also considering making an investment.

(3) If a Loral Default shall occur, and as a result thereof and immediately thereafter, Loral shall own less than 45% of the Equity Shares, Section 5.01(2), and the drag-along rights of Loral and any other Selling Loral Shareholder contained in Section 7.08(2), shall cease to apply.

5.03 **PSP Investment Policy**

For so long as PSP owns any Shares, any change in the business of the Company, Interco or Telesat that would be in breach of the Investment Policies of PSP (as set forth in Schedule G hereto) shall require the written approval of PSP. PSP acknowledges that the operation of satellites and the provision of satellite services to customers in the ordinary course of business of Telesat does not breach the Investment Policies of PSP. The Company, Interco and Telesat each agree to take into account PSP's social and environmental responsibility policies in making any changes to the business of the Company, Interco or Telesat.

5.04 **Meetings of Shareholders**

(1) Quorum . The quorum for the transaction of business at any meeting of the Shareholders shall be two Persons present in person or by proxy holding at least 51% of the Shares entitled to vote on each matter to be voted upon at the meeting and held by Persons who are not Non-Residents. No meeting of the Shareholders shall continue with the transaction of business if and when a quorum ceases to exist.

(2) Votes . Except as otherwise provided in this Agreement or in the CBCA, all matters before the Shareholders shall be decided by a majority of the votes cast on the matter. The chairman of a meeting of the Shareholders shall not have a second or casting vote.

(3) Any Shareholder holding more than 5% of the votes that may be cast at a meeting of shareholders shall have the right to call a meeting of the Shareholders in accordance with the procedures set out in the By-laws of the Company.

ARTICLE 6 – FINANCE AND RELATED MATTERS

6.01 **Pre-Emptive Rights**

(1) Restrictions on Issue . The Company may not

(a) offer any Shares, except upon an initial public offering conducted in accordance with Section 6.02, or

(b) issue any Shares, except (A) Non-Voting Participating Preferred Shares issued as the result of any conversion of Common Shares or Voting Participating Preferred Shares, (B) Voting Participating Preferred Shares issued as a result of any conversion of Common Shares or Non-Voting Participating Preferred Shares, (C) Common Shares issued as a result of any conversion of Voting Participating Preferred Shares or Non-Voting Participating Preferred Shares, (D) Common Shares and Non-Voting Participating Preferred Shares to be issued to Loral as contemplated by Section 3.06; (E) Fixed Right Preferred Shares issued as dividends in kind to holders of Fixed Rate Preferred Shares or (F) Common Shares issued pursuant to management incentive programs of the Company or Telesat which in the aggregate do not exceed 5% of the Equity Shares of the Company from time to time; (G) Redeemable Common Shares issued upon conversion of Redeemable Non-Voting Participating Preferred Shares; (H)

Redeemable Non-Voting Participating Preferred Shares issued upon conversion of Redeemable Common Shares; (I) Common Shares issuable upon conversion of Redeemable Common Shares; or (J) Non-Voting Participating Preferred Shares issuable upon conversion of Redeemable Non-Voting Participating Preferred Shares;

otherwise than in accordance with this Section 6.01.

(2) Notice of Pre-Emptive Right . Except as permitted pursuant to this Section 6.01, every offer of Shares by the Company shall be made by notice (" **Notice of Pre-Emptive Right** ") to each holder of Equity Shares (each Shareholder for the purposes of this Section 6.01(2) being referred to as a " **Pre-Emptive Rights Shareholder** ") from the secretary of the Company which shall set forth:

(a) a description of the shares to be offered or issued (the " **Offered Treasury Shares** ");

(b) the subscription price for each Offered Treasury Share; and

(c) the subscription date (the " **Subscription Date** "), which shall be a date not earlier than 25 Business Days after the date of the notice.

(3) Limits on Subscriptions. Each Pre-Emptive Rights Shareholder may subscribe for its Pro Rata Proportion of the Offered Treasury Shares by giving notice of its subscription (" **Notice of Subscription** ") to the Company within 20 Business Days after receipt of the Notice of Pre-Emptive Right (the " **Subscription Period** "). A Pre-Emptive Rights Shareholder wishing to subscribe for Offered Treasury Shares in excess of such Pro Rata Proportion shall, in its Notice of Subscription, specify the number or dollar amount, as the case may be, of Offered Treasury Shares in excess of its Pro Rata Proportion that it wishes to purchase, subject to availability and to all necessary Regulatory Approvals being obtained.

(4) Undersubscribed Issues. If a Pre-Emptive Rights Shareholder does not subscribe for its Pro Rata Proportion of Offered Treasury Shares within the Subscription Period, the unsubscribed Offered Treasury Shares shall be used to satisfy any subscriptions of other Shareholders for Offered Treasury Shares in excess of their Pro Rata Proportions (as set out in such Shareholder's Notice of Subscription) but no Shareholder shall be bound to take up any Offered Treasury Shares in excess of the amount it requested to purchase in its Notice of Subscription.

(5) Fractional Shares. If the Offered Treasury Shares of any issue are not capable, without division into fractions, of being offered to or being divided between the parties in their Pro Rata Proportions, the Offered Treasury Shares shall be offered to or divided between the parties as nearly as may be in these proportions.

(6) Issue and Payment. Each Pre-Emptive Rights Shareholder subscribing for Offered Treasury Shares shall pay for, and the Company shall issue, the Offered Treasury Shares on the Subscription Date.

(7) Sales to Third Parties . If not all of the Offered Treasury Shares of any issue are subscribed for within the Subscription Period, the Company may, during the following period of 60 Business Days, offer and sell to any Permitted Purchaser all or any of the Shares not taken up by the Pre-Emptive Rights Shareholders at a price which is not less than the subscription price offered to the Pre-Emptive Rights Shareholders pursuant to this Section 6.01 and on terms and conditions which are no more favourable to the Permitted Purchaser than those offered to the Pre-Emptive Right Shareholders under this Section 6.01.

(8) Classes of Shares . Notwithstanding the description of the Offered Treasury Shares set out in the Notice of Pre-Emptive Rights, any Pre-Emptive Rights Shareholder which delivers a Notice of Subscription in respect of Offered Treasury Shares which are Equity Shares, but which would be unable to own the class of Offered Treasury Shares described in the Notice of Pre-Emptive Rights, shall be entitled to specify in its Notice of Subscription that it wishes to purchase an equivalent number of Equity Shares of a class which it is permitted to own under Applicable Laws, and in such event, the Directors shall authorize for issuance, and the Company shall issue, to such Pre-Emptive Rights Shareholder the number of Equity Shares of the class so specified, in lieu of the authorization and issuance of that number of Offered Treasury Shares to that Pre-Emptive Rights Shareholder.

6.02 **Initial Public Offering**

If the Company shall not have completed an initial public offering of its Equity Shares by the fourth anniversary of the Effective Date, either PSP or Loral shall have the right at any time thereafter, by notice to the Company and to all other holders of Equity Shares, to cause the Company to conduct an initial public offering of its Equity Shares. Within 90 days after a Loral Change of Control, PSP shall have the right by notice to the Company and all other holders of Equity Shares to cause the Company to conduct an initial public offering (a " **Change of Control Offering** "). At any time after the Company has completed an initial public offering, each of PSP and Loral (and MHR Fund, upon becoming a direct holder of Shares, from which time it shall be a Shareholder) shall have the right, on not more than two occasions, by notice to the Company and the holders of Equity Shares, to require the Company to qualify a prospectus or registration statement for the distribution of Equity Shares held by such Shareholder or MHR Fund (a **"Registration Event"**). In addition, at any time after the Company has completed a Change of Control Offering, PSP shall have the right (such right, the " **Change of Control Demand Right** "), by notice to the Company and the holders of Equity Shares, to require the Company to qualify a prospectus or registration statement for the distribution of Equity Shares held by PSP (a " **Change of Control Registration Event** ") by the later of (x) six months following the Change of Control Offering or (y) one month after the expiration of the lock-up required by the underwriters in connection with the Change of Control Offering, and such right shall not count towards the rights set forth in the immediately preceding sentence. Upon the giving of a notice of initial public offering, the Shareholders will co-operate in good faith to facilitate an initial public offering of Equity Shares of the Company (including either, or a combination of, a primary and secondary distribution) subject to the following conditions:

(a) prior to and as a condition precedent to the completion of any public offering the Shareholders will cooperate to:

(i) amend this Agreement so that it will no longer be a unanimous shareholder agreement under the CBCA and implement contractual arrangements satisfactory to the parties affected that will afford such parties protections and rights reasonably comparable to those provided under this Agreement to the extent that such protections and rights may under Applicable Law be granted by an agreement that is not a unanimous shareholder agreement under the CBCA, provided that, in connection with an initial public offering, the Shareholders will consider in good faith the termination of all or a portion of the rights set forth in this Agreement (excluding those set forth in Sections 6.02 through 6.05); provided, further that, in the event that the managing underwriter with respect to an initial public offerings notifies each of Loral and PSP that a continuation of any of the rights under this Agreement (excluding those set forth in Sections 6.02 through 6.05) may have a material adverse effect on the valuation of the Equity Shares being offered in such initial public offering, then such contractual rights shall be modified or deleted as necessary to prevent such material adverse effect; and

(ii) amend the Articles and By-laws to accommodate the public offering and the public ownership of Equity Shares;

(b) no public offering shall be made nor any steps taken preparatory thereto (including solicitations of interest or preparation and filing of a preliminary prospectus in any jurisdiction) except in conformity with Applicable Law;

(c) no public offerings of Shares by the Company from treasury shall be made unless issuance of such Shares is approved pursuant to Section 5.01 (except to the extent that PSP or Loral is causing the Company to conduct an initial public offering in accordance with this Section 6.02);

(d) the right of first offer granted under Section 7.07 shall not apply to any public offerings of Equity Shares by way of secondary distribution; and

(e) with respect to any public offering which is the result of a Registration Event or Change of Control Registration Event, the Equity Shareholder requiring the qualification of a prospectus or registration statement shall be entitled to recommend for consideration of the Board of Directors (i) the lead underwriter for such offering, (ii) whether such offering shall be made in Canada or the United States of America and (iii) the place of listing of the Equity Shares on a national stock exchange or inter-dealer quotation system consistent with the determination made in clause (ii).

6.03 **Initial Public Offering and Registration Procedures**

In an initial public offering of the Company, and any subsequent offering of Common Shares of the Company, each of PSP and Loral (and MHR Fund, if then a holder of Equity Shares) shall be entitled to request the inclusion in such offering document all or part of such Shareholder's

Equity Shares. If the underwriter managing the offering advises the Shareholders who have requested inclusion of their Shares in the offering, including any Shareholder exercising demand registration rights, pursuant to a Change of Control Demand Right or upon the happening of a Registration Event (collectively, the **"Included Holders"**) that marketing considerations require a limitation on the number of Shares offered, then the number of Shares to be included in such underwritten public offering shall be reduced to a number, reasonably deemed satisfactory by such managing underwriter, provided that the securities to be included in the offering shall be determined in the following sequence:

(a) in the event that the offering is initiated by the Company, (i) first, securities sought to be offered by the Company, and (ii) second, securities sought to be offered by all Included Holders, pro rata among the Included Holders (based on the aggregate number of securities which each such Included Holder has requested to be included);

(b) subject to clauses (c) and (d), below, in the event that the offering is initiated by a Shareholder exercising a demand registration right or by PSP or Loral exercising its rights to cause an initial public offering after the fourth anniversary of the Effective Date, (i) first, securities sought to be offered by such Shareholder and the other Included Holders, pro rata among all such Included Holders (based on the aggregate number of securities which each such Included Holder has requested to be included), and (ii) second, securities sought to be offered by the Company;

(c) in the event that the offering is the initial public offering initiated by PSP within 90 days after a Loral Change of Control: (i) first, securities sought to be offered by PSP, (ii) second, securities sought to be offered by the Company, and (iii) securities sought to be offered by any other Included Holders other than PSP, pro rata among the Included Holders other than PSP (based on the aggregate number of securities which each such Included Holder has requested to be included); and

(d) in the event that the offering is initiated by PSP in connection with an exercise of the Change of Control Demand Right, then: (i) first, securities sought to be offered by PSP, (ii) second, securities sought to be offered by any other Included Holders other than PSP, pro rata among the Included Holders other than PSP (based on the aggregate number of securities which each such Included Holder has requested to be included), and (iii) third, securities sought to be offered by the Company.

If the Company is qualifying a prospectus or registration statement as a result of a Registration Event and the Shareholder requiring such qualification has been unable to dispose of more than 50% of the Shares which such Shareholder has requested to be included in the offering as a result of the application of this Section 6.03, such offering shall not qualify as one of the two occasions in which such Shareholder shall be able to require a Registration Event.

6.04 **Assistance with Offerings**

Whenever any Shareholder has exercised its right to require the Company to qualify a prospectus or registration statement for the offering of its Equity Shares, the Company will use reasonable commercial efforts to cause the consummation of the offering as soon as reasonably practicable, and will use reasonable commercial efforts and take all steps necessary for the preparation, filing and obtaining of receipts of a preliminary and final prospectus, and any required amendments thereto, from the securities commissions and other securities regulatory authorities of each Province of Canada (including a French language preliminary and final prospectus for use in the Province of Quebec), or all steps necessary for the preparation, filing, amending (including post-effective amendments) and supplementing of a registration statement and the prospectus used in connection therewith with the Securities and Exchange Commission in the United States of America, and compliance with all relevant state laws, and shall make available appropriate members of its management to participate in road shows, marketing efforts and investor meetings in connection with the offering of Equity Shares. Each Shareholder will cooperate in good faith to the extent necessary to facilitate each such offering.

6.05 **Expenses**

All expenses incident to the Company's performance of or compliance with Sections 6.02, 6.03 and 6.04, including all prospectus preparation expenses, printing expenses (including expenses of printing certificates for the Equity Shares and of printing prospectuses if the printing of prospectuses is requested by a holder of Equity Shares), the Company's internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties), registration and prospectus filing fees, the fees and expenses incurred in connection with any listing of the equity shares, fees and expenses of counsel for the Company and a single counsel to the Shareholders participating in the offering as selected by the Shareholder requiring the qualification of a prospectus or registration statement pursuant to Section 6.02 and the Company's independent certified public accountants, the fees and expenses of any special experts retained by the Company in connection with such prospectus or registration statement, and the fees and expenses of other persons retained by the Company (all such expenses being herein called " **Registration Expenses"**) will be borne by the Company whether or not any final prospectus receipts are issued or the registration statement becomes effective; provided , however , that in no event shall Registration Expenses include any underwriting discounts, commissions or fees attributable to the sale of the Equity Shares.

6.06 **Auditor**

Until changed by Extraordinary Resolution, the Auditor of the Company and of Interco and Telesat shall be Deloitte & Touche.

6.07 **Year End**

Until changed by Extraordinary Resolution, the fiscal year of the Company, Interco and Telesat shall end on December 31 in each year.

6.08 **Access to Information**

Each of the Company, Interco and Telesat shall provide to each of Loral and PSP (i) all annual and quarterly financial statements at such times as may be reasonably requested by either Loral or PSP in order to support filing obligations of Loral or PSP, and in no event later than the date that such financial statements are provided to the Company's or Telesat's bank lenders, and (ii) access to all other information concerning the business and affairs, financial performance and compliance with Applicable Laws of each of the Company, Interco and Telesat as shall be reasonably requested by either Loral or PSP, such access to be given under reasonable circumstances and in normal business hours. To the extent that the Company's annual financial statements are not audited within 60 days of the Company's fiscal year-end, the Company shall provide to Loral and PSP drafts of the Company's unaudited financial statements within such 60 day period, if and when otherwise available.

ARTICLE 7 – RESTRICTIONS ON TRANSFER OF RESTRICTED SHARES

7.01 **Meaning of "Transfer"**

In this Agreement, unless the context otherwise requires, any reference to a "transfer" of securities or any interest therein of a Person shall be interpreted to include:

(a) any transfer or other disposition of such securities or any interest therein, including by operation of law, by court order, by judicial process, or by foreclosure, levy or attachment;

(b) any sale, assignment, gift, donation, redemption, conversion or other disposition of such securities or any interest therein pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such securities or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value, and

(c) the granting of any Lien on or extending or attaching to such securities or any interest therein.

7.02 **Board Approval of Transfers**

In addition to the restrictions on transfer contained elsewhere in this Article 7 , no Share may be transferred (other than pursuant to Section 6.02 and Section 6.03)) (i) prior to the second anniversary of the Effective Date, without the prior consent of at least 70% of the Directors (other than pursuant to the PSP Sell-Down or the sale by any Equity Shareholder of up to 10% of such Shareholder's Equity Shares) and (ii) in the case of the PSP Sell-Down or the sale by any Equity Shareholder of up to 10% of such Shareholder's Equity Shares, or any sale after the first two years from the Effective Date, without the prior consent of a majority of the Board. No Director shall vote to consent to the transfer of any Share unless all applicable restrictions on such transfer contained in this Article 7 have been complied with and such transfer is not otherwise prohibited by this Agreement and the transferee (other than a transferee pursuant to Section 6.02 or 6.03) has executed and delivered to the Company an acknowledgement of the existence and terms of this Agreement substantially in the form of Schedule H, to be effective

immediately following such transfer; provided, however, that notwithstanding the foregoing, subject to receipt from each transferee of such an acknowledgement, the Board shall approve any transfer of Shares referred to in clauses (i), (ii)(b) or (iii) of the definition of PSP Sell-Down, and clause (ii)(a) of the definition of PSP Sell-Down so long as the Board resolves in writing prior to such transfer that such transfer of such additional amount of Fixed Rate Preferred Shares will not cause material adverse tax consequences to the Company. Each Director shall vote to consent to any transfer if all such restrictions on such transfer have been complied with and such transfer is not otherwise prohibited by this Agreement. Each Shareholder shall take all such action as may be required to ensure compliance with this Section 7.02 by its Shareholder Nominees. Any dispute as to whether any transfer is permitted under this Agreement shall be subject to arbitration under Article 9 .

7.03 **Restrictions on Transfers of Shares**

No Shareholder may transfer any Shares or any interest therein owned by it to any Person except (i) to a Permitted Transferee pursuant to Section 7.04, (ii) after compliance with a Right of First Offer pursuant to Section 7.07, including in respect of a transfer as described in clause (ii)(b) of the definition of "PSP Sell-Down", (iii) (x) pursuant to a public offering as contemplated by Section 6.02 and Section 6.03, or (y) following such offering and after compliance with Section 7.07, pursuant to rules permitting the sale of securities in the normal course through a stock exchange in compliance with the rules of such stock exchange, (iv) pursuant to a sale of Shares upon insolvency pursuant to Section 7.06, (v) upon exercise of tag along or drag along rights pursuant to Section 7.08, (vi) pursuant to the PSP call rights as provided in Section 7.09, Loral call rights as provided in Section 7.10 or in respect of a transfer of Director Voting Shares, in compliance with (and only in compliance with) the provisions of Section 7.11, (vii) as part of a transfer of Fixed Rate Preferred Shares and/or Equity Shares pursuant to the PSP Sell-Down, or (viii) pursuant to a redemption of Redeemable Common Shares or Redeemable Non-Voting Participating Preferred Shares as contemplated by Section 3.06, or of Fixed Rate Preferred Shares in accordance with the rights, restrictions, conditions and limitation attaching to the Fixed Rate Preferred Shares. Any attempted transfer of Shares made in breach of this Agreement shall be null and void. Neither the Board nor the Shareholders shall approve or ratify any transfer of Shares made in contravention of the prohibition contained in this Section 7.03, and the Company shall cause any such transfer not to be recorded on the registers of the Company maintained for the Shares.

7.04 **Transfers to Permitted Transferees**

(1) Permitted Transferee. A " **Permitted Transferee** " is, (a) in the case of Shares owned by a specific Shareholder, any Person (1) which is a Wholly-Owned Subsidiary of that Shareholder or (2) of which that Person is a Wholly-Owned Subsidiary or (3) in the case of PSP, any fund which is wholly-managed by PSP, (b) any Shareholder who is an original party to this Agreement, and (c) MHR Fund.

(2) Transfer . Subject to this Section 7.04, each Shareholder shall be entitled, upon prior written notice to the Company and the other Shareholders, to transfer all or any portion of its Shares to any Permitted Transferee of that Shareholder. No such transfer shall be or become effective, however, until such Permitted Transferee executes and delivers to the Company an

acknowledgement of the terms of this Agreement substantially in the form of Schedule H. Following a transfer, the transferring Shareholder and the Permitted Transferee shall be jointly and severally liable for all of the obligations of the transferring Shareholder hereunder, provided that if the transferee is MHR Fund, then MHR Fund shall not be jointly and severally liable with any transferring Shareholder. Notwithstanding the foregoing, for the avoidance of doubt, if MHR Fund acquires Equity Shares as a Permitted Transferee, MHR Fund will become subject to Sections 7.08 and 7.09 in its capacity as a Permitted Transferee thereunder. On subsequent transfers under this Section, the determination of whether the transferee is a Permitted Transferee shall be determined by reference to the Shareholder who was an original party to this Agreement, not by reference to the transferring Permitted Transferee in such subsequent transfer.

7.05 **Indirect Transfers**

(1) Sole Ownership . Subject to Section 7.05(3), each Shareholder covenants and agrees with the other parties that (i) it shall remain the sole owner of all of the voting securities of any Wholly-Owned Subsidiary of it that hereafter acquires any Shares so long as such Wholly-Owned Subsidiary holds such Shares, (ii) it will remain the sole manager of any fund managed by it into which any Shares are transferred and (iii) it shall not agree to be or be the subject of or a party to any transaction as a consequence of which Equity Shares or voting interests therein would be or are acquired by a Strategic Competitor of Telesat.

(2) Prohibited Transfers . Without limiting the generality of Section 7.05(1), and subject to Section 7.05(3), the Company shall not recognize or register, and the Shareholders and the Board shall not approve, any direct transfer of Shares made in breach of Section 7.05(1), and neither the Board nor the Company shall recognize any direction, instruction or notice from any Person or group of Persons who acquires, directly or indirectly, control of a Shareholder as a result of a transfer or issuance of securities of such Shareholder or securities or other voting interests of any other Person made in breach of Section 7.05(1)(iii).

(3) For greater certainty, nothing in this Section 7.05 shall prevent, restrict, impede or in any manner affect any transaction or series of related transactions through which Loral Space or any of its Affiliates (other than Loral, the Company or any of its Subsidiaries) may be merged, combined or amalgamated with or into any other Person, or any securities or assets of Loral Space or any of its Affiliates (other than Loral, the Company or any of its Subsidiaries) may be sold, transferred to or exchanged with the securities or other property of any other Person.

7.06 **Sale of Shares on Insolvency**

An Equity Shareholder (an **"Insolvent Shareholder"**) shall be deemed to have irrevocably offered to sell all of the Equity Shares owned by it to the other Equity Shareholders as of the day (the **"Date of Withdrawal"**) immediately before the day on which Insolvency Proceedings by or against that Insolvent Shareholder are commenced, and each other Shareholder may, in addition to any other rights or remedies it may have, purchase such Shareholder's Pro Rata Proportion of the Equity Shares deemed to be offered by the Insolvent Shareholder (calculated without reference to the Shares held by the Insolvent Shareholder) at their Fair Market Value per Equity Share as determined under Section 8.03 by giving notice of their elections within 30 Business Days after the Date of Withdrawal, according to their Pro Rata Proportions or any other proportions as they may agree.

7.07 **Right of First Offer**

(1) ROFO Notice. If at any time any Equity Shareholder wishes to sell some or all of the Equity Shares then owned by it (other than a transfer to a Permitted Transferee or the sale of up to the .5601% of Equity Shares that constitute part of the PSP Sell-Down, to which this Section 7.07 shall not apply), or PSP wishes to sell some or all of the Fixed Rate Preferred Shares then owned by it in conjunction with or at any time following a sale of all Equity Shares then owned by PSP and its Affiliates, such Shareholder (the " **Offeror** ") shall first give notice in writing (such notice, a " **ROFO Notice** ") to all other Equity Shareholders (the " **Offeree Shareholders** ") of its desire to sell, the purchase price per Share (and in the case of a ROFO Notice by PSP in respect of both Equity Shares and Fixed Rate Preferred Shares, a separate price per Share in respect of Shares of each such class) at which the Offeror wishes to sell (the " **Stipulated Price** "), any other terms and conditions of the sale (the " **Stipulated Terms** ") and the expiry date of the ROFO Notice (the " **Expiry Date** "). The ROFO Notice shall constitute an irrevocable offer by the Offeror to sell to each Offeree Shareholder or such other Permitted Purchaser as an Offeree Shareholder may designate under Section 8.08 (a " **Designee** ") the Pro Rata Proportion of the Shares specified in the ROFO Notice (the " **Offered Shares** ") at the Stipulated Price and on the Stipulated Terms. Subject to Section 7.07(3)(b), the ROFO Notice shall specify a Sale Closing Date that is no earlier than 30 days after the Expiry Date.

(2) Expiry Date and Notice of Contemplation . The period from the date on which the ROFO Notice is issued and the Expiry Date may be no less than 30 days (the " **Exercise Period** "). If the Exercise Period for any ROFO Notice is less than 60 days, such ROFO Notice shall not be valid unless (x) before delivering such ROFO Notice, the Offeror shall have first delivered to each Offeree Shareholder a notice (a " **Notice of Contemplation** ") stating that the Shareholder is contemplating selling the Offered Shares and (y) the period from the date of the delivery of the Notice of Contemplation to the Expiry Date specified in the subsequent ROFO Notice is not less than 60 days and not more than 6 months. The Notice of Contemplation shall not constitute an offer to sell the Offered Shares and need not contain the terms or conditions upon which the Offeror is prepared to sell.

(3) Acceptance by Offeree Shareholders.

(a) Each Offeree Shareholder may within the applicable Exercise Period give the Offeror written notice (an " **Acceptance** ") that such Offeree Shareholder accepts the offer contained in the ROFO Notice at the Stipulated Price and on the Stipulated Terms. Each Offeree Shareholder which delivers an Acceptance for its full Pro Rata Proportion of the Offered Shares shall be entitled to stipulate in its Acceptance that it wishes to purchase additional Offered Shares and the maximum number of additional Offered Shares that it is prepared to purchase, and if other Offeree Shareholders do not deliver Acceptances for their full Pro Rata Proportion of Offered Shares, the Offered Shares not accepted for purchase shall be allocated, in their Pro Rata Proportions, to the Offeree Shareholders which have stipulated a wish to purchase additional Offered Shares, provided that in no

event shall an Offeree Shareholder be required to purchase a greater number of Offered Shares than the maximum number specified in its Acceptance.

(b) If an Offeree Shareholder is unable to accept the offer contained in a ROFO Notice by reason of restrictions of Applicable Law but desires to have the opportunity to procure a Designee that would not be so restricted (a " **Suitable Designee** "), the Offeree Shareholder may accept such offer on behalf of an unnamed Suitable Designee, it being agreed and understood, however, that such acceptance shall create a binding obligation on the part of the Offeree Shareholder to pay or cause to be paid the Stipulated Price to the Offeror on the Sale Closing Date regardless of whether the Offeree Shareholder has procured a Suitable Designee. If the Offeree Shareholder accepts an offer contained in a ROFO Notice under this Section 7.07(3)(b), the Offeror and the Offeree Shareholder shall be deemed to have agreed that the Sale Closing Date is the first Business Day that is more than 90 days after the Expiry Date. If on such Sale Closing Date the Offeree Shareholder is not permitted by Applicable Law to take delivery of the Offered Shares and no Suitable Designee has been procured, the Offeree Shareholder shall nevertheless pay the Stipulated Price to the Offeror. In such event, the Offeror shall reserve and refrain from selling or otherwise dealing with the Offered Shares and the rights of the Offeree Shareholder with respect to the Offered Shares shall be limited to being permitted to acquire the Offered Shares at a later date pursuant to Applicable Laws, or to procure an acceptable Designee, and the Offeree Shareholder shall have no other rights with respect to the Offered Shares. In the event that by reason of a Change in Law the Offeree Shareholder is subsequently permitted to acquire the Offered Shares, or the Offeree Shareholder has procured a Suitable Designee, the Offeree Shareholder shall give notice of such Change in Law or the procurement of a Suitable Designee to the Offeror and to the Company, and, if applicable, upon being satisfied that such transfer does not contravene Applicable Law, the Company shall register the transfer of the Offered Shares to the Offeree Shareholder, or to the Suitable Designee, as the case may be, on the date specified by the Offeree Shareholder which shall be not less than five Business Days after the date of its notice.

(c) If the Offeree Shareholders do not deliver Acceptances to the Offeror during the Exercise Period for all of the Offered Shares, the Offeror may, subject to Section 7.07(3)(b), at any time during the three month period following the expiry of the Exercise Period sell any Offered Shares for which Acceptances were not delivered to any Permitted Purchaser at a purchase price which is not less than the Stipulated Price and on terms and conditions which are not more favourable to the Permitted Purchaser than the Stipulated Terms set forth in the ROFO Notice.

(4) Continuing Right . If the sale to a Permitted Purchaser is not completed within the three month period referred to in Section 7.07(3)(b), the Offeror may not sell the Offered Shares without first offering them again in accordance with this Section 7.07.

(5) Termination of Loral Right of First Offer . If a Loral Default shall occur, Loral shall thereafter have no rights as an Offeree Shareholder pursuant to this Section 7.07.

(6) Following a Public Offering. If at any time after a public offering any Equity Shareholder wishes to sell some or all of the Equity Shares then owned by it pursuant to clause (iii) (y) of Section 7.03 (other than the sale of up to the .5601% of Equity Shares that constitute part of the PSP Sell-Down, to which Section 7.07 shall not apply), the provisions of this Section 7.07 shall apply but with the following modifications:

(a) the Exercise Period may be 15 days or longer, but not less than 15 days;

(b) the requirement set forth in the second sentence of Section 7.07(2) that the Offeror deliver to the Offeree Shareholder a Notice of Contemplation shall not apply;

(c) Section 7.07(3)(b) shall apply provided however that the second sentence of such section shall be replaced as follows:

"If the Offeree Shareholder accepts an offer contained in a ROFO Notice under this Section 7.07(3)(b), the Offeror and the Offeree Shareholder shall be deemed to have agreed that the Sale Closing Date is the first Business Day that is more than 30 days after the Expiry Date"; and

(d) Section 7.07(3)(c) shall be replaced as follows:

"If the Offeree Shareholders do not deliver Acceptances to the Offeror during the Exercise Period for all of the Offered Shares, the Offeror may, subject to Section 7.07(3)(b), at any time during the 30 day period following the expiry of the Exercise Period sell any Offered Shares for which Acceptances were not delivered to any Person (including any Permitted Purchaser) at a purchase price per Equity Share which is not less than 98% of the price stipulated in the ROFO Notice, and in the event of a private sale, on terms and conditions which are not more favourable to the purchaser than the Stipulated Terms set forth in the ROFO Notice."

7.08 **Tag-Along/Drag-Along Rights**

In addition to the restrictions imposed by Section 7.03, the following provisions shall apply whenever Loral or a Permitted Transferee of Loral (a " **Selling Loral Shareholder"**) wishes to sell Equity Shares then owned by Loral and its Permitted Transferees (the " **Offered Loral Equity Shares** ") to any Permitted Purchaser other than a Permitted Transferee or a Designee (a " **Proposed Loral Purchaser** ") and wishes to make to, or has received from, the Proposed Loral Purchaser an offer in respect of the Offered Loral Equity Shares or to enter into a written agreement of purchase and sale relating to the Offered Loral Equity Shares (any such offer or proposed agreement, a " **Loral Offer** "). As used in this Section 7.08, " **Proportionate Fraction** " in respect of a particular Loral Offer means a fraction the numerator of which is the number of the Offered Loral Equity Shares and the denominator of which is the total number of Equity Shares held by Loral or its Permitted Transferee at the time of determination.

(1) Tag-along Right in Favour of Non-Loral Shareholders . No Selling Loral Shareholder shall sell, offer to sell or agree to sell any of the Equity Shares owned by such Selling Loral Shareholder to any Person other than a Permitted Transferee unless the applicable Loral Offer is in writing and provides as a condition precedent to its completion that the Proposed Loral Purchaser will grant each other Equity Shareholder the right to require the Proposed Loral Purchaser to purchase, at the discretion of each such other Equity Shareholder, for cash or in securities that are readily tradeable on a securities exchange or inter-dealer quotation system in Canada or the United States of America, some or all of the Proportionate Fraction of such other Shareholder's Equity Shares at the same price contained in the Loral Offer and on the same terms and conditions as those contained in the Loral Offer. The Selling Loral Shareholder shall give notice of any such proposed sale to each other holder of Equity Shares no less than 30 days before the proposed Sale Closing Date (a " **Tag-along Notice** "). The Tag-along Notice will constitute an irrevocable offer on behalf of the Proposed Loral Purchaser to purchase from such other holder of Equity Shares the Proportionate Fraction of the Equity Shares then held by the other holders of Equity Shares (or such lesser number as the other holders of Equity Shares may elect) at the same price contained in the Loral Offer and on the same terms and conditions as those contained in the Loral Offer, and each other holder of Equity Shares will have no less than 15 days to accept such offer, specifying in such acceptance the number and class of Equity Shares that the other holder of Equity Shares wishes to sell to the Proposed Loral Purchaser. The completion of the sale of any such Equity Shares by each other holder of Equity Shares will be subject to the completion of the sale of the Offered Loral Equity Shares by the Selling Loral Shareholder and vice versa. The provisions of this Section 7.08(1) shall not apply to the sale by Selling Loral Shareholders of up to 5% (in the aggregate) of the Equity Shares owned by Loral on the Effective Date, provided that if a Selling Loral Shareholder offers Equity Shares in any transaction in which more Equity Shares than those exempted from the application of this Section 7.08(1) are being offered for sale (including a proposed sale of less than 5% of the Equity Shares owned by Loral on the Effective Date but when those shares are combined with prior sales by all Loral Selling Shareholders exempted from the application of this Section 7.08(1), would allow Loral Selling Shareholders to have sold more than 5% (in the aggregate) of the Equity Shares owned by Loral on the Effective Date without application of this Section 7.08(1)), this Section 7.08(1) shall apply to such transaction, and the rights of Selling Loral Shareholders to sell up to 5% (in the aggregate) of the Equity Shares owned by Loral on the Effective Date without compliance with this Section 7.08(1) shall continue after such transaction to the same extent as they existed prior to such transaction.

(2) Drag-along Right in Favour of Loral . Subject to Section 5.02(3), following consummation of the transactions contemplated by the Skynet Asset Transfer Agreement and the Skynet Sale Agreement, or by the Loral Alternative Subscription Agreement, if (x) the Loral Offer is *bona fide* and for all of the Equity Shares and the proposed consideration for the Equity Shares is for cash or for equity securities that are readily tradeable on a securities exchange or inter-dealer quotations system in Canada or the United States of America and (y) the Proposed Purchaser deals at Arm's Length with the Selling Loral Shareholder, such Loral Offer may require as a condition precedent to its completion that each other holder of Equity Shares (each, a " **Drag-along Shareholder** ") agrees to sell to the Proposed Purchaser all of such Drag-along Shareholder's Equity Shares at the same price contained in the Loral Offer and on the same terms and conditions as those contained in the Loral Offer. The Selling Loral Shareholder shall give notice of any such proposed sale to each Drag-along Shareholder no less than 60 days

before the proposed Sale Closing Date (a " **Drag-along Notice** "). Receipt of a Drag-along Notice by a Drag-along Shareholder will constitute an irrevocable offer to sell to the Proposed Purchaser (a " **Deemed Offer** ") of such Drag-along Shareholder's Equity Shares then held by the Drag-along Shareholder at the same price contained in the Loral Offer and on the same terms and conditions as those contained in the Loral Offer; and each Drag-along Shareholder hereby appoints each Selling Loral Shareholder as its true and lawful attorney for the purpose of transmitting the Deemed Offer to the Proposed Purchaser. The completion of the sale of such Equity Shares by a Drag-along Shareholder will be subject to the completion of the sale of the Offered Loral Equity Shares by the Selling Shareholder and vice versa. Notwithstanding the foregoing, if a Loral Default shall occur and Section 5.02(3) shall not apply, the rights of any Selling Loral Shareholder contained in this Section 7.08(2) shall be suspended for a period of six months from the occurrence of such Loral Default and such rights shall be reinstated in full following the expiration of such six-month period if, during such six month period following the occurrence of such Loral Default, PSP has not delivered a PSP Call Notice pursuant to and in accordance with Section 7.09.

(3) Company Sale Drag-along Right .

(a) The drag-along rights as provided in this Section 7.08(3) shall apply only if (i) a Loral Default shall have occurred, or (ii) (x) a Loral Change of Control shall have occurred, (y) as a result thereof, PSP shall have given, within 90 days of such Loral Change of Control, notice pursuant to Section 6.02 that it wishes to cause the Company to conduct an initial public offering, and (z) such initial public offering shall not have been consummated within twelve months of the Loral Change of Control as a result of the failure by the Company, Interco or Loral to use commercially reasonable efforts to effect such initial public offering (as determined by arbitration pursuant to Article 9 unless otherwise agreed by PSP and Loral).

(b) Upon the happening of either event specified in clauses (i) or (ii) of Section 7.08(3), PSP shall have the right to deliver to the Company a notice (a **"Company Sale Notice"**) requiring the commencement of a procedure for the sale of the Company. Within 30 days of the receipt by the Company of a Company Sale Notice, the Board of Directors shall retain the services of a financial advisor selected by the Board after consultation with PSP to market the Company to third party purchasers, and each of Loral, PSP and the Company shall assist in such process to maximize the value that can be obtained in the sale of all of the Equity Shares of the Company.

(c) If a *bona fide* offer is received for all of the Equity Shares for cash or for securities that are readily tradeable on a securities exchange or inter-dealer quotation system in Canada or the United States of America and the offeror (the **"Proposed Purchaser"**) deals at Arm's Length with each of Loral and PSP, then if PSP (the **"Accepting Shareholder"**) wishes to accept such offer, it may require the other holders of Equity Shares to agree to sell to the Proposed Purchaser all of such other Shareholder's Equity Shares at the same price contained in the Proposed Purchaser's offer and on the same terms and conditions. The Accepting

Shareholder shall give notice of any such proposed sale to each other Shareholder no less than 60 days before the sale closing date. Receipt of such a notice by such other Shareholder will constitute an irrevocable offer to sell by such other Shareholder to the Proposed Purchaser all Equity Shares then held by each such other Shareholder at the same price contained in the Proposed Purchaser's offer and on the same terms and conditions, and each such other Shareholder hereby appoints the Accepting Shareholder as its true and lawful attorney for the purpose of transmitting such other Shareholder's offer to the Proposed Purchaser. Completion of the sale of all such Equity Shares by such other Shareholders will be subject to the completion of the sale of the Accepting Shareholder's Equity Shares and *vice versa* .

(4) **Provisions Applicable to Tag-Along and Drag-Along Rights**

(a) After compliance with the rights of first offer provided in Section 7.07, the rights of Equity Shareholders described in Section 7.07 shall not apply to any offer or sale made pursuant to Sections 7.08(2) or (3), but shall apply to any other offer or sale pursuant to Section 7.08(1).

(b) In lieu of an offer to purchase shares to be made by a Proposed Loral Purchaser or Proposed Purchaser pursuant to this Section 7.08 (2) or (3), a proposal of amalgamation, arrangement or consolidation, or a proposal of purchase of all of the assets of the Company, may instead be made, provided that such offer is a *bona fide* offer that provides identical consideration or treatment to the holders of all Equity Shares, is proposed by a Person who deals at Arm's Length with each of PSP and Loral, and will result in the direct or indirect receipt by each holder of Equity Shares of cash or securities that are readily tradeable on a securities exchange or inter-dealer quotation system in Canada or the United States of America, and the provisions of Section 7.08(2) and (3) shall apply *mutatis mutandis* to any such proposal.

(c) In the case of any drag-along or tag-along right exercised pursuant to Section 7.08, the Company shall pay the out-of-pocket expenses of the Shareholders either initiating or responding to the exercise of such drag-along or tag-along rights, including the fees and expenses of financial advisors, investment advisors and legal advisors.

(d) If drag-along rights are made available pursuant to Section 7.08(3), Loral agrees to make available to the purchaser of the Equity Shares a covenant of confidentiality, non-competition and non-solicitation in substance equivalent to that provided to the Company pursuant to Sections 2.04, 4.04 and 4.05 provided, that, in the event of a drag-along right exercised pursuant to clause (i) of Section 7.08(3)(a), Loral shall not be required to provide such confidentiality and non-competition covenant, whether pursuant to Section 2.04, Section 4.04, or otherwise, if the transactions contemplated by the Skynet Asset Transfer Agreement and Skynet Sale Agreement shall not have occurred and Loral Skynet is not being transferred to the purchaser of the Equity Shares in conjunction with such purchase.

(e) In connection with each tag-along or drag-along sale, each Shareholder selling Equity Shares shall, to the extent required by the Shareholder initiating the sale (i) make such representations and warranties with respect to such Shareholder as are customary for transactions of the nature of the proposed transaction, (ii) be required to bear its proportionate share of any escrows, holdbacks or adjustments in respect of the purchase price or indemnification obligations; provided , that no Shareholder shall be obligated (x) to indemnify, other than severally indemnify, any Person in connection with such sale, or (y) to incur liability to any Person in connection with such sale, including, without limitation, under any indemnity, in excess of the lesser of (A) its pro rata share of such liability and (B) the gross proceeds realized by such Shareholder in such sale. Neither PSP nor MHR Fund shall be required to agree to a non-compete or non-solicitation obligation or covenant in connection with any such sale.

7.09 **PSP Call Rights**

(a) Upon the occurrence of a Loral Default, PSP shall have the right, exercisable for a period of six months following the occurrence of such Loral Default, to deliver to Loral a notice (the **"PSP Call Notice"**) requiring Loral and its Permitted Transferees to sell to PSP, or to any purchaser as PSP shall designate in such notice (the **"PSP Designee"**), all of the Equity Shares then owned by Loral or its Permitted Transferees (other than, for greater certainty, any Equity Shares owned by MHR Fund or any of its Affiliates and not acquired from Loral or any of its Affiliates). Such right of PSP shall be exercisable at a price per Equity Share equal to the Fair Market Value thereof, determined as of the date at which the PSP Call Notice is delivered; provided that if Loral Space or an Affiliate breached the terms of Section 2.8(a) of the Skynet Asset Transfer Agreement or, if applicable, Section 2.1(b) of the Ancillary Agreement, or failed to fully perform Section 4.1 of the Loral Alternative Subscription Agreement or Section 4.3 of the Loral Alternative Subscription Agreement, as the case may be, then such right of PSP shall be exercisable at a price per Equity Share equal to the Loral Cost. If PSP shall indicate in the PSP Call Notice that it considers that there has been a breach of Section 2.8(a) of the Skynet Asset Transfer Agreement or, if applicable, Section 2.1(b) of the Ancillary Agreement or Section 4.1 or Section 4.3 of the Loral Alternative Subscription Agreement, and Loral disputes that a breach exists, PSP shall pay to Loral the Loral Cost per Equity Share on the closing date of the exercise of the PSP purchase as provided in this Section 7.09 and PSP shall place into escrow on such closing date with a financial institution satisfactory to Loral and PSP, each acting reasonably, on terms satisfactory to Loral and PSP, each acting reasonably, funds equal to the difference between the aggregate Fair Market Value (determined pursuant to Section 8.03) and the aggregate Loral Cost pending the determination of whether or not such a breach has occurred, and in the event it is determined that such a breach did not occur, such funds held in escrow, together with the accrued interest thereon, shall be paid to Loral, and in

the event it is determined that such a breach did occur, such funds held in escrow, together with the accrued interest thereon, shall be paid to PSP. If Loral and PSP are unable to agree upon a financial institution to act as escrow agent, or are unable to agree upon the terms of an escrow agreement in respect of the holding and disbursement of the escrowed funds, such matters shall be determined by arbitration pursuant to the provisions of Article 9 , such arbitration to be based on a standard of commercial reasonableness under the circumstances then existing.

(b) Upon receipt of a PSP Call Notice, Loral and its Permitted Transferees shall be obligated to sell to PSP or the PSP Designee, and PSP shall be obligated to purchase from Loral and its Permitted Transferees, either directly or through the PSP Designee, all of the Equity Shares owned by Loral and its Permitted Transferees and subject to 7.09(a) at a price per Equity Share determined in accordance with Section 7.09(a) on the day set out in the PSP Call Notice, which shall be not earlier than 90 Business Days nor later than 120 Business Days from the date of the PSP Call Notice.

(c) If PSP designates in the PSP Call Notice a PSP Designee as the purchaser of the Equity Shares owned by Loral and its Permitted Transferees, such designation shall create a binding obligation on PSP to pay or cause to be paid to Loral and its Permitted Transferees the price per Equity Share provided in Section 7.09(a) on the closing date set out in the PSP Call Notice. If on such closing date, PSP or the PSP Designee is not permitted under Applicable Law to own the Equity Shares owned by Loral and its Permitted Transferees , PSP shall nevertheless pay to Loral and its Permitted Transferees the purchase price determined in accordance with Section 7.09(a). In such event, Loral and its Permitted Transferees shall reserve and refrain from selling or otherwise dealing with the Equity Shares then owned by them and the rights of PSP with respect to the Equity Shares owned by Loral and its Permitted Transferees shall be limited to being permitted to acquire the Equity Shares owned by Loral and its Permitted Transferees at a later date pursuant to Applicable Law, or to procure an acceptable designee, and PSP shall have no other rights with respect to the Equity Shares owned by Loral and its Permitted Transferees. In the event that by Change of Law PSP is subsequently permitted to acquire the Loral Equity Shares, or PSP procures a designee that may acquire the Equity Shares owned by Loral and its Permitted Transferees, PSP may give notice of such Change of Law or such designee to the Company, and upon being satisfied that such transfer to PSP or such designee does not contravene Applicable Law, the Company shall then register the transfer of the Equity Shares owned by Loral and its Permitted Transferees to PSP or such designee.

7.10 **Loral Call Rights**

(a) If (w) there shall have occurred a Loral Change of Control (x) within 90 days after the Loral Change of Control, PSP delivers to the Company and all other holders of Equity Shares a notice requiring the Company to conduct an initial public offering as permitted by Section 6.02 (y) such initial public offering shall not have been consummated within twelve months of the Loral Change of Control

as a result of the failure of the Company, Interco or Loral to use commercially reasonable efforts to effect such initial public offering (as determined by a arbitration pursuant to Article 9 , unless otherwise agreed by PSP and Loral), and (z) PSP shall have delivered to Loral a Company Sale Notice pursuant to Section 7.08(3), Loral shall have the right, exercisable within 75 days of delivery by PSP to Loral of a Company Sale Notice pursuant to Section 7.08(3), to deliver to PSP a notice (the " **Loral Call Notice"**) requiring PSP to sell to Loral, or to any purchaser as Loral shall designate in such notice (the **"Loral Designee"**) all of the Equity Shares then owned by PSP at a price per Equity Share equal to Fair Market Value.

(b) Upon receipt of a Loral Call Notice, PSP shall be obligated to sell to Loral, or to the Loral Designee, and Loral shall be obligated to purchase from PSP, either directly or through the Loral Designee, all of the Equity Shares owned by PSP at a price per Equity Share equal to the Fair Market Value on the day which is 20 Business Days after the determination of Fair Market Value per Equity Share has been made pursuant to Section 8.03.

(c) If Loral designates in the Loral Call Notice a Loral Designee as the purchaser of the Equity Shares owned by PSP, such designation shall create a binding obligation on Loral to pay or cause to be paid to PSP the Fair Market Value per Equity Share on the closing date set out in the Loral Call Notice. If on such closing date, Loral or the Loral Designee is not permitted under Applicable Law to own the Loral Equity Shares, Loral shall nevertheless pay to PSP the aggregate Fair Market Value amount. In such event, PSP shall reserve and refrain from selling or otherwise dealing with the Equity Shares then owned by it and the rights of Loral with respect to the PSP Equity Shares shall be limited to being permitted to acquire the PSP Equity Shares at a later date pursuant to Applicable Law, or to procure an acceptable designee, and Loral shall have no other rights with respect to the PSP Equity Shares. In the event that by Change of Law Loral is subsequently permitted to acquire the PSP Equity Shares, or Loral procures a designee that may acquire the PSP Equity Shares, Loral may give notice of such Change of Law or such designee to the Company, and upon being satisfied that such transfer to Loral or such designee does not contravene Applicable Law, the Company shall then register the transfer of the PSP Equity Shares to Loral or such designee.

7.11 **Transfers of Director Voting Shares**

PSP shall have the right to call, at any time by giving 5 Business Days notice to any holder of Director Voting Preferred Shares, for the transfer of all such Director Voting Preferred Shares owned by such holder to a purchaser designated by PSP in such notice (a " **Director Voting Preferred Share Transfer Notice** "). Upon delivery of such Directors Voting Preferred Share Transfer Notice, the Shareholder to which such notice is given shall transfer to the Person designated in such Director Voting Preferred Transfer Notice all Director Voting Preferred Shares owned by such Shareholder on the fifth Business Day following delivery of such notice to the Shareholder at a purchase price of $10 per Director Voting Preferred Share, provided that

such purchaser is a Permitted Purchaser. In order to expedite the transfer of Director Voting Preferred Shares pursuant to this Section 7.11, each Shareholder shall deliver to PSP, upon the date of acquisition by such Shareholder of any Director Voting Preferred Shares, all certificates representing such Shares, endorsed in blank for transfer. PSP shall be entitled to deliver such certificates to any Permitted Purchaser in order to facilitate a purchase and sale of Director Voting Preferred Shares pursuant to this Section 7.11, but shall not otherwise be entitled to deal with certificates representing the Director Voting Preferred Shares, which certificates shall otherwise be held custodially by PSP at all times.

7.12 **Changes in Law Affecting Permissible Levels of Loral's Shareholdings**

Required Reductions in Share Ownership . If the introduction of or any change in Applicable Law or the interpretation thereof by any court of competent jurisdiction or Governmental Authority charged with the administration thereof (any such introduction or change, a " **Change in Law** ") has the effect of requiring Loral to divest itself of any number of Shares (the " **Excess Shares** ") that it then holds, or if such Change in Law would render Telesat ineligible to continue to operate its Satellite Communications Business under Applicable Law if Loral continued to hold the Excess Shares, then on or before the effective date of such Change in Law or as soon as possible thereafter if such Change of Law is immediate, Loral shall either:

(a) if the Excess Shares are Common Shares, convert such Excess Shares into an equal number of Non-Voting Participating Preferred Shares; or

(b) if the Excess Shares are any other class of Shares, or are Common Shares but the conversion of such Common Shares into Non-Voting Participating Preferred Shares would not cause such shares to cease to be Excess Shares, sell the Excess Shares to a Permitted Purchaser (provided that the rights of first offer contained in Section 7.07 shall apply to any such sale).

7.13 **Notice of Conversion**

Each Shareholder shall give notice to the Corporation and to each holder of Equity Shares of its intention to convert Equity Shares of any class into Equity Shares of any other class, such notice to be given not less than two Business Days prior to the intended conversion date.

7.14 **Share Certificates Legend**

All Share certificates of the Company shall bear the following legend conspicuously on their face:

"The shares represented by this certificate are subject to the terms and conditions of a unanimous shareholder agreement made as of October 31, 2007 and are not transferable except in compliance with that agreement."

ARTICLE 8 - GENERAL SALE PROVISIONS

8.01 **Application of Sale Provisions**

Except as may otherwise be provided in this Agreement, the provisions of this Article 8 shall apply to any sale of Equity Shares (each a " **Sale Transaction** ") between or among Shareholders or their designees or between a Shareholder or its designee and the Company, in each case pursuant to this Agreement.

8.02 **Defined Terms**

For the purposes of this Article 8 :

(1) **"Purchased Shares"** means the Equity Shares to be purchased and sold or issued and taken up and paid for in any Sale Transaction; and

(2) **"Purchase Price"** means the amount to be paid as the purchase or subscription price for the Purchased Shares.

8.03 **Determination of Fair Market Value**

(1) By Agreement. Where the Fair Market Value of Equity Shares to be purchased and sold under this Agreement is required to be determined, such Fair Market Value shall be the value agreed by the parties to the Sale Transaction within 20 Business Days of the date on which the applicable offer to sell is made or deemed to be made, or in the case of Section 7.09, the date the PSP Call Notice is delivered (the " **Determination Date** ").

(2) Valuation . If the parties cannot agree on the Fair Market Value within 20 Business Days of the Determination Date, the Fair Market Value of the Equity Shares to be purchased and sold shall be determined as follows:

(a) Within 25 Business Days of the Determination Date, the purchaser shall give notice to the vendor proposing the name of the business valuer (the " **Valuer"**) that the purchaser wishes to determine the Fair Market Value of the Equity Shares to be purchased and sold. Within 10 Business Days after receipt of the notice, the vendor shall give notice to the purchaser advising whether the vendor accepts such Valuer.

(b) If no notice is given by the vendor within the specified period, the vendor will be deemed to have accepted the Valuer. If notice is given by the vendor within the specified period that it rejects the Valuer proposed by the purchaser, the purchaser may engage the Valuer but the vendor may engage a separate business valuer (the **" Vendor's Valuer"**).

(c) Each individual selected as a Valuer or a Vendor's Valuer:

(i) shall be qualified by education and experience to value corporations in the telecommunications industry;

(ii) shall be at Arm's Length to both parties and not otherwise an Interested Party; and

(iii) shall not be an individual who is a member or employee of a Person that has otherwise been retained by either of the parties.

(d) Except as specified in the last sentence of this Section 8.03(2)(d), the Costs and Expenses of the Valuer shall be paid by the purchaser, or, if there is more than one purchaser, by the purchasers in accordance with their Pro Rata Proportions relative to each other. Except as specified in the last sentence of this Section 8.03(2)(d), the Costs and Expenses of the Vendor's Valuer shall be paid by the Vendor. In the event that Fair Market Value is being determined for the purposes of Section 7.09, the Costs and Expenses of the Valuer and the Vendor's Valuer shall each be paid by the Company.

(e) The Valuer shall be instructed to prepare a written valuation report on the Fair Market Value of the Equity Shares. The valuation report must contain disclosure consistent with that required under OSC Rule 61-501 and Companion Policy 61-501CP issued pursuant to the *Securities Act* (Ontario) as it may be amended from time to time and Appendix A to Standard #110 " **Valuation Report Standards and Recommendations** " of the Canadian Institute of Chartered Business Valuators as it was on the date of this Agreement, a copy of which is attached to this Agreement as Schedule 8.3(b). The Company will cooperate fully in providing to the Valuer information and access to management. The Valuer shall provide a draft of its report to the parties within 60 Business Days of the Determination Date. The draft may omit value conclusions but shall set out major assumptions, judgments, pertinent empirical evidence and a detailed framework for valuation calculations. The parties shall provide written comments on the draft to the Valuer within 70 Business Days of the Determination Date. The Valuer shall provide its final valuation report to the parties within 80 Business Days of the Determination Date.

(f) The Company will provide the Vendor's Valuer with the same cooperation, information and access as that provided to the Valuer. The Vendor's Valuer shall be instructed to adhere to the same valuation report timetable, disclosure and process as that described in Section 8.03(2)(e).

(g) The vendor may provide to the Valuer the draft valuation report of the Vendor's Valuer and the purchaser may provide to the Vendor's Valuer the draft valuation report of the Valuer.

(h) Subject to Section 8.03(2)(i), where the price of the Equity Shares to be purchased and sold is their Fair Market Value, such price shall be the Fair Market Value set out in the Valuer's valuation report. If in the Valuer's valuation report Fair Market Value is expressed to be within a range, the mid-point of the range shall be the price of such Equity Shares.

(i) If the vendor notifies the purchaser within 90 Business Days of the Determination Date that it is not satisfied with the price determined under Section 8.03(2)(h) and if the Vendor's Valuer has prepared a report as set out in Section 8.03(2)(f) then the final Valuer's report and the final Vendor's Valuer's report shall be submitted to an Arbitrator, who shall determine the price of the Equity Shares to be purchased and sold in accordance with the provisions of Schedule E.

(j) The Arbitrator shall not be requested to prepare a third valuation but shall be requested to review the two valuation reports and any written comments from the vendor or purchaser provided under Section 8.03(2)(e), and to interview the purchaser, vendor, representatives of the Company, the Valuer and the Vendor's Valuer and, on the basis of that review, to determine the price of the Equity Shares to be purchased and sold. In conducting its review, the Arbitrator shall give particular emphasis to the qualifications and independence of the Valuer and the Vendor's Valuer, the scope of their work and analysis and the fullness and clarity of the disclosure of assumptions, judgments, pertinent empirical evidence and calculations in the valuation reports.

(k) If the determination of Fair Market Value by the Arbitrator is:

(i) equal to or less than 5% above the Fair Market Value determined by the Valuer, then all Costs and Expenses of the arbitration shall be paid by the vendor; and

(ii) more than 5% above the Fair Market Value determined by the Valuer, then all Costs and Expenses of the arbitration shall be paid by the purchaser, or if there is more than one purchaser, by the purchasers in accordance with their Pro Rata Proportions relative to each other.

(l) The determination of Fair Market Value by the Arbitrator shall be final and binding on the vendor and purchaser.

8.04 **Payment and Closing Provisions**

The following shall apply to each Sale Transaction subject to any express provisions to the contrary:

(1) Payment of Purchase Price and Delivery of Certificates . The Purchase Price shall be paid in cash, by wire transfer or bank draft or certified cheque drawn on a Canadian chartered bank at the time of closing on the Sale Closing Date at the place of closing against receipt by the purchaser of the share certificate or certificates representing the Purchased Shares, duly endorsed in blank for transfer with signatures guaranteed by a Canadian chartered bank or trust company. All other payments required to be made in connection with a Sale Transaction shall be paid in cash, by wire transfer or bank draft or certified cheque drawn on a Canadian chartered bank at the time payment is required to be made, except that where permitted by the provisions of Article 7 , payment may be made in whole or in part in marketable securities.

(2) Title. The seller of the Purchased Shares (the " **Vendor** ") shall represent and warrant in writing, such warranty to survive closing, that it has good and marketable title to the Purchased Shares (or in the case of an issuance of Shares from treasury, that the Purchased Shares have been duly issued as fully paid and non-assessable) and clear of any Lien except for the terms and conditions of this Agreement and shall deliver to the purchaser all such documents, instruments and releases and shall take all such steps and do all such acts and things as may be necessary or desirable to vest such title in the purchaser.

(3) Section 116 of the Income Tax Act. The Vendor (other than the Company) shall either provide the purchaser with evidence reasonably satisfactory to the purchaser that the Vendor is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) or provide the purchaser with a certificate pursuant to Subsection 116(2) of the *Income Tax Act* (Canada) with a certificate limit in an amount not less than the Purchase Price for the Purchased Shares; provided that if such evidence or certificate is not forthcoming, the purchaser shall be entitled to make the payment of tax required under Section 116 of the *Income Tax Act* (Canada) and to deduct such payment from the Purchase Price for the Purchased Shares.

(4) Vendor's Non–Completion

(a) If on the Sale Closing Date, the Vendor shall default in its performance of the Sale Transaction, the purchaser shall have the right upon such default (without prejudice to any other rights which it may have) to pay the Purchase Price to the credit of the Vendor in a special account at the principal branch of the Company's principal bankers in the City of Toronto, and upon such payment to complete the Sale Transaction as aforesaid.

(b) If the Purchase Price is so deposited into a special account at the branch of the Company's bankers in the name of the Vendor, then from and after the date of such deposit, and even though the certificates evidencing the Shares held by the Vendor have not been delivered to the purchaser, the purchase of such Shares shall be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to such Shares shall be conclusively deemed to have been transferred and assigned to and become vested in the purchaser and all right, title, benefit and interest, both at law and in equity, of the Vendor or of any transferee, assignee or any other Person having any interest, legal or equitable, therein or thereto, whether as a shareholder or creditor of the Company or otherwise, shall cease; provided, however, that the Vendor shall be entitled to receive the Purchase Price so deposited, without interest.

(c) The Vendor hereby irrevocably constitutes and appoints the corporate secretary of each purchaser as the Vendor's true and lawful attorney–in–fact and agent for, in the name and of and on behalf of, the Vendor to execute and deliver in the name of the Vendor, in the event that the Vendor defaults in signing, all such documents or instruments as may be necessary to transfer and assign the Shares, or any part thereof, to the purchaser, or its nominee or nominees, on the books of the Company. The Vendor hereby ratifies and confirms and agrees to ratify and confirm all that any purchaser may lawfully do or cause to be done by virtue of the provisions hereof.

(d) The Vendor hereby irrevocably consents to any transfer of the Shares or any part thereof made pursuant to the provisions of this Section 8.04(4).

(e) The Vendor shall be entitled to receive the Purchase Price deposited with the bankers of the Company upon delivery to the purchaser of certificates evidencing the shares so purchased duly endorsed in blank for transfer with signatures guaranteed by a Canadian chartered bank or trust company together with any other documents required to be delivered hereunder which have not been previously delivered.

8.05 **Consents**

The parties acknowledge that any transfer of Shares, including upon the completion of any Sale Transaction, shall be subject, in any event, to the receipt of all Regulatory Approvals required for the transfer of Shares contemplated thereby and, for the purpose of obtaining such Regulatory Approvals or other such approvals, permits and consents, the Sale Closing Date provided for elsewhere in this Agreement may be extended for such reasonable time as may be required and the parties shall cooperate fully in securing same. Accordingly, the parties agree that any purchase and sale of Shares hereunder shall be completed, if Regulatory Approval is required, on the later of the Sale Closing Date provided for elsewhere in this Agreement and ten Business Days after the date on which Regulatory Approval is obtained, but in any event, no later than the later of (a) 180 days after the Sale Closing Date provided for elsewhere in this Agreement and (b) the date of the final determination of an application for such Regulatory Approval where such application has been filed prior to the expiry of such period of 180 days.

8.06 **Time and Place of Closing**

Unless otherwise agreed by the parties to a Sale Transaction, the closing of the Sale Transaction shall take place at the registered office of the Company at 11:00 a.m. on the Sale Closing Date.

8.07 **No Joint and Several Liability**

Nothing in this Agreement shall make any purchaser jointly and severally liable for the obligations of any other purchaser.

8.08 **Designee Purchases**

If a Shareholder is given the right or opportunity to purchase Shares under this Agreement but is prohibited from doing so by Applicable Law (such as, by way of example and not limitation, limitations on foreign ownership of telecommunications companies), such Shareholder may select a designee which is a Permitted Purchaser, which designee shall be entitled to exercise the right or opportunity to purchase the Shares in such Shareholder's stead to the extent that such Shareholder is prohibited from doing so itself. Each such designee shall execute an acknowledgement of the terms of this Agreement substantially in the form of Schedule H and shall thereafter have the rights and obligations hereunder as a Shareholder. In exercising its rights under this Section 8.08, each Shareholder shall, to the extent practicable, minimize the number of its designees.

ARTICLE 9 – ARBITRATION

9.01 **Arbitration**

If:

(a) any objection to the reasonableness or good faith of a challenge made to the independence of a candidate for Independent Director under Section 3.03(3),

(b) any dispute regarding whether any restrictions on transfers of Shares contained in Section 7 have been complied with,

(c) any determination of the failure of the Company or Loral to use reasonable commercial efforts to effect an initial public offering pursuant to Section 7.08(3),

(d) any determination of Fair Market Value under Section 8.03(2)(i),

(e) any determination of an escrow agent or the terms of an escrow agreement under Section 7.09, or

(f) any claim for damages based upon a personal cause of action for an alleged breach of this Agreement that but for this Section 9.01 would entitle a party to have the matter adjudicated before the court (including whether an issue is arbitratable)

cannot be resolved in a reasonable period of time in the circumstances by negotiation between the parties or otherwise in accordance with this Agreement, such matter shall be submitted to and finally resolved by arbitration in Ontario under the Arbitration Act and in accordance with the rules and procedures set out in Schedule E.

9.02 **Rules for Arbitration**

The rules and procedures set out in the Arbitration Act shall apply to each arbitration except to the extent they are modified by the rules for arbitration set out in Schedule E.

ARTICLE 10 – GENERAL

10.01 **Carrying out of Agreement**

The Company confirms its knowledge of this Agreement and shall carry out and be bound by the provisions of this Agreement to the full extent that it has the capacity and power at law to do so.

10.02 **Assignment and Enurement**

(1) Except as expressly provided under this Agreement, no party may assign this Agreement except (i) to a Permitted Transferee that has executed and delivered to the Company

an acknowledgement of the terms of this Agreement substantially in the form of Schedule H in accordance with and subject to Section 7.04(2), (ii) to a Permitted Purchaser that has executed and delivered to the Company such acknowledgement substantially in the form of Schedule H in accordance with Section 7.02, or (iii) in the case of MHR Fund, to any entity within the definition of MHR Fund that has executed and delivered to the Company such acknowledgement substantially in the form of Schedule H. The rights provided in this Agreement in favour of PSP, Loral and MHR Fund are personal to each of them and their Permitted Transferees and are not assignable to, and do not accrue to, any Permitted Purchaser (other than a Permitted Transferee). The restrictions on transfer of Shares contained in Sections 7.02 and 7.03 apply to all Permitted Purchasers and by executing an acknowledgement of this Agreement in the form of Schedule H, as required by Section 7.02, each Permitted Purchaser shall become bound by such restrictions. Any assignment made in contravention of this Section 10.02 shall be void and of no effect.

(2) This Agreement enures to the benefit of and binds the parties, their respective heirs, successors, and permitted assigns and all transferees of Shares.

10.03 **Notices**

Unless otherwise specified, each Notice to a party must be given in writing and delivered personally or by courier, sent by prepaid registered mail or transmitted by fax to the party as follows:

If to Loral, Loral Parent, Loral Skynet or Loral Space:

Loral Space & Communications Inc.
600 Third Avenue, 36 th Floor
New York, New York, 10016

Attention: General Counsel
Fax No.: (212) 338-5320

If to PSP or PSP Parent:

Public Sector Pension Investments Board
1250 René Lévesque Blvd. West
Suite 2030
Montréal, Québec H3B 4W8

Attention: Vice President and General Counsel
Fax No.: (514) 937-0403

If to TPI #1:

John W. Cashman
c/o Humphrey Management Limited
1235 Bay Street
Suite 1000
Toronto, Ontario
M5R 3K4

Fax No.: (416) 934-9808

If to TPI #2:

Colin D. Watson
72 Chestnut Park Road
Toronto, Ontario
M4W 1W8

If to the Company:

4363205 Canada Inc.
c/o McCarthy Tétrault LLP
Suite 4700
66 Wellington Street West
Toronto, Ontario
M5K 1E6

Attention: Robert E. Forbes
Fax No.: (416) 868-0673

If to Interco:

4363213 Canada Inc.
c/o McCarthy Tétrault LLP
Suite 4700
66 Wellington Street West
Toronto, Ontario
M5K 1E6

Attention: Robert E. Forbes
Fax No.: (416) 868-0673

If to Telesat:

Telesat Canada Inc.
1601 Telesat Court
Gloucester, ON K1B 5P4
Canada

Attention: Vice-President and Secretary
Fax No.: (613) 742-4124

If to MHR Fund:

MHR Fund Management LLC
40 West 57 th Street
24 th Floor
New York, N.Y. 10019

Attention: President
Fax No.: (212) 262-9356

or to any other address, fax number or Person that the party designates. Any Notice, if delivered personally or by courier or sent by prepaid registered mail, will be deemed to have been given when actually received, if transmitted by fax before 5:00 p.m. on a Business Day, will be deemed to have been given on that Business Day, and if transmitted by fax after 5:00 p.m. on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

10.04 **Waivers**

No waiver of any provision of this Agreement is binding unless it is in writing and signed by all the parties to this Agreement entitled to grant the waiver. No failure to exercise, and no delay in exercising, any right or remedy under this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision.

10.05 **Further Assurances**

Each party shall from time to time promptly execute and deliver and take all further action as may be reasonably necessary or appropriate to give effect to the provisions and intent of this Agreement and to complete the transactions contemplated by this Agreement.

10.06 **Remedies Cumulative**

The rights and remedies under this Agreement are cumulative and in addition to, and not in substitution for, any other rights and remedies, available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

10.07 **Counterparts**

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

10.08 **Amendments**

Except as expressly provided in this Agreement, no amendment, supplement, restatement, replacement or termination of any provision of this Agreement is binding unless it is in writing

and signed by each of PSP and Loral; provided, that no such amendment, supplement, restatement, replacement or termination to any of the following clauses, sections, terms or provisions of this Agreement shall be effective without the prior written consent of MHR Fund: (a) the second sentence of the definition of "Affiliate", (b) the second sentence of the definition of "Associate", (c) clause (ii) in the proviso in the definition of "Interested Party" (d) the definition of "MHR Fund", (e) clause (i)(B) of the definition of "Permitted Purchaser", (f) the second sentence of the definition of "Subsidiary", (g) the first sentence of Section 2.03(2)(a), (h) any term or provision in Section 2.04(3)(iii), (i) any term or provision in Section 2.04(3)(v) relating to or in any way affecting the rights or obligations of MHR Fund, (j) any terms or provisions in Section 3.03(1) relating to or in any way affecting the rights or obligations of MHR Fund, (k) any term or provision set forth in Section 4.05 relating to or in any way affecting the rights or obligations of MHR Fund, (l) any term or provision set forth in Section 6.02 relating to or in any way affecting the rights or obligations of MHR Fund, (m) any term or provision set forth in Section 6.03 relating to or in any way affecting the rights or obligations of MHR Fund, (n) clause (4) of Section 7.04(1), (o) any term or provision of this Section 10.08, (p) any term or provision set forth in Section 10.09, and (q) any other clause, section, term or provision of this Agreement that relates to or in any way affects the rights or obligations of MHR Fund.

10.09 **Rights of MHR Fund**

Until MHR Fund shall acquire any Shares and shall have become a party to this Agreement in its capacity as Shareholder, MHR Fund has entered into this Agreement solely for the purposes of being designated as a Permitted Transferee pursuant to Section 7.04, being subject to Sections 2.04 and 4.05, enforcing its rights under Section 10.08 and becoming subject to the agreements contained in Article 10 hereof.

10.10 **Rights and Obligations of Loral Skynet**

As provided in recital F, Loral Skynet has entered into this Agreement as a temporary holder of Equity Shares which may be transferred to it pursuant to the Skynet Asset Transfer Agreement. It is intended that such Equity Shares will be transferred to Loral Parent and then to Loral pursuant to Section 7.04 immediately upon receipt of such Equity Shares by Loral Skynet, and upon such transfer, this Agreement shall no longer apply to Loral Skynet. While Loral Skynet or Loral Parent is the owner of any Equity Shares, and until such transfer as aforesaid, the term "Loral" when used herein shall include Loral Skynet.

10.11 **Governing Law and Submission to Jurisdiction**

This Agreement, and all matters arising out of or related to this Agreement, shall be governed by, and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable thereto. Any suit, action or proceeding against any of the parties hereto arising out of or related to this Agreement shall be brought in the Province of Ontario, and each of the parties hereto irrevocably and unconditionally attorns and submits to the exclusive jurisdiction of the courts of the Province of Ontario over the subject matter of any such suit, action or proceeding. Each of the parties hereto irrevocably and unconditionally waives any right such party may have to trial by jury in respect of any suit, action or proceeding arising out of or related to this Agreement. Each party irrevocably consents to process being served on such party in any suit, action or proceeding related to this Agreement by delivery of a copy thereof in accordance with the provisions of Section 10.03.

10.12 **Termination**

Except as otherwise provided, this Agreement shall terminate upon the earlier of:

(1) the written agreement of all the Shareholders; and

(2) one Shareholder becoming the owner of all of the Shares.

All obligations of the parties which expressly or by their nature survive termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding termination of this Agreement until they are fully satisfied or by their nature expire. Without restricting the generality of the foregoing, the obligations of the parties under Sections 2.03(2) and 2.04 shall survive termination of this Agreement. No party shall by reason of termination of this Agreement be relieved of any obligation or liability towards any other party accrued under this Agreement before termination, and all those obligations and liabilities shall remain enforceable until they are fully satisfied or by their nature expire.

10.13 **Effectiveness**

Article 3 (Corporate Governance) of this Agreement shall come into effect upon the release from escrow on the date of this Agreement of all documents contemplated by the closing agenda for the acquisition of the shares of Telesat and the contribution to the Company of assets from Loral Skynet pursuant to the Skynet Asset Transfer Agreement and subscription and purchase of shares of the Company by PSP pursuant to the PSP Subscription Agreement, including the corporate reorganizations contemplated by such closing agenda and all documents necessary for the financing of the acquisition of such Telesat shares. The remainder of this Agreement shall come into effect immediately upon execution of this Agreement.

The parties have executed this Agreement.

PUBLIC SECTOR PENSION INVESTMENT BOARD

By: /s/ Derek Murphy
Name: Derek Murphy
Title: First Vice President, Private Equity

RED ISLE PRIVATE INVESTMENT INC.

By: /s/ Derek Murphy
Name: Derek Murphy
Title: Vice Chairman

By: /s/ James Pittman
Name: James Pittman
Title: Vice President

LORAL SPACE & COMMUNICATIONS INC.

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

LORAL SPACE & COMMUNICATIONS HOLDING CORPORATION

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

LORAL HOLDINGS CORPORATION

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

LORAL SKYNET CORPORATION, for the purposes enunciated in Section 10.10 only

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

)
) /s/ John Cashman
Witness) **JOHN P. CASHMAN**

)
) /s/ Colin Watson
Witness) **COLIN D. WATSON**

TELESAT HOLDINGS INC.

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

By: /s/ Derek Murphy
Name: Derek Murphy
Title: Vice Chairman

TELESAT INTERCO INC.

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

By: /s/ Derek Murphy
Name: Derek Murphy
Title: Vice Chairman

TELESAT CANADA

By: /s/ Jennifer Lecour
Name: Jennifer Lecour
Title: Vice President, General Counsel and Secretary

MHR FUND MANAGEMENT LLC, for the purposes of Sections 2.04, 4.05, 10.08 and 10.09 only

By: /s/ Hal Goldstein
Name: Hal Goldstein
Title: Vice President

Exhibit 10.4

CONSULTING SERVICES AGREEMENT

THIS AGREEMENT is made as of the 31st day of October, 2007,

B E T W E E N:

LORAL SPACE & COMMUNICATIONS INC. , a corporation incorporated under the laws of Delaware

(hereinafter referred to as " **Loral** ")

– and –

TELESAT CANADA , a corporation incorporated under the laws of Canada

(hereinafter referred to as " **Telesat** ")

WHEREAS, Loral is engaged in the satellite communications business through its wholly-owned subsidiary, Loral Skynet Corporation (" **Skynet** ");

AND WHEREAS, Telesat is also engaged in the satellite communications business;

AND WHEREAS , Loral has many years experience and significant expertise in the operations of satellite communications businesses, and in particular outside of Canada;

AND WHEREAS, Loral currently provides certain consulting services to Skynet;

AND WHEREAS, it is intended that Loral will transfer, or cause to be transferred, to Telesat all of the assets of Skynet;

AND WHEREAS, it is intended that Loral will provide to Telesat certain consulting services on the terms and conditions set forth herein, both in relation to the Skynet business and otherwise related to the satellite communication business of Telesat;

AND WHEREAS, Telesat wishes to retain Loral to act as its consultant, on a non-exclusive basis, in connection with its business, on the terms and conditions set forth herein;

AND WHEREAS, Loral is willing to act as a consultant to Telesat on that basis;

NOW, THEREFORE , in consideration of the covenants contained herein and for other consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties (as defined herein) agree as follows:

ARTICLE 1 – INTERPRETATION

1.01 **Definitions**

In this Agreement, unless the subject matter or context is inconsistent with such meaning:

"Affiliate" means any Person which, directly or indirectly, Controls, is Controlled by or is under common Control of another.

"Alternative Subscription Agreement" means that certain Alternative Subscription Agreement dated August 7, 2007 by and among Loral Space & Communications Inc., Loral Skynet Corporation and 4363205 Canada Inc. (now Telesat Holdings Inc.) in respect of the transfer of certain assets to 4363205 Canada Inc. and the subscription of shares of 4363205 Canada Inc.

"Agreement" means this agreement, including any recitals, as amended, supplemented or restated from time to time and "hereof" and "hereto" shall have corresponding meanings.

"Board" means the board of directors of Telesat.

"Business Day" means any day other than a Saturday, Sunday or a day on which (1) the principal Canadian bank of Telesat is required or authorized to close in the City of Ottawa; or (2) the principal bank of Loral in New York City is required or authorized to be closed, in either case whether in accordance with established banking practice or by reason of unanticipated events, including adverse weather conditions.

"Business Plan" means the five-year business plan of Telesat as prepared, updated and amended from time to time in accordance with the Unanimous Shareholders Agreement.

"Control" (including, with correlative meanings, the terms "Controlled by" and "under common Control with") means the possession of the power, in law or in fact, to direct or cause the direction of the management and policies of a corporation whether through legal and beneficial ownership of a majority of voting securities of the corporation, by agreement or otherwise.

"including" and **"includes"** shall be deemed to be followed by the statement "without limitation" and neither of such terms shall be construed to limit any word or statement which it follows to the specific or similar items or matters immediately following it.

"Parties" means Loral and Telesat and " **Party** " means any one of them.

"Person" means any natural person, sole proprietorship, partnership, corporation, trust, joint venture, any Regulatory Authority or any incorporated or unincorporated entity or association of any nature or any other entity recognized by applicable law.

"Regulatory Authority" means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, and any governmental, administrative or regulatory entity, authority, commission, tribunal, ministry, official or agency.

"Skynet Asset Transfer Agreement" means that certain Asset Transfer Agreement dated August 7, 2007 by and among 4363205 Canada Inc. (now Telesat Holdings Inc.), Loral Skynet Corporation and Loral Space & Communications Inc. in respect of the transfer to 4363205 Canada Inc. of certain assets of Loral Skynet Corporation.

"Unanimous Shareholders Agreement" means the Unanimous Shareholders Agreement of and in respect of Telesat Holdings Inc., Telesat Interco Inc. and Telesat dated October 31, 2007, as the same may be amended, restated or supplemented from time to time.

1.02 **Statutory References**

Unless otherwise provided herein, each reference to an enactment is deemed to be a reference to that enactment, and to the regulations made under that enactment, as amended or re-enacted from time to time.

1.03 **Headings**

The division of this Agreement into articles, sections, subsections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.04 **References**

Unless otherwise specified, references in this Agreement to Sections and Schedules are to sections of, and schedules to, this Agreement.

1.05 **Number, Gender and Section References**

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.06 **Calculation of Time**

In this Agreement, a period of days which commences with an event shall be deemed to begin on the first day after the event and to end at 6:00 p.m. on the last day of the period and a period of days which commences on a date shall be deemed to begin on that date and to end at 6:00 p.m. on the last day of the period. If, however, the last day of a period does not fall on a Business Day, the period shall terminate at 6:00 p.m. on the next Business Day. References to dates and times in this Agreement are to local dates and times in Ottawa, Ontario, unless otherwise stated.

1.07 **Currency**

Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to currency of the United States of America.

ARTICLE 2 – APPOINTMENT

2.01 **Terms and Conditions**

Subject to the terms and conditions of this Agreement, Telesat hereby retains Loral as its consultant respecting its business and operations and Loral accepts such retainer.

2.02 **Performance**

The performance by Loral of the services contemplated by this Agreement shall be solely on behalf of and for the account of Telesat. Notwithstanding anything contained herein to the contrary, Loral does not by this Agreement assume, and shall not be liable for, any obligation of Telesat, financial or otherwise, to any Person.

ARTICLE 3 – ADVICE AND SERVICES

3.01 **Advice to be Provided by Loral**

At the request of the Board, acting reasonably, Loral shall provide, in reasonable amounts, and within a reasonable amount of time after being requested, the following advice, in each case applying its expertise and business judgment:

(a) advice related to Telesat's business objectives and direction to meet the competitive demands of the satellite communications business;

(b) advice related to the review and development of business strategies and opportunities, in particular outside of Canada;

(c) advice related to Telesat's progress in meeting its business objectives and direction and Business Plan so as to enable Telesat to identify the type, extent and timing of Telesat's support needs in any and all aspects of its business;

(d) advice related to the development and implementation of an appropriate synergy plan for the integration of the Skynet business into Telesat;

(e) advice related to the Skynet assets, operations and business development, including the development of business opportunities and strategies for growth and expansion outside of Canada;

(f) advice related to satellite orbital slots for outside of Canada;

(g) advice related to capital structure and financing, in particular with respect to the United States financial markets; and

(h) advice related to satellite expert personnel and general personnel matters, in particular in respect of non-Canadian personnel.

3.02 **Services to be Agreed**

Telesat may request the assistance of Loral in any of the following areas: personnel benefits administration; insurance and risk management; human resources; treasury operations related to cash management and hedging; auditing; U.S. public relations; U.S. satellite regulatory; U.S. securities regulatory, including Sarbanes Oxley compliance; U.S. tax; and U.S. legal. Such request may be made by Telesat at any time during the term of this Agreement. Loral shall consider such request, and whether it has sufficient resources to provide the services requested, and if it is prepared to provide such services, shall propose a fee for the provision of such services, based on the cost to Loral of providing such services (including allocated overhead costs) plus a reasonable profit margin and shall advise Telesat of its decision, and its proposed fee (including separately the proposed profit margin) within six weeks of any such request. If such fee as proposed is acceptable to Telesat, or if a different fee is subsequently proposed and agreed (in either case with the approval of Telesat being given as an "Interested Matter" pursuant 3.04(4) of the Unanimous Shareholders Agreement), Loral and Telesat shall enter into a letter agreement which describes the services to be performed and the fee as agreed.

3.03 **Advice and Services: Non-Exclusive and Advisory**

The advice and services to be provided by Loral to Telesat pursuant to Section 3.01 and Section 3.02 are being provided on a non-exclusive basis, at the request of Telesat. Any advice given to Telesat pursuant to Section 3.01 is advisory only, and may be accepted or rejected, at the sole discretion of management or the Board of Telesat. It is understood and agreed that the advice and services to be provided pursuant to Sections 3.01 and 3.02 are exclusive of the duties of Loral officers and directors in their capacities as directors of Telesat, and of actions taken by Loral in its capacity as a shareholder of the indirect parent company of Telesat.

ARTICLE 4 – COMPENSATION

4.01 **Annual Fee**

As compensation for the advice to be provided by Loral pursuant to Section 3.01, Telesat shall pay to Loral, during the term of this Agreement, an annual fee of $5,000,000, payable in an amount equal to $1,250,000 per quarter in arrears on the last day of March, June, September and December in each year, commencing in December, 2007.

4.02 **Reimbursement of Direct Expenses**

If either (i) Loral outsources any services from third parties at Telesat's request, including without limitation, legal, accounting, insurance and benefits services, (ii) Loral incurs

any out-of-pocket fees or expenses at the request of Telesat, (iii) Loral pays any fees or expenses incurred by Telesat, or (iv) Loral incurs any reasonable out-of-pocket fees or expenses on behalf of Telesat in connection with the provision by Loral of advice under Section 3.01 hereof or otherwise, Telesat shall reimburse Loral for the cost of all such services, fees or expenses, within 30 days of delivery by Loral to Telesat of invoices or other proof of payment by Loral.

4.03 **Payment**

The amounts payable pursuant to Section 4.01, 4.02 and 4.04 shall be payable by wire transfer in immediately available funds to such bank account or accounts as Loral shall designate by written notice to Telesat, subject, in the case of amounts payable pursuant to Section 4.01, to the provisions of Section 4.04. Any such direction shall remain in effect until such time as Loral provides to Telesat a change of direction. Loral shall separately bill, in respect of advice and services provided pursuant to Section 4.01 and 4.02, those portions of the advice and services provided in Canada in respect of each billing period and service (" **Canadian Services** "). Telesat shall deduct and withhold from any payment made to Loral pursuant to Section 4.01, 4.02 and 4.04 such amounts as may be required to be deducted and withheld by applicable law in respect of the provision of Canadian Services, or in respect of interest payable pursuant to Section 4.04. If Telesat determines that it is required by law to withhold any amounts in respect of services not designated by Loral as being provided in Canada, or that there is a substantial risk of assessment or reassessment of taxes related to any such payment to Loral if no amount is withheld, it shall give notice of such determination to Loral not less than 20 days before the date of the next quarterly payment to be made pursuant to Section 4.01. In such event, Loral and Telesat shall attempt to agree in good faith whether any additional amount shall be withheld by Telesat from payments to be made to Loral under Section 4.01 and/or Section 4.02. If Telesat and Loral are unable to agree, then no later than 15 days prior to the due date of such payment such dispute or difference shall be referred for final determination to a mutually agreed independent counsel (" **Independent Counsel** ") . The Independent Counsel shall be instructed to render a written opinion within 7 days of his or her appointment. The Independent Counsel's decision shall be final and binding on all parties. The cost and fees of the Independent Counsel shall be borne and paid equally by Telesat and Loral. Notwithstanding the foregoing in the event the Independent Counsel shall not render his or her written opinion 2 days prior to such payment due date, Telesat shall be entitled to deduct and withhold from such payment any amount it determines in good faith and acting reasonably, and taking into account the deliberations to date, is required to be deducted and withheld by applicable law (and with respect to any future payments until such time as such written opinion is delivered, following which Telesat shall act in accordance with such opinion, as applicable), and neither Telesat nor its Affiliates or officers shall be liable for any excess taxes deducted or withheld in respect of any payment to Loral in such circumstances, and, in the event of over-withholding, Loral's sole recourse shall be to apply for a refund from the appropriate governmental authority. Loral shall indemnify and save harmless Telesat from any amounts which may become payable by Telesat as a result of its failure to deduct and withhold in respect of any advice or services provided by Loral that is not separately billed by Loral as Canadian Services, including without limitation, any penalty, interest or other amounts, and the cost of counsel incurred in respect of any demand for payment related thereto. To the extent amounts are so withheld and paid over to the appropriate taxing authority, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to Loral in respect of the payment from which such deduction and withholding was made.

4.04 **Payment in Kind**

If and for so long as the terms of the Acquisition Debt (as defined in the terms of the Senior Preferred Shares of Telesat Holdings Inc. as they exist on the date hereof) (the " **Acquisition Financing** ") permit the payment of the fees set out in Section 4.01 in cash without recourse to any provision of the Acquisition Financing providing for a fixed or calculated amount available for such purposes and other purposes (including without limitation the Applicable Amount defined in the credit agreement originally forming part of the Acquisition Debt (each such provision a " **basket provision** "; provided, that, for the avoidance of doubt, a basket provision does not include a covenant that requires compliance with a financial ratio other than with respect to the financial ratios in the Applicable Amount)), Telesat shall pay such fees in cash. Otherwise, unless the Directors determine to utilize such basket provision in order to pay all or part of such fee in cash, Telesat shall not be required to pay such fees in cash but shall issue to Loral, on each payment date provided in Section 4.01, a promissory note of Telesat for the amount of such payment. Such promissory notes shall be payable in full, or to the extent then permitted, 10 days after (i) a determination being made, by way of the certification provided in this Section 4.04, that such promissory notes, or a portion of such promissory notes, may be paid pursuant to the terms of the Acquisition Financing without recourse to a basket provision, or (ii) if the Directors subsequently determine to utilize such basket provision to pay some or all of such promissory notes, that such determination has been made by the Directors, or if not then paid in full, all such promissory notes shall be paid in full on October 31, 2018. Any such payment shall be made in the manner provided in Section 4.03 without necessity of delivery to Telesat of any promissory notes for cancellation. Telesat shall provide Loral with a quarterly certificate to be delivered by not later than 60 days after each fiscal quarter-end of Telesat certifying whether any such promissory notes, or a portion thereof, may be paid pursuant to the terms of the Acquisition Financing without recourse to a basket provision or whether the Directors shall have determined to pay any promissory notes by utilizing and reducing any such basket provision, and shall specify in such certificate the amount of such promissory notes that may then be paid, and shall provide to Loral details in support of such certificate. Interest on all such promissory notes shall be payable on the outstanding principal balance of each promissory note at the rate of 7% per annum, compounded quarterly, from the date of issue of any such promissory note to the date of payment thereof. Promissory notes, including all accrued interest thereon, shall be repaid in order of issuance. Loral shall deliver to Telesat all promissory notes that have been paid in full as soon as practicable after payment in full thereof.

ARTICLE 5 – TERM AND TERMINATION

5.01 **Term**

This Agreement shall have an initial term commencing on the date hereof and expiring on the seventh anniversary of the date hereof and at the expiry of the initial term, this Agreement shall be automatically renewed for a further seven year term if Loral is not then in material default under the Unanimous Shareholders Agreement or this Agreement; provided ,

however , that this Agreement shall terminate upon the earlier of (i) a sale by Loral of more than 50% of the aggregate participating equity of Telesat Holdings Inc. received by Loral and/or its subsidiaries pursuant to the Skynet Asset Transfer Agreement or the Alternative Subscription Agreement, or (ii) a Change of Control of Telesat Holdings Inc. (as defined in the conditions attaching to the Senior Preferred Shares of Telesat Holdings Inc.). In each case, the annual fee described in Section 4.01 shall be prorated and paid only for that portion of the period of the then current year for which this Agreement is in existence.

5.02 **Other Remedies**

Nothing in Section 5.01 is intended to replace or derogate from any other remedy that a Party may have at law or in equity in consequence of any breach of, or failure to observe and perform, any covenant in this Agreement by the other Party.

ARTICLE 6 – LIMITATION OF LIABILITY

6.01 **Limitation of Liability**

In no event shall either Party have any liability for punitive, exemplary or aggravated damages, loss of profits or revenue, failure to realize expected savings or other commercial or economic loss of any kind whatsoever, or for any indirect, special, incidental or consequential damages, even if advised of the possibility of such loss or damages.

ARTICLE 7 – INDEMNIFICATION OF LORAL

7.01 **Indemnification of Loral**

Telesat covenants and agrees to defend, indemnify and hold harmless Loral, its Affiliates and shareholders and their respective authorized representatives, directors, officers, employees and agents (collectively, the " **Indemnified Party** ") from and against all losses, claims, suits, proceedings, costs, damages, liabilities and judgments (including reasonable attorney's fees) sustained by the Indemnified Party related to or arising out of this Agreement, provided that the Indemnified Party has not committed any fraud, wilful misfeasance or wilful misconduct in relation to the matter or matters in respect of which such indemnification is claimed. Telesat agrees that Loral has received and is holding the benefit of this indemnity in trust for each of the Indemnified Parties other than Loral, with the intent that any such Indemnified Party shall be entitled to enforce the provision of such indemnity in its favour directly against Telesat.

7.02 **Notification of Claim**

In the event that a third party asserts a claim against an Indemnified Party with respect to which the Indemnified Party intends to seek indemnification from Telesat under Section 7.01, the Indemnified Party will forthwith give notice of such claim (a " **Claim** ") in writing to Telesat, together with a statement of such information respecting the Claim as it shall then have, copies of any demand, assertion, claim, action or proceeding received by the Indemnified Party and the basis on which the Indemnified Party is seeking indemnification.

7.03 **Right to Contest and Defend**

(1) Telesat is entitled, at its cost and expense, to contest and defend by all appropriate legal proceedings any Claim; provided, however, that notice of the intention so to contest shall be delivered by Telesat to the Indemnified Party within a reasonable time in light of the circumstances then existing, but in no event more than 30 days after receipt of notice of the Claim from the Indemnified Party. Any such contest may be conducted in the name and on behalf of Telesat or the Indemnified Party, as may be appropriate. Such contest shall be conducted by counsel chosen by Telesat, but the Indemnified Party shall have the right to participate in such proceedings and to be represented by counsel of its choosing at its cost and expense unless the interests of Indemnified Parties and Telesat differ in the Claim, in which case, Telesat shall also pay all reasonable cost and expense of counsel of the Indemnified Party. If the Indemnified Party joins in any such contest, Telesat shall have full authority to determine all action to be taken with respect thereto.

(2) If after such opportunity, Telesat does not elect to contest any such Claim, subject to paragraph (5) below, Telesat shall be bound by the result obtained with respect thereto by the Indemnified Party and the Indemnified Party shall be entitled to abandon the contesting of the Claim or to settle or compromise the Claim, and Telesat shall be bound by all actions of the Indemnified Party with respect to such contest and/or Claim.

(3) At any time after the commencement of defence of any Claim by Telesat, Telesat shall notify the Indemnified Party in writing promptly upon the abandonment of such contest or failure of Telesat (in which event the provisions of paragraph (2) above shall be applicable) or of the payment, compromise or settlement by Telesat of the Claim.

(4) If requested by Telesat, the Indemnified Party will cooperate with Telesat and its counsel in contesting any Claim which Telesat elects to contest or, if appropriate and not inconsistent with the reasonable commercial interests of the Indemnified Party, in making any counterclaim against the person asserting the Claim, or any cross-complaint against any Person and will take such other action as reasonably may be requested by Telesat to reduce or eliminate any loss or expense for which Telesat would have responsibility, but Telesat will reimburse the Indemnified Party for any and all reasonable expenses incurred by it in so cooperating or acting at the request of Telesat.

(5) Notwithstanding anything herein to the contrary, neither Telesat nor any Indemnified Party shall pay, compromise or settle any Claim or seek or agree to any equitable relief without the consent of the other party, such consent not to be unreasonably withheld. Telesat shall provide reasonable information to the Indemnified Party on an ongoing basis regarding the contest and the Claim and any proposed payment, compromise or settlement of the Claim and the basis for any equitable relief sought. Unless Telesat shall have abandoned the contesting of a Claim, the Indemnified Party agrees to afford Telesat and its counsel the opportunity to be present at, and to participate in, conferences with all persons, including Regulatory Authorities, asserting such Claim against the Indemnified Party or conferences with representatives of or counsel for such persons.

ARTICLE 8 – GENERAL

8.01 **Notice**

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by hand, courier (with a copy sent by facsimile), by facsimile or other means of electronic communication (with a copy sent by courier) or by delivery as hereafter provided. Any such notice or other communication, if sent by courier or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the confirmation of receipt, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this Section 8.01. Notices and other communications shall be addressed as follows or to such other address as the parties shall notify each other in writing from time to time:

If to Loral:

Loral Space & Communications Inc.
600 Third Avenue
New York, N.Y. 10016

Attention: General Counsel
Fax No.: (212) 338-5320

If to Telesat:

Telesat Canada
1601 Telesat Court
Gloucester, Ontario
K1P 5P4

Attention: Vice President Law
Fax No.: (613) 748-8784

8.02 **Performance on Holidays**

If any action is required to be taken pursuant to this Agreement on or by a specified date which is not a Business Day, then such action shall be sufficiently taken if taken on or by the next succeeding Business Day.

8.03 **Governing Law**

This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws in force in the Province of Ontario (excluding any conflict of laws rule or principle which might refer such construction to the laws of another jurisdiction). Each Party irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario with respect to any matter arising hereunder or related hereto.

8.04 **Entire Agreement**

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement, constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral, among any of the Parties.

8.05 **Further Assurances**

Each Party shall from time to time promptly execute and deliver such further documents, and take such further action, as may be reasonably necessary or appropriate to give effect to the provisions and intent of this Agreement and to complete the transactions contemplated by this Agreement.

8.06 **Expenses**

Each Party shall pay all expenses it incurs in authorizing, preparing, executing and performing this Agreement including all fees and expenses of its respective legal counsel, investment bankers, brokers, accountants or other representatives or consultants.

8.07 **Amendments**

Except as expressly provided in this Agreement, no amendment, supplement, restatement, replacement or termination of any provision of this Agreement is binding unless it is in writing and signed by all the Parties, at the time of the amendment, supplement, restatement, replacement or termination, and such writing shall be binding on all parties to this Agreement.

8.08 **Waiver of Rights**

No waiver of any provision of or consent to depart from this Agreement is binding unless it is in writing and signed by all the Parties. No failure to exercise, and no delay in exercising, any right or remedy unless this Agreement will be deemed to be a waiver of that right or remedy. No waiver of any breach of any provision of this Agreement will be deemed to be a waiver of any subsequent breach of that provision.

8.09 **Remedies Cumulative**

The rights and remedies under this Agreement are cumulative and in addition to, and not in substitution for, any other rights and remedies, available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

8.10 **Assignment**

Neither Party may assign this Agreement or any rights or benefits hereunder to any Person without the other Party’s consent, such consent not to be unreasonably withheld.

8.11 **Successors and Assigns**

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation or statutory arrangement) and permitted assigns.

8.12 **Counterparts**

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together shall constitute one agreement.

8.13 **Survival**

The provisions of Article 6 and Article 7 shall remain in effect after the expiry or termination of this Agreement, until such time as the Parties mutually agree to the release of the obligations contained therein. No termination of this Agreement by a Party shall affect the rights and obligations of the other Party which have accrued as of the date of such termination.

8.14 **No Agency, Partnership or Joint Venture**

In giving effect to this Agreement, no Party shall be or be deemed an agent or employee of the other Party for any purpose and their relationship to each other shall be that of independent contractors. Nothing in this Agreement shall constitute a partnership or a joint venture between the Parties. No Party shall have the right to enter into contracts on behalf of, pledge the credit of, or incur liabilities on behalf of, the other Party.

(signature page follows)

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

LORAL SPACE & COMMUNICATIONS INC.

By: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

TELESAT CANADA

By: /s/ Jennifer Lecour
Name: Jennifer Lecour
Title: Vice President, General Counsel and Secretary

Exhibit 10.5

INDEMNITY AGREEMENT

THIS AGREEMENT is made as of October 31, 2007

BETWEEN

Loral Space & Communications Inc., a corporation incorporated under the laws of the State of Delaware (the **"Indemnitor"**),

- and -

Telesat Canada, Telesat Holdings Inc. and Telesat Interco Inc., corporations incorporated or amalgamated under the laws of Canada (individually, a " **Company** " and collectively, the **"Companies"**),

- and -

Henry Gerard (Hank) Intven, of the City of Toronto in the Province of Ontario (the **"Indemnitee"**).

WHEREAS the Indemnitor has a material interest in the Companies;

AND WHEREAS the Indemnitor and the Companies have requested the Indemnitee to serve as a director or officer of the Companies and he has consented to so act provided this Agreement is entered into;

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Indemnitee to each of the Indemnitor and the Companies (the receipt and sufficiency of which are acknowledged by the Indemnitor and the Companies) and the premises and the covenants and agreements contained herein, the parties agree as follows:

ARTICLE 1 - INDEMNITY AND LIMITATION OF LIABILITY

1.01 **General Indemnity**

(1) Subject to Section 1.01(2), the Companies will severally, in respect of liability related to acting as a director or officer of each such Company, and jointly and severally, with respect to a Company and its direct or indirect subsidiaries in respect of liability related to acting as a director or officer of a direct or indirect subsidiary (individually, a " **Subsidiary** " and collectively, the " **Subsidiaries** ") of such Company, indemnify and save harmless the Indemnitee from and against all losses, costs, charges, damages, expenses, awards, settlements, liabilities, fines, penalties, demands and causes of action of whatever kind including all legal fees and costs on a solicitor and client basis and other reasonable professional fees (collectively, the **"Claims"**) to the full extent permitted by law regardless of when they arose and howsoever arising, that the Indemnitee sustains, incurs or may be subject to and which the Indemnitee would not

have sustained, incurred or be subjected to if the Indemnitee had not accepted the Companies' request to act as a director or officer of the Companies **.** In the event that, for any reason whatsoever, the Companies do not fully and completely indemnify the Indemnitee in accordance with the terms of this Agreement, including without limitation the provisions of this Section 1.01, 1.05 or 1.06, within 120 days of demand by the Indemnitee on the Companies, the Indemnitor shall itself indemnify the Indemnitee to the extent the Indemnitee has not been fully indemnified by the Companies. In such event, the Indemnitor shall become subrogated to the rights of the Indemnitee with respect to the right to be compensated with respect to the obligations of the Companies pursuant to this Indemnity.

(2) The indemnity provided in Section 1.01(1) will not apply unless in connection with the matter in respect of a Company or in respect of a Subsidiary which gave rise to Claims for which indemnification is sought, the Indemnitee

(i) acted honestly and in good faith with a view to the best interests of the Company or such Subsidiary; and

(ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnitee had reasonable grounds for believing that his conduct was lawful.

(3) To the extent that a change of relevant law, whether by statute or judicial decision, permits greater indemnification than that afforded by Section 1.01(1), as limited by Section 1.01(2), it is the intent of the parties hereto that the Indemnitee shall enjoy under this Agreement the benefits afforded by any such change.

(4) The indemnity provided in Section 1.01(1) will also not apply to any proceeding initiated by the Indemnitee against any of the Companies unless it is brought to establish or enforce any right under this Indemnity Agreement.

1.02 **Presumptions/Knowledge**

(1) For purposes of any determination hereunder the Indemnitee will be deemed, subject to compelling evidence to the contrary, to have acted in good faith and/or in the best interests of the relevant Company. The relevant Company will have the burden of establishing the absence of good faith.

(2) The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the relevant Company or any other entity will not be imputed to the Indemnitee for purposes of determining the right to indemnification under this Agreement.

1.03 **Notice by Indemnitee**

As soon as is practicable, upon the Indemnitee becoming aware of any proceeding which may give rise to indemnification under this Agreement other than a proceeding commenced by one of the Companies, the Indemnitee will give written notice

to the Companies and to the Indemnitor. Failure to give notice in a timely fashion will not disentitle the Indemnitee to indemnification.

1.04 **Expense Advances**

(1) The Companies will, upon request by the Indemnitee, make advances (" **Expense Advances** ") to the Indemnitee of all amounts for which the Indemnitee seeks indemnification under this Agreement before the final disposition of the relevant proceeding. Expense Advances may include anticipated expenses. In connection with such requests, the Indemnitee will provide the Companies with a written affirmation of the Indemnitee's good faith belief that the Indemnitee is legally entitled to indemnification, along with sufficient particulars of the expenses to be covered by the proposed Expense Advance to enable the Companies to make an assessment of its reasonableness. The Indemnitee's entitlement to such Expense Advance will include those expenses incurred in connection with proceedings by the Indemnitee against the Companies seeking an adjudication or award pursuant to this Agreement. The Companies will make payment to the Indemnitee within 10 days after the Companies have received the foregoing information from the Indemnitee. All expenses for which indemnification is sought must be reasonable and Expense Advances must relate to expenses anticipated within a reasonable time of the request.

(2) To the extent the Companies do not provide Expense Advances to the Indemnitee as required by this Section 1.04 within 120 days of demand by the Indemnitee on the Companies, the Indemnitor shall be responsible to the Indemnitee, on demand from the Indemnitee, for providing such Expense Advances on the terms of this Section 1.04.

(3) The Indemnitee will repay to the Companies, or if provided by the Indemnitor, to the Indemnitor, all Expense Advances not actually required, and all Expense Advances if and to the extent that it is finally determined by a court of competent jurisdiction that the Indemnitee is not entitled to indemnification under this Agreement. If requested by the Companies or the Indemnitor, the Indemnitee will provide a written undertaking to the Companies confirming the Indemnitee's obligations under the preceding sentence as a condition to receiving an Expense Advance.

1.05 **Indemnification Payments**

With the exception of Expense Advances which are governed by Section 1.04, the Companies will pay to the Indemnitee any amounts to which the Indemnitee is entitled hereunder promptly upon the Indemnitee providing the Companies with reasonable details of the Claim. The Companies will, forthwith after any request for payment to or for an Indemnitee, seek any court approval that may be required to permit payment. The Companies will not be required to pay any amounts under this Section 1.05 to an Indemnitee if a court of competent jurisdiction has finally determined that such Indemnitee is not entitled to indemnification.

1.06 **Right to Independent Legal Counsel**

If the Indemnitee is named as a party or a witness to any proceeding, or the Indemnitee is questioned or any of his or her actions, omissions or activities are in any way investigated, reviewed or examined in connection with or in anticipation of any actual or potential proceeding, the Indemnitee will be entitled to retain independent legal counsel at the Companies' expense to act on the Indemnitee's behalf to provide an initial assessment to the Indemnitee of the appropriate course of action for the Indemnitee. The Indemnitee will be entitled to continued representation by independent counsel at the Companies' expense beyond the initial assessment unless the parties agree that there is no conflict of interest between the Companies and the Indemnitee that necessitates independent representation.

1.07 **Settlement**

Neither the Companies nor the Indemnitor may negotiate or effect a settlement of claims against the Indemnitee without the consent of the Indemnitee, which consent will not be unreasonably withheld. The Indemnitee may negotiate and effect a settlement without the consent of the Companies or the Indemnitor but the Companies and the Indemnitor will not be liable for any settlement negotiated without their prior written consent, which consent will not be unreasonably withheld.

1.08 **Setoff**

Each of the Indemnitor and the Companies grants to the Indemnitee a right to setoff any amounts owing by the Indemnitor or the Companies, as applicable, hereunder to the Indemnitee against any amounts that the Indemnitee may owe the Indemnitor or the Companies, as applicable, from time to time.

1.09 **Statutory Liability**

Without limiting the generality of the provisions of Section 1.01, the parties acknowledge that the scope of the Claims to which the indemnity provided in such Section applies includes all Claims that relate to or arise from statutory liability imposed on the Indemnitee as a director or officer of the Companies.

1.10 **Insurance**

Unless otherwise agreed in writing between the parties, the Companies will purchase and maintain, or cause to be purchased and maintained, while the Indemnitee remains a director or officer of the Companies and after the Indemnitee ceases to be a director or officer of the Companies, directors' and officers' errors and omissions insurance for the benefit of the Indemnitee containing such customary terms and conditions and in such amounts as are available to the Companies on reasonable commercial terms, having regard to the nature and size of the business and operations of the Companies and their subsidiaries from time to time. In the event that the Companies do not purchase and maintain such insurance, the Indemnitor shall, upon demand by the

Indemnitee, itself purchase and maintain insurance that would otherwise comply with this Section 1.04.

1.11 **Income Tax**

(1) Each payment made by the Indemnitor or the Companies to the Indemnitee pursuant to this Agreement will be made without setoff, counterclaim or reduction for, and free from and clear of, and without deduction for or because of, any and all present or future taxes imposed, levied, collected, assessed or withheld by or within any taxing jurisdiction, unless the Indemnitor or the Companies, as applicable, is required by law or the interpretations thereof by any relevant governmental authority to make such withholding or deduction. If the Indemnitor or the Companies do not pay, cause to be paid or remit payments due hereunder free from and clear of such taxes, then the Indemnitor or the Companies, as applicable, will forthwith pay the Indemnitee such additional amounts (the **"Tax Indemnity Amounts"**) as may be necessary in order that the net after taxes amount of every payment made to the Indemnitee, after provision for payment of any taxes payable by the Indemnitor or the Companies and/or the Indemnitee (including any deduction or withholding of taxes imposed, levied, collected, assessed or withheld by or within any taxing jurisdiction on or with respect to Tax Indemnity Amounts and taxes on or in respect of the receipt of Tax Indemnity Amounts), shall be equal to the amount that the Indemnitee would have received had there been no such taxes.

(2) If, as a result of any payment by the Indemnitor or the Companies pursuant to this Agreement, the Indemnitee is required to pay any taxes imposed, levied, collected, assessed or withheld by any taxing jurisdiction or if a governmental authority asserts the imposition of such taxes, then the Indemnitor or the Companies, as applicable, will, upon demand by the Indemnitee, indemnify the Indemnitee for the imposition or payment of any such taxes, whether or not such taxes are correctly or legally asserted, and for any taxes on such indemnity payments, in each case, together with any interest, penalties and expenses in connection therewith. All such amounts shall be payable by the Indemnitor or the Companies, as applicable, on demand by the Indemnitee, and shall bear interest at the prime rate from time to time in effect of Telesat Canada's main Canadian bank plus 1% until paid by the Indemnitor or the Companies, as applicable, to the Indemnitee.

ARTICLE 2 - GENERAL

2.01 Unconditional

This Agreement is absolute and unconditional and the obligations of the Indemnitor and the Companies will not be affected, discharged, impaired, mitigated or released by (a) any extension of time, indulgence or modification that the Indemnitee may extend or make with any person making any Claim against the Indemnitee in connection with the Companies or as a director or officer of the Companies or (b) the discharge or release of the Indemnitee in any bankruptcy, insolvency, receivership or other proceedings of creditors.

2.02 **Amendments**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties.

2.03 **Termination**

(1) Nothing in this Agreement will prevent the Indemnitee from resigning as a director or officer of the Companies at any time.

(2) The obligations of the Indemnitor and the Companies under this Agreement will continue until the later of (a) 15 years after the Indemnitee ceases to be a director or officer of the Companies and (b) one year after the final termination of all proceedings commenced within such 15-year period with respect to which the Indemnitee is entitled to claim indemnification hereunder.

2.04 **Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

2.05 **Further Assurances**

Each of the Indemnitor and the Companies will from time to time execute and deliver all such further documents and instruments and do all acts and things as the Indemnitee may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement. The Indemnitor and the Companies will each use its best efforts to obtain any approval of a court required by law for the indemnification of, and the advance of moneys to, the Indemnitee in accordance with this Agreement in respect of an action by or on behalf of the Companies to procure a judgment in their favour to which the Indemnitee is made a party.

2.06 **Severability**

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

2.07 **Benefit of the Agreement**

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties.

2.08 **Independent Legal Advice**

The Indemnitor and the Companies acknowledge that they have been advised by the Indemnitee to obtain independent legal advice with respect to entering into this Agreement, that they have obtained such independent legal advice or have expressly waived such advice, and that they are entering into this Agreement with full knowledge of the contents hereof, of their own free will and with full capacity and authority to do so.

2.09 **Assignment**

This Agreement may not be assigned by the Indemnitor or the Companies without the written consent of the Indemnitee.

2.10 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery or by electronic means of communication addressed to the recipient as follows:

To the Indemnitor:

Loral Space & Communications Inc.
600 Third Avenue
New York, NY 10016

Fax No.: (212) 338-5320
E-mail: *akatz@hq.loral.com*

Attention : Mr. Avi Katz

To the Companies:

Telesat Canada
1601 Telesat Court
Gloucester, ON K1B 5P4

Fax No.: (613) 748-8784
E-mail: *j.lecour@telesat.ca*

Attention : Ms. Jennifer Lecour

Telesat Holdings Inc. and Telesat Interco Inc.
c/o McCarthy Tétrault LLP
Toronto-Dominion Bank Tower
66 Wellington Street West
Suite 4700
Toronto, ON M5K 1E6

Fax No.: (416) 868-0673
E-mail: *rforbes@mccarthy.ca*

Attention : Mr. Robert Forbes

and

To the Indemnitee:

Mr. Hank Intven
Toronto-Dominion Bank Tower
66 Wellington Street West
Suite 4700
Toronto, ON M5K 1E6

Fax No.: (416) 868-0673
E-mail: *hintven@mccarthy.ca*

or to such other street address, individual or electronic communication number or address as may be designated by notice given by any party to the others. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day.

2.11 **Remedies Cumulative**

The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law, in equity, pursuant to contract or otherwise. No single or partial exercise by a party of any right or remedy precludes, prejudices or otherwise affects in any manner whatsoever the exercise of any other right or remedy to which that party may be entitled.

2.12 **Attornment**

For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. Each party attorns to the jurisdiction of the courts of the Province of Ontario.

2.13 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement.

LORAL SPACE & COMMUNICATIONS INC.

By: /s/ Avi Katz
Name: Avi Katz
Authorized Officer

TELESAT CANADA

By: /s/ Jennifer Lecour
Name: Jennifer Lecour
Authorized Officer

TELESAT HOLDINGS INC.

By: /s/ Jennifer Lecour
Name: Jennifer Lecour
Authorized Officer

TELESAT INTERCO INC.

By: /s/ Jennifer Lecour
Name: Jennifer Lecour
Authorized Officer

SIGNED, SEALED AND DELIVERED)
in the presence of:)
)
By: /s/ S. Rawson) By: /s/ Hank Intven
Witness) **HANK INTVEN**

Exhibit 10.6

ACKNOWLEDGEMENT AND INDEMNITY AGREEMENT

THIS AGREEMENT is made as of October 31, 2007

BETWEEN

Loral Space & Communications Inc., a corporation incorporated under the laws of the State of Delaware (the **"Indemnitor"**),

- and -

Telesat Canada, Telesat Holdings Inc. and Telesat Interco Inc., corporations incorporated or amalgamated under the laws of Canada (the **"Companies"**),

- and -

McCARTHY TÉTRAULT LLP, Barristers and Solicitors, and its individual partners together with all employees thereof (collectively, **"MT"**).

WHEREAS the Indemnitor has a material interest in the Companies;

AND WHEREAS the Indemnitor and the Companies have requested Hank Intven (the **"Appointee"**) to serve as a director or officer of the Companies;

AND WHEREAS the Indemnitor and the Companies wish to provide MT with the indemnification and further assurances contained herein;

NOW THEREFORE, in consideration of the sum of $1.00 now paid by MT to each of the Indemnitor and the Companies (the receipt and sufficiency of which are acknowledged by the Indemnitor and the Companies) and the premises and the covenants and agreements contained herein, the parties agree as follows:

ARTICLE 1 - ACKNOWLEDGEMENT AND AGREEMENT

1.01 **Appointee Acts in Personal Capacity**

In acting as a director or officer of the Companies, Appointee will be acting in his personal capacity and not in respect of the provision of any legal services to the Companies by MT. MT will not owe any duty to the Indemnitor or to the Companies by virtue of the Appointee acting as a director or officer of the Companies.

MT is charging no legal fees to the Companies in respect of Appointee so acting and any director's or officer's fee or other director's or officer's compensation paid to Appointee will not be surrendered to MT as a legal fee but will be retained by Appointee personally.

If the Indemnitor or the Companies wish to obtain legal advice in respect of any matter, they may retain MT to do so and Appointee may act as legal counsel with respect thereto, however any such action by Appointee would not be in his capacity as a director or officer but as legal counsel and MT would render an account to the Indemnitor or the Companies on that basis.

Notwithstanding that the Appointee is a director or officer of the Companies, MT may accept engagements from clients on matters that may be adverse to the Indemnitor and/or the Companies and all conflict of interest issues arising by virtue of the Appointee acting as a director or officer of the Companies are waived by the Indemnitor and the Companies; provided, however, that (a) MT will not act for another client on any matter that is directly adverse to the immediate interests of either the Indemnitor or the Companies if the matter is substantially related to any matter in which MT is representing either the Indemnitor or the Companies; (b) MT will not bring action in any court of law against any of the Companies or against the Indemnitor while MT is acting on any matter for any of the Companies or the Indemnitor; and (c) MT will ensure that the Appointee will not be involved in such representation of any other client against the interests of either the Indemnitor or the Companies.

ARTICLE 2 - INDEMNITY AND NO LIABILITY

2.01 **General Indemnity**

The Companies will severally, in respect of liability related to acting as a director or officer of each such Company, and jointly and severally, with respect to a Company and its direct or indirect subsidiaries in respect of liability related to acting as a director or officer of a direct or indirect subsidiary of a Company, indemnify and save harmless MT from and against all losses, costs, charges, damages, expenses, awards, settlements, liabilities, fines, penalties, demands and causes of action of whatever kind including all legal fees and costs on a solicitor and client basis and other reasonable professional fees (collectively, the **"Claims"**) to the fullest extent permitted by law regardless of when they arose and howsoever arising, that MT sustains, incurs or may be subject to and which MT would not have sustained, incurred or be subjected to if the Appointee had not accepted the Indemnitor's and the Companies' request to act as a director or officer of the Companies, regardless of whether such Claims are occasioned by the negligence or wilful default of Appointee or otherwise. In the event that, for any reason whatsoever, the Companies do not fully and completely indemnify MT in accordance with the terms of this Agreement within 120 days of demand being made by MT of the Companies, the Indemnitor shall itself on demand indemnify MT to the extent MT has not been fully indemnified by the Companies.

2.02 **No Liability**

MT will not be liable to the Indemnitor or the Companies for any Claims sustained or incurred by the Indemnitor or the Companies that would not have been sustained or incurred if the Appointee had not accepted the Indemnitor's and the Companies' request to act as a director or officer of the Companies, regardless of when they arose and howsoever arising, including Claims which are occasioned by the negligence or wilful default of Appointee or otherwise.

2.03 **Exception**

For the avoidance of doubt, the general indemnity and exclusion of liability contained in Sections 2.01 and 2.02 will not apply to any legal advice that Appointee provides to the Indemnitor or the Companies as contemplated by Section 0, provided that MT charged the Indemnitor or the Companies and was paid for such advice.

2.04 **Statutory Liability**

Without limiting the generality of the provisions of Section 2.01 or 2.02, the parties acknowledge that the scope of the Claims to which the indemnity and exclusion of liability provided in such Sections apply includes all Claims that relate to or arise from statutory liability imposed on Appointee as a director or officer of the Companies.

2.05 **Income Tax**

Each payment made by the Indemnitor or the Companies to MT pursuant to this Agreement will be made without setoff, counterclaim or reduction for, and free from and clear of, and without deduction for or because of, any and all present or future taxes imposed, levied, collected, assessed or withheld by or within any taxing jurisdiction, unless the Indemnitor or the Companies, as applicable, is required by law or the interpretations thereof by any relevant governmental authority to make such withholding or deduction. If the Indemnitor or the Companies do not pay, cause to be paid or remit payments due hereunder free from and clear of such taxes, then the Indemnitor or the Companies, as applicable, will forthwith pay MT such additional amounts (the **"Tax Indemnity Amounts"**) as may be necessary in order that the net after taxes amount of every payment made to MT, after provision for payment of any taxes payable by the Indemnitor or the Companies and/or MT (including any deduction or withholding of taxes imposed, levied, collected, assessed or withheld by or within any taxing jurisdiction on or with respect to Tax Indemnity Amounts and taxes on or in respect of the receipt of Tax Indemnity Amounts), shall be equal to the amount that MT would have received had there been no such taxes.

If, as a result of any payment by the Indemnitor or the Companies pursuant this Agreement, MT is required to pay any taxes imposed, levied, collected, assessed or withheld by any taxing jurisdiction or if a governmental authority asserts the imposition of such taxes, then the Indemnitor or the Companies, as applicable, will, upon demand by MT, indemnify MT for the imposition or payment of any such taxes, whether or not such taxes are correctly or legally asserted, and for any taxes on such indemnity payments, in each case, together with any interest, penalties and expenses in connection therewith. All such amounts shall be payable by the Indemnitor or the Companies, as applicable, on demand by MT, and shall bear interest at the prime rate from time to time in effect of Telesat Canada's main Canadian bank plus 1% *per annum* from the date such tax is paid by MT to the date paid by the Indemnitor or the Companies, as applicable, to MT.

ARTICLE 3 - GENERAL

3.01 **Unconditional**

This Agreement is absolute and unconditional and the obligations of the Indemnitor and the Companies will not be affected, discharged, impaired, mitigated or released by (a) any extension of time, indulgence or modification that MT or Appointee may extend or make with any person making any Claim against MT or Appointee in connection with the Companies or as a director or officer of the Companies or (b) the discharge or release of MT or Appointee in any bankruptcy, insolvency, receivership or other proceedings of creditors.

3.02 **Amendments**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all parties.

3.03 **Termination**

The obligations of the Indemnitor and the Companies will not terminate or be released upon Appointee resigning or ceasing to act as a director or officer of the Companies at any time.

3.04 **Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

3.05 **Further Assurances**

Each of the Indemnitor and the Companies will from time to time execute and deliver all such further documents and instruments and do all acts and things as MT may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

3.06 **Reimbursement**

The Companies will upon request from MT, promptly (a) reimburse MT for all Claims MT incurs in relation to a matter claimed by MT to be subject to indemnification hereunder and (b) pay reasonable and customary advance payments to service providers of MT where the cost of the services being so provided is claimed by MT to be subject to indemnification hereunder; provided, however, that any such reimbursement or advance must be repaid to the Indemnitor or the Companies, as applicable, by MT to the extent that it is ultimately determined that the Indemnitor or the

Companies, as applicable, is not liable or permitted by law to indemnify MT in respect thereof. To the extent the Companies do not provide complete reimbursement to MT as required by this Section 3.06 within 120 days of demand by MT of the Companies, the Indemnitor shall be responsible to MT for providing on demand such reimbursement to MT on the terms of this Section 3.06. If and to the extent MT makes any such repayment to either the Indemnitor or the Companies, the obligation of the other to indemnify MT will continue in accordance with the terms of this Agreement.

3.07 **Severability**

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

3.08 **Benefit of the Agreement**

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the parties.

3.09 **Independent Legal Advice**

The Indemnitor and the Companies acknowledge that they have been advised by MT to obtain independent legal advice with respect to entering into this Agreement, that they have obtained such independent legal advice or have expressly waived such advice, and that they are entering into this Agreement with full knowledge of the contents hereof, of their own free will and with full capacity and authority to do so.

3.10 **Assignment**

This Agreement may not be assigned by the Indemnitor or the Companies without the written consent of MT.

3.11 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, or by electronic means of communication addressed to the recipient as follows:

To the Indemnitor:

Loral Space & Communications Inc.
600 Third Avenue
New York, NY 10016

Fax No.: (212) 338-5320
E-mail: *akatz@hq.loral.com*

Attention : Mr. Avi Katz

To the Companies:

Telesat Canada
1601 Telesat Court
Gloucester, ON K1B 5P4

Fax No.: (613) 748-8784
E-mail: *j.lecour@telesat.ca*

Attention : Ms. Jennifer Lecour

Copy To:

Telesat Holdings Inc. and Telesat Interco Inc.
c/o McCarthy Tétrault LLP
Toronto-Dominion Bank Tower
66 Wellington Street West
Suite 4700
Toronto, ON M5K 1E6

Fax No.: (416) 868-0673
E-mail: *rforbes@mccarthy.ca*

Attention : Mr. Robert Forbes

To MT:

McCarthy Tétrault LLP
Toronto-Dominion Bank Tower
66 Wellington Street West
Suite 4700
Toronto, ON M5K 1E6

Fax No.: (416) 868-0673
E-mail: *mmercer@mccarthy.ca*

Attention : Mr. Malcolm Mercer, General Counsel

or to such other street address, individual or electronic communication number or address as may be designated by notice given by any party to the others. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day.

3.12 **Remedies Cumulative**

The right and remedies of the parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that party may be entitled.

3.13 **Attornment**

For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. Each party attorns to the jurisdiction of the courts of the Province of Ontario.

3.14 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

(signature page follows)

IN WITNESS WHEREOF the parties have executed this Agreement.

LORAL SPACE & COMMUNICATIONS INC.

By: /s/ Avi Katz
Name: Avi Katz
Authorized Officer

TELESAT CANADA

By: /s/ Jennifer Lecour
Name: Jennifer Lecour
Authorized Officer

TELESAT HOLDINGS INC.

By: /s/ Jennifer Lecour
Name: Jennifer Lecour
Authorized Officer

TELESAT INTERCO INC.

By: /s/ Jennifer Lecour
Name: Jennifer Lecour
Authorized Officer

MCCARTHY TÉTRAULT LLP

SIGNED, SEALED AND DELIVERED in the presence of:

By: /s/ Kerleen Szerszen
Name: Kerleen Szerszen
Witness

By: /s/ Malcolm Mercer
Name: Malcolm Mercer
Authorized Partner

Exhibit 99.1

[EXECUTION VERSION]

CREDIT AGREEMENT

Dated as of October 31, 2007

among

TELESAT HOLDINGS INC.
as Holdings

TELESAT INTERCO INC.,
as Initial Canadian Borrower

4363230 CANADA INC.
as Canadian Borrower
(which on the Closing Date will amalgamate with TELESAT CANADA)

TELESAT LLC,
as U.S. Borrower

THE GUARANTORS PARTY HERETO,

THE LENDERS PARTY HERETO,

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent,

MORGAN STANLEY & CO. INCORPORATED
as Collateral Agent,

UBS SECURITIES LLC,
as Syndication Agent,

MORGAN STANLEY SENIOR FUNDING, NOVA SCOTIA,
as Swingline Lender

and

THE BANK OF NOVA SCOTIA,
as Issuing Bank

MORGAN STANLEY & CO. INCORPORATED
UBS SECURITIES LLC
and
J.P. MORGAN SECURITIES INC.,
as Joint Lead Arrangers and Joint Book Running Managers

and

JPMORGAN CHASE BANK, N.A.
THE BANK OF NOVA SCOTIA
and
CITIBANK, N.A., CANADIAN BRANCH,
as Co-Documentation Agents

TABLE OF CONTENTS

CREDIT AGREEMENT dated as of October 31, 2007 (this " Agreement "), among TELESAT INTERCO INC., a Canada corporation (" Initial Canadian Borrower "), TELESAT HOLDINGS INC., a Canada corporation (" Holdings "), 4363230 CANADA INC. (" Intermediate Holdco " or, from and after each of the Assumption and the amalgamation with Telesat Canada to continue as Telesat Canada, the " Canadian Borrower"), TELESAT LLC, a Delaware limited liability company and a wholly owned subsidiary of the Initial Canadian Borrower (the " U.S. Borrower " and, together with the Initial Canadian Borrower (before and until the Assumption) and the Canadian Borrower, the " Borrowers "), certain subsidiaries of Holdings as Guarantors, the LENDERS party hereto from time to time, MORGAN STANLEY SENIOR FUNDING, INC., as administrative agent (in such capacity, the " Administrative Agent ") and MORGAN STANLEY & CO. INCORPORATED (" MS ") as collateral agent (in such capacity, the " Collateral Agent ") for the Lenders, UBS SECURITIES LLC (" UBSS "), as syndication agent (in such capacity, the " Syndication Agent "), JPMORGAN CHASE BANK, N.A., THE BANK OF NOVA SCOTIA, (" BNS) as issuing bank (in such capacity, the " Issuing Bank ") and CITIBANK, N.A., CANADIAN BRANCH or any of its lending affiliates, as co-documentation agents (in such capacity, " Co-Documentation Agents ") and MS, UBSS and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint book running managers (in such capacities, the " Joint Lead Arrangers " and only MS and UBSS, together in such capacities, the " Senior Lead Arrangers ").

WITNESSETH:

WHEREAS, Loral Space & Communications Inc., a Delaware corporation (" Loral "), or its subsidiary, Loral Space & Communications Holdings Corporation, a Delaware corporation (" LSCH "), formed Loral Holdings Corporation, a Delaware corporation (" Loral Holdings "), which together with Public Sector Pension Investment Board, a Canadian federal special Act corporation (" PSP "), or Red Isle Private Investments Inc., its wholly owned subsidiary (collectively, " PSPIB "), John P. Cashman and Collin D. Watson (together, the " Designees ") formed Holdings and Holdings subsequently formed Initial Canadian Borrower;

WHEREAS, on December 16, 2006, Initial Canadian Borrower, BCE Inc., a Canadian corporation (" Seller "), and Telesat Canada, a Canadian corporation (the " Company "), entered into the Acquisition Agreement, pursuant to which Initial Canadian Borrower intends to purchase (the " Acquisition ") all of the outstanding capital shares of the Company and the Safe Income Notes (as defined in the Acquisition Agreement);

WHEREAS, pursuant to the Skynet Contribution Documents, concurrently with the Acquisition, Holdings will directly or indirectly acquire substantially all of the assets of Loral Skynet Corporation, a Delaware corporation (" Skynet "), and its subsidiaries used in the Business (as defined in the Asset Transfer Agreement) (the " Skynet Contribution ");

WHEREAS, immediately after receiving the Skynet Contribution, Holdings will transfer all of the assets received on the Skynet Contribution and the cash received from PSPIB and the Designees to the Initial Canadian Borrower in exchange for common shares of Initial Canadian Borrower;

WHEREAS, to finance (in part) the purchase price for the Acquisition, the Skynet Contribution, the Refinancing and to pay fees and expenses in connection therewith and to provide for the ongoing working capital and general corporate requirements of Holdings and its subsidiaries, the Borrowers and the Guarantors desire to enter into this Agreement;

WHEREAS, promptly after the closing of the Acquisition, Initial Canadian Borrower shall transfer to Intermediate Holdco the outstanding capital shares of the Company and the Safe Income Notes (in consideration of, among other things, the Assumption (as defined below));

WHEREAS, immediately following consummation of the Acquisition, the Canadian Borrower shall assume Initial Canadian Borrower's obligations under this Agreement, Initial Canadian Borrower shall become a Guarantor and Canadian Borrower's Guarantee of Initial Canadian Borrower's obligations under this Agreement shall be released pursuant to an Assumption Agreement in substantially the form attached hereto as Exhibit I (the " Assumption ");

WHEREAS, immediately after the Assumption, Intermediate Holdco will amalgamate with the Company to form a company also called " Telesat Canada ", and through such amalgamation, by operation of law, Telesat Canada shall become the Canadian Borrower;

WHEREAS, immediately after the amalgamation, certain Subsidiaries of the Company shall become Guarantors;

WHEREAS, immediately after the amalgamation, Telesat Interco, Inc. will transfer to the Company the assets constituting the Skynet Contribution in exchange for common shares of the Company and the Company will transfer certain of such assets to its Subsidiaries which have become Guarantors;

NOW, THEREFORE, the Lenders are willing to extend senior secured credit to the Borrowers on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

" ABR Borrowing " shall mean a Borrowing comprised of ABR Loans.

" ABR Loan " shall mean any ABR Term Loan, ABR Revolving Loan or Swingline Loan.

" ABR Revolving Borrowing " shall mean a Borrowing comprised of ABR Revolving Loans.

" ABR Revolving Loan " shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

" ABR Term Loan " shall mean any Term Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

" Acceptable Exclusions " shall mean, in the case of any insurance procured in accordance with Section 5.02(b), (i) war, invasion, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by: (a) any government or sovereign power (de jure or de facto); or (b) any authority maintaining or using a military, navy or air force; or (c) a military, navy, or air force; or (d) any agent of any such government, power, authority or force, (ii) any anti-satellite device, or device employing atomic or nuclear fission and/or fusion, or device employing laser or directed energy beams, (iii) insurrection, strikes, labor disturbances, riots, civil commotion, rebellion, revolution, civil war, usurpation, or action taken by a government authority in hindering, combating or defending against such an occurrence, whether there be declaration of war or not, (iv) confiscation, nationalization, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government or governmental authority or agent (whether secret or otherwise and/or whether civil, military or de facto) or public or local authority or agency, (v) nuclear reaction, nuclear radiation, or radioactive contamination of any nature, whether such loss or damage be direct or indirect, except for radiation naturally occurring in the space environment, (vi) electromagnetic or radio frequency interference, except for physical damage to a Satellite directly resulting from such interference, (vii) willful or intentional acts of the directors or officers of the named insured, acting within the scope of their duties, designed to cause loss or failure of a Satellite, (viii) an act of one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes and whether the loss, damage or failure resulting therefrom is accidental or intentional, (ix) any unlawful seizure or wrongful exercise of control of a Satellite made by any person or persons acting for political or terrorist purposes, (x) loss of revenue, incidental damages and/or consequential loss, (xi) extra expenses, other than the expenses insured under a policy, (xii) third party liability, (xiii) loss of a redundant component(s) that does not cause a transponder failure, and (xiv) such other similar exclusions as may be customary for policies of such type as of the date of issuance or renewal of such coverage.

" Acceptance Fees " shall have the meaning assigned to such term in Section 2.13(c)

" Acquired CapEx Amount " shall have the meaning assigned to such term in Section 6.11.

" Acquired EBITDA " shall mean, with respect to any Acquired Entity or Business, any Converted Restricted Subsidiary, any Sold Entity or Business or any Converted Unrestricted Subsidiary (any of the foregoing, a " Pro Forma Entity ") for any period, the amount for such period of Consolidated EBITDA of such Pro Forma Entity (determined using such definitions as if references to Holdings and its Subsidiaries therein were to such Pro Forma Entity and its Subsidiaries), all as determined on a consolidated basis for such Pro Forma Entity in accordance with Canadian GAAP.

" Acquired Entity or Business " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Acquisition " shall have the meaning assigned to such term in the recitals to this Agreement.

" Acquisition Agreement " shall mean the Share Purchase Agreement, dated as of December 16, 2006 among Initial Canadian Borrower, Seller and the Company.

" Acquisition Documents " shall mean the Acquisition Agreement and all other material agreements and documents governing or relating to the Acquisition that are listed on Schedule 1.01(c) hereto.

" Actual Nimiq 4 Revenue Contract Amount " means, the amount of contracted revenue attributable to Nimiq 4 to be paid to Holdings and its Restricted Subsidiaries in accordance with Canadian GAAP in respect of the portion of the Test Period in which the in-service date of Nimiq 4 occurs from and after such in-service date.

" Additional Mortgage " shall have the meaning assigned to such term in Section 5.10(c).

" Adjusted LIBO Rate " shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the result of dividing (a) the LIBO Rate in effect for such Interest Period by (b) 1.00 minus the Statutory Reserves applicable to such Eurodollar Borrowing, if any.

" Administrative Agent " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Affiliate " shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified and shall also include any Person that directly or indirectly owns more than 10% of any class of Equity Interests of the Person specified.

" Agent Fees " shall have the meaning assigned to such term in Section 2.13(e).

" Agents " shall mean the Administrative Agent and the Collateral Agent.

" Aggregate In-Orbit Insurance Amount " shall mean (a) 100% of the aggregate net book value of all Covered Satellites other than any Excluded Satellite and (b) 50% of the aggregate net book value of any Excluded Satellite that is a Named Satellite. For the purposes of this definition, aggregate net book value with respect to a Satellite shall exclude any liability of a Satellite Purchaser to pay the Satellite Manufacturer any satellite performance incentive payments and any liability of a Satellite Manufacturer to pay the Satellite Purchaser any satellite performance warranty paybacks.

" Agreed Security Principles " shall mean:

(i) No Lien or provision of a guarantee by any Person organized outside the US or Canada shall be made that would:

(a) result in any breach of corporate benefit, financial assistance, capital preservation, fraudulent preference, thin capitalization rules, retention of title claims or any other law or regulation (or analogous restriction) of the jurisdiction of organization of such Person;

(b) result in any risk to the officers or directors of such Person of a civil or criminal liability; or

(c) result in a Lien being granted over assets, the acquisition of which was financed from a subsidy of payments, the terms of which prohibit any assets acquired with such subsidy or payment being used as collateral; provided the Administrative Agent consents to such exclusion (such consent not to be unreasonably withheld).

(ii) It is expressly acknowledged that in certain jurisdictions (a) it may be impossible or impractical (including for legal and regulatory reasons) to grant guarantees or create security over certain categories of assets in which event such guarantees will not be granted and security will not be taken over such assets or (b) it may take longer than agreed to grant guarantees or create security over certain categories of assets in which event the Collateral Agent will act reasonably in granting the necessary extension of timing for obtaining such guarantees or security; provided that in each case with respect to subclauses (a) and (b) the relevant Guarantor has exercised due diligence and reasonable efforts in providing such guarantees or security.

(iii) It is expressly acknowledged that the form of the Security Documents may vary from the forms attached to the Credit Agreement or Security Documents in order to conform to local requirements and customs as well as potential impracticality of complying with local requirements in respect of every item of collateral.

(iv) Each Security Document relating to assets or stock of a United States or Canadian telecommunications carrier (as defined in the Telecommunications Act (Canada)) will contain provisions substantially in accordance with Schedule 1.01(d) hereto and shall be deemed to include such provisions whether or not actually included.

" Agreement " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Agreement Currency " shall have the meaning assigned to such term in Section 9.17(b).

" All Risks Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite and the related Associated Equipment, including all components thereof, at all times during the manufacture, testing, storage, payload processing and transport of such Satellite and such Associated Equipment, if any, up to the time of Launch, in the case of such Satellite, and until delivery to the applicable Satellite Purchaser, in the case of such Associated Equipment.

" Alternate Base Rate " shall mean, for any day, a rate per annum equal to (x) in the case of U.S. Term Loans or Revolving Loans denominated in Dollars, the greater of (a) the Prime Rate and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% or (y) in the case of any other Loans, the Canadian Prime Rate. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate, including the failure of the Federal Reserve Bank of New York to publish rates or the inability of the Administrative Agent to obtain quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (x)(b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Canadian Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Canadian Prime Rate or the Federal Funds Effective Rate, respectively.

" Ancillary Agreement " shall mean the Ancillary Agreement, dated as of August 7, 2007, among Loral, Skynet, PSP, Holdings and Intermediate Holdco as in effect on the Closing Date.

" Annualized Nimiq 4 Revenue Contract Amount " means, the amount of contracted revenue attributable to Nimiq 4 that would have been realized by Holdings and its Restricted Subsidiaries during the applicable Test Period prior to the in-service date of Nimiq 4 had such in-service date occurred on the first day of such Test Period. Such amount shall be calculated by taking the Actual Nimiq 4 Revenue Contract Amount and applying such amount on a pro rata basis to the portion of such Test Period prior to such in-service date as if Nimiq 4 had been in service from the first day of such Test Period.

" Anti-Terrorism Laws and Anti-Money Laundering Laws " shall mean Requirements of Law related to terrorism financing or money laundering, including the Executive Order or any enabling legislation or implementing legislation relating thereto, the Patriot Act, the Bank Secrecy Act, Part II.1 of the Criminal Code (Canada), the Proceeds of Crime (money laundering) and Terrorist Financing Act (Canada) (" PCTFA "), the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism (Canada) and the United Nations Al-Qaida and Taliban Regulations (Canada).

" Applicable Amount " shall mean on any date (the " Reference Date ") (A) the sum of, without duplication, (i) (x) for purposes of Sections 6.06(c) and 6.07(a), $75.0 million, (y) for purposes of Section 6.11, $125.0 million and (z) for purposes of Section 6.05(j), $100.0 million, and (ii) if positive, 50% of Cumulative Consolidated Net Income Available to Stockholders, provided that, in each case, the amount in clause (ii) shall only be available if the Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings for the Test Period last ended is less than 6.00:1.00, determined on a pro forma basis after giving effect to any investment, dividend, prepayment, repurchase, redemption or capital expenditures actually made pursuant to Sections 6.05(j), 6.06(c), 6.07(a) or 6.11, plus (B) the amount of any capital contributions (other than the Equity Financing and other than Permitted Cure Securities) made in cash to Holdings from and including the Business Day immediately following the Closing Date through and including the Reference Date, minus (C) the sum at the time of determination of (i) the aggregate amount of Investments made since the Closing Date pursuant to Section 6.05(j) in reliance upon the Applicable

Amount, (ii) the aggregate amount of dividends made since the Closing Date pursuant to Section 6.06(c) in reliance upon the Applicable Amount, (iii) the aggregate amount of prepayments, repurchases and redemptions made since the Closing Date pursuant to Section 6.07(a) in reliance upon the Applicable Amount; provided that the Company can pay accrued dividends on the Holdings PIK Securities to reduce the outstanding principal amount thereof to $150.0 million without such payment deemed being made in reliance on (or deemed utilizing) the Applicable Amount and (iv) the aggregate amount of Capital Expenditures made pursuant to Section 6.11 in reliance upon the Applicable Amount. The Applicable Amount may not be a negative number.

" Applicable Canadian Pension Legislation " means, at any time, any applicable Canadian federal or provincial pension benefits standards legislation, including all regulations made thereunder and all rules, regulations, rulings, guidelines, directives and interpretations made or issued by any Governmental Authority in Canada having or asserting jurisdiction in respect thereof, each as amended or replaced from time to time.

" Applicable Creditor " shall have the meaning assigned to such term in Section 9.17(b).

" Applicable Margin " shall mean:

(a) in the case of Canadian Term Loans, (i) maintained as Canadian Prime Rate Loans, a percentage per annum equal to 1.75%, and (ii) maintained as BA Loans, a percentage per annum equal to 2.75%;

(b) in the case of U.S. Term Loans, (i) maintained as ABR Loans, a percentage per annum equal to 2.00%, and (ii) maintained as Eurodollar Loans, a percentage per annum equal to 3.00%; and

(c) in the case of Revolving Facility Loans, (i) maintained as ABR Loans, a percentage per annum equal to 1.75%, and (ii) maintained as Eurodollar Loans or BA Loans, a percentage per annum equal to 2.75%; provided , for any Margin Adjustment Period, from and after any Start Date to and including the corresponding End Date, the respective percentage per annum set forth below opposite the respective Level (i.e., Level 1, Level 2 or Level 3, as the case may be) indicated to have been achieved on the applicable Test Date for such Start Date (as shown in the respective officer's certificate delivered pursuant to Section 5.04(c)):

Total Leverage Ratio	Level 1: less than or equal to 5.00:1.00	Level 2: greater than 5.00:1.00 and less than or equal to 6.00:1.00	Level 3: greater than 6.00:1.00
Applicable Margin for Eurodollar Loans	2.25%	2.50%	2.75%
Applicable Margin for BA Loans	2.25%	2.50%	2.75%
Applicable Margin for ABR Loans	1.25%	1.50%	1.75%
Revolving Commitment Fee Rate	0.25%	0.375%	0.50%

Notwithstanding the foregoing, (i) if the Canadian Borrower fails to deliver the financial statements required to be delivered pursuant to Section 5.04(a) or (b) (accompanied by the officer's certificate required to be delivered pursuant to Section 5.04(c) showing the applicable Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings on the relevant Test Date) on or prior to the respective date required by such Sections, then Level 3 pricing shall apply from the day following the most recent End Date until such time, if any, as the financial statements required as set forth above and the accompanying officer's certificate have been delivered showing the pricing for the respective Margin Adjustment Period is at a level below Level 3 (it being understood that, in the case of any late delivery of the financial statements and officer's certificate as so required, any reduction in the Applicable Margin shall apply only from and after the date of the delivery of the complying financial statements and officer's certificate); and (ii) Level 3 pricing shall apply for the period from the Closing Date to the date of the delivery of Holdings' consolidated financial statements (and related officer's certificate) in respect of the first fiscal quarter to end at least six months after the Closing Date.

" Approved Fund " shall mean any person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered, managed or advised by a Lender, an Affiliate of a Lender or an entity (including an investment advisor) or an Affiliate of such entity that administers, manages or advises a Lender.

" APT Security Agreement " shall mean the Security Agreement by and among APT Satellite Company Limited, Loral Orion Inc. and Bank of China (HK) Limited, dated as of October 8, 2004, as amended prior to the date hereof.

" APT Transactions " shall mean the transactions identified on Schedule 1.01(e) .

" APT Transponder s" shall mean those transponders subject to that Satellite Transponder Agreement dated as of August 26, 2003 between APT Satellite Company Limited and Loral Orion, Inc, as amended as of November 16, 2003.

" Asset Purchase Agreement " shall mean that certain Asset Purchase Agreement dated August 7, 2007, by and among Skynet, Skynet Satellite Corporation and Loral, as amended from time to time prior to the date hereof.

" Asset Sale Event " shall mean any sale, transfer or other disposition of any business units, assets or other property of Holdings or any of the Restricted Subsidiaries not in the ordinary course of business (including any sale, transfer or other disposition of any capital stock of any Subsidiary of Holdings owned by Holdings or a Restricted Subsidiary, including any sale or issuance of any capital stock of any Restricted Subsidiary). Notwithstanding the foregoing, the term "Asset Sale Event" shall not include any transaction permitted by Section 6.04, other than transactions permitted by Sections 6.04(b) and 6.04(f).

" Asset Transfer Agreement " shall mean that certain Asset Transfer Agreement dated August 7, 2007, by and among Holdings, Skynet and Loral, as amended from time to time.

" Assignment and Acceptance " shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent and the Canadian Borrower (if required by such assignment and acceptance), substantially in the form of Exhibit A or such other form as shall be approved by the Administrative Agent.

" Associated Equipment " shall mean, with respect to any Satellite, the equipment to be delivered by the Satellite Manufacturer with respect thereto pursuant to the terms of the applicable Satellite Purchase Agreement.

" Assumption " shall have the meaning assigned to such term in the recitals to this Agreement.

" Available Revolving Unused Commitment " shall mean, with respect to a Revolving Facility Lender at any time, an amount equal to the amount by which (a) the Revolving Facility Commitment of such Revolving Facility Lender at such time exceeds (b) the Revolving Facility Credit Exposure of such Revolving Facility Lender at such time.

" BA " shall mean either a depository bill within the meaning of the Depository Bills and Notes Act (Canada) or a bill of exchange within the meaning of the Bills of Exchange Act (Canada), denominated in Canadian Dollars, drawn by the applicable Borrower on a Lender and accepted by a Lender in accordance with this Agreement and bearing such distinguishing letters and numbers as the Lender may determine; and, when used in conjunction with a "BA Borrowing" or a "BA Loan," shall include BA Equivalent Loan.

" BA Borrowing " shall mean a Borrowing comprised of BA Loans.

" BA Contract Period " means, relative to any BA Loan, the period beginning on (and including) the date on which such BA Loan is made or continued to (but excluding) the date which is one, two, three or six months thereafter (or twelve months if, at the time of the relevant

BA Loan, such term is agreed to by all relevant Lenders), as selected by the applicable Borrower; provided that (i) if any BA Contract Period would end on a day other than a Business Day, such BA Contract Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such BA Contract Period shall end on the next preceding Business Day, (ii) any BA Contract Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such BA Contract Period) shall end on the last Business Day of the last calendar month of such BA Contract Period and (iii) no BA Contract Period shall end after the Canadian Term Loan Maturity Date or the Revolving Facility Maturity Date, as applicable.

" BA Discount Rate " means, with respect to any BA Contract Period for any BA Loan, (a) in the case of any Revolving Facility Lender or Canadian Term Loan Lender named in Schedule I of the Bank Act (Canada), the rate determined by the Administrative Agent to be the average offered rate for bankers' acceptances for the applicable BA Contract Period quoted on Reuters Screen CDOR (Certificate of Deposit Offered Rate) page as of 10:00 a.m. (New York City time) on the first day of such BA Contract Period and (b) in the case of any other Revolving Facility Lender or Canadian Term Loan Lender, (i) the rate per annum set forth in clause (a) above plus (ii) 0.10%. In the event that such rate is not quoted on the Reuters Screen CDOR (Certificate of Deposit Offered Rate) page (or otherwise on the Reuters screen), the BA Discount Rate for the purposes of this definition shall be determined by reference to such other comparable publicly available service for displaying bankers' acceptance rates as may be selected by the Administrative Agent, or, if such other comparable publicly available service for displaying bankers' acceptance rates is not available, the BA Discount Rate shall be the average of the bankers' acceptance rates quoted by the Reference Banks, as determined by the Administrative Agent, and, in the event that the CDOR rate is not available for any Business Day, the CDOR rate for the immediately previous Business Day for which a CDOR rate is available shall be used.

" BA Equivalent Loan " shall have the meaning given to it in Section 2.06(f).

" BA Loan " shall mean any Loan made by way of accepting and purchasing BAs on the same date and as to which a single BA Contract Period is in effect, and includes BA Equivalent Loans made on the same date and as to which a single BA Contract Period is in effect.

" BIA " shall mean the Bankruptcy and Insolvency Act (Canada), as amended.

" Board " shall mean the Board of Governors of the Federal Reserve System of the United States of America.

" Borrowers " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Borrowing " shall mean any Loans of the same Type and currency made, converted or continued on the same date and, in the case of Eurodollar Rate Loans or BA Loans, as to which a single Interest Period is in effect.

" Borrowing Minimum " shall mean (a) in the case of a Canadian Term Loan Borrowing, CND$5.0 million, (b) in the case of a U.S. Term Loan Borrowing, $5.0 million, (c) in the case of a Revolving Facility Borrowing, CND$2.0 million, (d) in the case of a U.S. Revolving Facility Borrowing, $2.0 million and (e) in the case of a Swingline Borrowing, CND$1.0 million.

" Borrowing Multiple " shall mean (a) in the case of a Canadian Term Loan Borrowing or a Revolving Facility Borrowing, CND$1.0 million, (b) in the case of a U.S. Term Loan Borrowing, $1.0 million and (c) in the case of a Swingline Borrowing, CND$500,000.

" Borrowing Request " shall mean a request by a Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit B-1 .

" Business Day " shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or Toronto are authorized or required by law to remain closed; provided that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market.

" Calculation Date " shall mean (a) the last Business Day of each calendar month, (b) each date (with such date to be reasonably determined by the Administrative Agent) that is on or about the date of (i) a Borrowing Request or an Interest Election Request with respect to any Revolving Facility Loan, (ii) the issuance of a Letter of Credit or (iii) a request for a Swingline Borrowing, and (c) if an Event of Default under Section 7.01(b) or (d) has occurred and is continuing, any Business Day as determined by the Administrative Agent in its sole discretion.

" Canada Pension Plan " shall mean the universal pension plan established and maintained by the Federal Government of Canada.

" Canadian Borrower " shall have the meaning given to such term in the introductory paragraph of this Agreement.

" Canadian Dollar ", " CAD " and " CND$ " mean the lawful currency of Canada.

" Canadian Dollar Equivalent " shall mean, on any date of determination, (a) with respect to any amount in Canadian Dollars, such amount and (b) with respect to any amount in Dollars, the equivalent in Canadian Dollars of such amount as determined by the Administrative Agent pursuant to Section 1.03(b) using the Exchange Rate with respect to Dollars at the time in effect under the provisions of such Section.

" Canadian GAAP " shall mean generally accepted accounting principles in effect from time to time in Canada, applied on a consistent basis, subject to the provisions of Section 1.02. Unless otherwise indicated, references to GAAP herein shall be to Canadian GAAP.

" Canadian Lender " shall mean any Canadian Term Lender, Issuing Bank, Revolving Facility Lender or Swingline Lender.

" Canadian Pension Event " means, with respect to any Canadian Plan, (a) the termination or wind-up, in full or in part, of such Canadian Plan (including the institution of any steps by any Person to terminate or wind-up or order the termination or wind-up, in full or in part, of such Canadian Plan) or any act or omission with respect to such Canadian Plan that, individually or in the aggregate, could reasonably be expected to adversely affect the tax status of such Canadian Plan or result in any liability, fine or penalty on any Loan Party or (b) the failure to make full payment when due of all amounts which, under the provisions of such Canadian Plan, any agreement relating thereto or Applicable Canadian Pension Legislation, any Loan Party is required to pay as contributions thereto.

" Canadian Plan " means any plan, program, agreement or arrangement that is a pension plan for the purposes of Applicable Canadian Pension Legislation or under the *Income Tax Act* (Canada) (whether or not registered under such law) that is maintained or contributed to, or to which there is or may be an obligation to contribute, by Holdings or any of its Subsidiaries in respect of their respective employees in Canada, but does not include the Canada Pension Plan or the Quebec Pension Plan that is mandated by the Government of Canada or the Province of Quebec, respectively.

" Canadian Prime Rate " means on any date with respect to ABR Loans denominated in Canadian Dollars, a fluctuating rate of interest per annum (rounded upward, if necessary, to the next highest 1/100 of 1%) equal to the higher of: (a) the rate of interest per annum determined by taking the average of the determination by each of the Reference Banks as its reference rate in effect on such day for determining interest rates for Canadian Dollar denominated commercial loans in Canada; and (b) the BA Discount Rate in effect on that day, as determined by the Reference Banks for one month bankers' acceptances plus 3/4 of 1%.

" Canadian Prime Rate Borrowing " shall mean a Borrowing comprised of Canadian Prime Rate Loans.

" Canadian Prime Rate Loan " shall mean any Loan bearing interest at a rate determined by reference to the Canadian Prime Rate in accordance with the provisions of Article II.

" Canadian Security Agreements " shall mean (i) a Security Agreement substantially in the form of Exhibit D-2 among the Loan Parties organized in Canada and the Collateral Agent for the benefit of the Secured Parties and (ii) each Deed of Hypothec substantially in the form of Exhibit H between each Loan Party organized in Canada with its chief executive office or registered office in Quebec or tangible property in Quebec, each bond issued by each such Loan Party under each such deed of hypothec and each pledge agreement between each such Loan Party and the Collateral Agent with respect to each such bond.

" Canadian Term Lender " shall mean a Lender with a Canadian Term Loan Commitment or with outstanding Canadian Term Loans.

" Canadian Term Loan " shall mean each of the term loans made to the Initial Canadian Borrower or the applicable Canadian Borrower pursuant to Section 2.01(a). Each Canadian Term Loan shall be a BA Loan or an ABR Loan.

" Canadian Term Loan Borrowing " shall mean a borrowing of Canadian Term Loans.

" Canadian Term Loan Commitment " shall mean, with respect to each Lender, the Commitment (if any) of such Lender to make term loans under Section 2.01(a) in the amount set forth opposite such Lender's name on Schedule 2.01 directly below the column entitled "Canadian Term Loan Commitment" or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Canadian Term Loan Commitment, as applicable, in each case as the same may be reduced from time to time pursuant to Section 2.09. The aggregate amount of the Canadian Term Loan Commitments on the Closing Date is CND$200.0 million.

" Canadian Term Loan Exposure " shall mean, at any time, the aggregate principal amount of the Canadian Term Loans outstanding at such time. The Canadian Term Loan Exposure of any Lender at any time shall be the aggregate principal amount of such Lender's Canadian Term Loan outstanding at such time.

" Canadian Term Loan Facility " shall mean the Canadian Term Loan Commitments and the Canadian Term Loans made hereunder.

" Canadian Term Loan Maturity Date " shall mean the date occurring five years following the Closing Date.

" Capital Expenditures " shall mean, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including in all events all amounts expended or capitalized under Capital Leases, but excluding any amount representing capitalized interest) by Holdings and the Restricted Subsidiaries during such period that, in conformity with Canadian GAAP, are or are required to be included as additions during such period to property, plant or equipment reflected in the consolidated balance sheet of Holdings and its Subsidiaries, provided that the term "Capital Expenditures" shall not include (a) expenditures made in connection with the replacement, substitution, restoration or repair of assets (i) to the extent financed from insurance proceeds paid on account of the loss of or damage to the assets being replaced, restored or repaired or (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced, (b) the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded in at such time, (c) the purchase of plant, property or equipment made within two years of the sale of any asset to the extent purchased with the proceeds of such sale, (d) expenditures that constitute any part of Consolidated Lease Expense, (e) capitalized interest in connection with the purchase of Satellites, (f) expenditures that are accounted for as capital expenditures of such person and that actually are paid for by a third party (other than Holdings or any Subsidiary thereof) for which neither Holdings nor any Subsidiary thereof has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period) or (g) expenditures to the extent they are made with proceeds of the issuance of Equity Interests of Holdings after the Closing Date which are contributed to the common equity of the Initial Canadian Borrower.

" Capital Lease " shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with Canadian GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person, provided that the following leases which were treated as operating leases in Projections provided to Lenders as of the Closing Date shall be treated as operating leases and not as Capital Leases: (a) Satellite Relocation and Lease Agreement dated as of November 22, 2006, between the Company and DirectTV Enterprises, LLC and (b) Amendment No. 1 entered into as of the 22nd day of November 2006 to the Memorandum of Agreement entered into by the Company and DirectTV Enterprises, LLC on December 23, 2003, subsequently amended and restated on March 10, 2005 and further amended and restated on October 6, 2005; provided that such leases shall not be treated as Capital Leases only so long as they are not amended in a manner materially adverse to the Lenders after the Closing Date.

" Capitalized Lease Obligations " shall mean, as applied to any Person, all obligations under Capital Leases of such Person or any of its Subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with Canadian GAAP.

" Casualty Event " shall mean, with respect to any property (including any Satellite) of any Person, any loss of or damage to, or any condemnation or other taking by a Governmental Authority of, such property for which such Person or any of its Restricted Subsidiaries receives insurance proceeds, or proceeds of a condemnation award or other compensation.

" CCAA " shall mean the Companies' Creditors Arrangement Act (Canada), as amended.

" Change in Law " shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, rule or regulation or in the official interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender or Issuing Bank (or, for purposes of Section 2.16(b), by any lending office of such Lender or by such Lender's or Issuing Bank's holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date.

" Change of Control " shall mean and be deemed to have occurred if (a) (i) Permitted Investors shall at any time not own, in the aggregate, directly or indirectly, beneficially and of record, at least 30% of the voting power of the outstanding Voting Stock of Holdings (other than as the result of one or more widely distributed offerings of the common stock of Holdings or any direct or indirect holding company of Holdings, in each case whether by Holdings or the Permitted Investors) and/or (ii) any person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall at any time have acquired direct or indirect beneficial ownership of a percentage of the voting power of the outstanding Voting Stock of Holdings that exceeds the percentage of the voting power of such Voting Stock then beneficially owned, in the aggregate, by Permitted Investors, unless, in the case of either clause (i) or (ii) above, Permitted Investors have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the board of directors of Holdings; and/or (b) at any time Continuing Directors shall not constitute at least a majority of the board of directors of Holdings; and/or (c) a Change

of Control (as defined in the Senior Bridge Loan Facility or the Senior Subordinated Bridge Loan Facility, the Senior Exchange Notes, Senior Subordinated Exchange Notes or any Permitted Bridge Refinancing) shall have occurred and/or (d) Holdings shall cease to own, directly or indirectly, 100% of the Voting Stock of the Borrowers.

" Charges " shall have the meaning assigned to such term in Section 9.09.

" Closing Date " shall mean the date on which all of the conditions precedent required to effectuate the Transactions have been satisfied.

" Code " shall mean the Internal Revenue Code of 1986, as amended from time to time.

" Co-Documentation Agents " shall have the meaning given such term in the introductory paragraph of this Agreement.

" Collateral " shall mean all property and assets (including Equity Interests) subject to a Lien created under any Security Document and shall also include the Mortgaged Properties.

" Collateral Agent " shall have the meaning given such term in the introductory paragraph of this Agreement.

" Collateral and Guarantee Requirements " shall mean, subject to the Agreed Security Principles, the requirements that:

(a) as of the Closing Date, all of the Loan Documents described in Schedule 1.01(a) shall have been executed and delivered by the parties thereto, and, to the extent applicable under the relevant governing law, all Liens created by the pledging of securities and/or other instruments shall have been perfected (by the pledging of such securities and/or instruments or otherwise); provided , however , that with respect to any Collateral the security interest or hypothec in which may not be perfected or published by filing of UCC and PPSA financing statements or applications for registration in the Quebec register of personal and moveable real rights (the " PMRR ") or the possession of stock certificates, if the perfection or publication of the Collateral Agent's security interest or hypothec, as applicable, in such Collateral may not be accomplished prior to the Closing Date after the Canadian Borrower's use of commercially reasonable efforts to do so, then delivery of documents and instruments for perfection or publication of such security interest or hypothec, as applicable, shall not constitute a condition precedent under Section 4.02 of this Agreement and the Canadian Borrower agrees to deliver or cause to be delivered such documents and instruments, and take or cause to be taken such other actions as may be required to perfect and publish such security interests and hypothecs, within 90 days after the Closing Date (or such later date as may be agreed to by the Administrative Agent in its sole discretion) (it being understood that commercially reasonable efforts in this context shall mean at a minimum that UCC and PPSA financing statements and applications for registration in the PMRR have been filed for each of the Loan Parties and stock certificates of entities organized in the United States or Canada shall have been delivered);

(b) in the case of any Subsidiary that becomes a Subsidiary Loan Party after the Closing Date, the Administrative Agent shall have received, unless it has waived such requirement for such Subsidiary Loan Party (for reasons of cost, legal limitations, tax consequences or such other matters as deemed appropriate by the Administrative Agent, acting reasonably), an executed joinder agreement substantially in the form of Exhibit J and execute such Security Documents (other than in respect of real property which is the subject of another clause), by way of joinder or otherwise that the Administrative Agent may reasonably request;

(c) subject to Section 5.10, all the Equity Interests that are acquired by a Loan Party after the Closing Date shall be pledged pursuant to the Security Documents;

(d) the Collateral Agent shall have received all certificates or other instruments (if any) representing all Equity Interests required to be pledged pursuant to any of the foregoing paragraphs, together with stock powers or other instruments of transfer with respect thereto endorsed in blank, in each case to the extent reasonably requested by counsel to the Collateral Agent, or such other action shall have been taken as required under applicable law to perfect a security interest in such Equity Interests as reasonably requested by counsel to the Lenders;

(e) all Indebtedness of Holdings and each Subsidiary (other than intercompany debt evidenced by the Intercompany Note which has already been pledged to the Collateral Agent pursuant to the Security Documents) having an aggregate principal amount that has a Dollar Equivalent in excess of $3.0 million (other than intercompany current liabilities incurred in the ordinary course of business) that is owing to any Loan Party shall have been pledged pursuant to a Security Document and shall, if requested by the Administrative Agent and if relevant under the applicable governing law of such Security Document, be evidenced by a promissory note or an instrument and the Collateral Agent shall have received all such promissory notes or instruments, together with note powers or other instruments of transfer with respect thereto endorsed in blank;

(f) all documents and instruments required by law or reasonably requested by the Collateral Agent to be filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been filed, registered or recorded or delivered to the Collateral Agent for filing, registration or the recording concurrently with, or promptly following, the execution and delivery of each such Security Document;

(g) the Collateral Agent shall have received on the Closing Date (in the case of each of those properties designated as a Mortgaged Property as set forth on Schedule 1.01(f)) or within the time period set forth in Section 5.10 (in the case of Additional Mortgages), (i) counterparts of a Mortgage with respect to each property designated as a Mortgaged Property as set forth on Schedule 1.01(f) hereto or Additional Mortgages required to be delivered pursuant to Section 5.10 duly executed and delivered by the record owner or holder of such real property, (ii) a paid Title Policy or Title Policies issued by the Title Company insuring the Lien of each such Mortgage as a valid Lien on the property

described therein, free of any other Liens other than Permitted Liens, (iii) with respect to Additional Mortgages covering properties located in the United States, a completed Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property and (iv) such Surveys, existing appraisals and legal opinions as the Administrative Agent may reasonably request with respect to any such Mortgaged Property;

(h) the Loan Parties shall use commercially reasonable efforts (it being understood that in no event shall such efforts require the making of payments or material concessions in exchange for such consent) to obtain and deliver on the Closing Date (in the case of each of those properties designated as a CRE Mortgaged Property on Schedule 1.01(g)) or within the time period set forth in Section 5.10 (in the case of Additional Mortgages), (i) a consent from each landlord granting consent to a leasehold mortgage, (ii) if the consent described in clause (i) is obtained, counterparts of a Mortgage with respect to each property designated as a CRE Mortgaged Property as set forth on Schedule 1.01(g) hereto or required to be delivered pursuant to Section 5.10 duly executed and delivered by the record owner or holder of leasehold interest, (iii) if the consent described in clause (i) is obtained, a Title Policy or Title Policies issued by the Title Company insuring the Lien of each such Mortgage as a valid Lien on the property described therein, free of any other Liens other than Permitted Liens, (iv) with respect to Additional Mortgages covering properties located in the United States, a completed Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each such Mortgaged Property and (v) such Surveys, existing appraisals and legal opinions as the Administrative Agent may reasonably request with respect to any such Mortgaged Property; and

(i) to the extent required hereunder each Loan Party shall have obtained all material consents and approvals required to be obtained by it in connection with (A) the execution, delivery and performance of all Security Documents (or supplements thereto) to which it is a party and (B) the granting by it of the Liens under each Security Document to which it is party.

" Commitments " shall mean (a) with respect to any Lender, such Lender's Revolving Facility Commitment, Canadian Term Loan Commitment, U.S. Term I Loan Commitment and U.S. Term II Loan Commitment, (b) with respect to any Swingline Lender, its Swingline Commitment and (c) any commitment to make Incremental Term Loans extended by such Lender as provided in Section 2.21.

" Company " shall have the meaning assigned to such term in the recitals to this Agreement.

" Company Refinancing " shall mean the deposit of funds in accordance with Section 4.02(k) to redeem the Telesat Notes and the repayment of the existing credit facility between the Company and the Bank of Montreal with the proceeds from the Loans, the Senior Bridge Loan Facility, the Senior Subordinated Bridge Loan Facility and the Equity Financing.

" Compliance Certificate " shall mean the certificate required to be delivered by the Canadian Borrower to the Administrative Agent under Section 5.04(d).

" Consolidated Earnings " shall mean, for any period, "income (loss) before the deduction of income taxes" of Holdings and the Restricted Subsidiaries, excluding (a) extraordinary items, for such period, determined in a manner consistent with the manner in which such amount was determined in accordance with the financial statements referred to in Section 5.04(a) and (b) the cumulative effect of a change in accounting principles during such period.

" Consolidated EBITDA " shall mean, for any period, the sum, without duplication, of the amounts for such period of:

(a) Consolidated Earnings; plus

(b) to the extent (and in the same proportion after giving effect to the exclusion in clause (ii) in the proviso to this definition) already deducted in arriving at Consolidated Earnings, the following:

(i) interest expense as used in determining such Consolidated Earnings,

(ii) depreciation expense,

(iii) amortization expense,

(iv) extraordinary losses and unusual or non-recurring charges (including severance, relocation costs and one-time compensation charges),

(v) non-cash charges (provided that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period),

(vi) losses on asset dispositions,

(vii) restructuring charges or reserves (including costs related to closure of facilities),

(viii) in the case of any period that includes a period ending prior to or during the fiscal year ending December 31, 2007, Transaction Expenses,

(ix) any expenses or charges incurred in connection with any issuance of debt, equity securities or any refinancing transaction or any amendment or other modification of any debt instrument,

(x) any fees and expenses related to Permitted Acquisitions,

(xi) any deductions attributable to minority interests,

(xii) any impairment charge or asset write-off pursuant to Financial Accounting Standards Board Statement No. 142 or No. 144 and the amortization of intangibles arising pursuant to No. 141,

(xiii) foreign withholding taxes paid or accrued in such period,

(xiv) non-cash charges related to stock compensation expense,

(xv) loss from the early extinguishment of Indebtedness or hedging obligations or other derivative instruments and

(xvi) consulting fees paid pursuant to the Consulting Agreement as in effect on the Closing Date in Mezzanine Securities to Loral permitted by this Agreement; plus

(c) the amount of net cost savings projected by Canadian Borrower in good faith to be realized as a result of specified actions taken during such period (calculated on a *pro forma* basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; provided that (x) such cost savings are reasonably identifiable and factually supportable, (y) such actions are taken within 18 months after the Closing Date and (z) the aggregate amount of cost savings added pursuant to this clause (i) shall not exceed the net cost saving amounts identified in Schedule 1.01(b) as being expected to be realized during the time periods described therein,

(d) except for purposes of computing compliance with covenants under Sections 6.09 and 6.10, to the extent the in-service date of Nimiq 4 occurs during a Test Period, an amount equal to 90% of the Annualized Nimiq 4 Revenue Contract Amount, provided that the Company in good faith reasonably believes that Holdings and its Restricted Subsidiaries will realize revenue in accordance with Canadian GAAP in respect of Nimiq 4 during the next Test Period in an amount not less than the Annualized Revenue Contract Amount plus the Actual Nimiq 4 Revenue Contract Amount in respect of Nimiq 4 realized during such prior Test Period; plus

(e) collections on investments in sale-type leases during such period; plus

(f) in the event of any loss of any Satellite during the period, 90% of the contracted for revenues that would reasonably have been expected to be realized but for such loss for that portion of the period following such loss attributable to such Satellite (less revenue actually realized in respect of such Satellite during such period after such event of loss) so long as insurance for such satellite required to be maintained under this Agreement is maintained in accordance with this Agreement and the Company has filed a notice of loss with the applicable insurers and believes in good faith that the insurers will pay funds (and the applicable insurer(s) have not indicated that they will not pay such funds) in amounts that the Company reasonably believes will be sufficient to replace such Satellite with a replacement Satellite that generates annual revenues for the Company and

its Restricted Subsidiaries not less than the revenue generated by such replaced Satellite during the four-quarter period ended immediately prior to such event of loss; but such amounts may only be added to Consolidated EBITDA so long as the Canadian Borrower intends promptly to replace such Satellite and is working reasonably to do so (provided that the amount added to Consolidated EBITDA under this clause (f) shall not exceed $55,000,000 for any Test Period);

less to the extent included in arriving at Consolidated Earnings, the sum of the following amounts for such period of:

(a) extraordinary gains and non-recurring gains,

(b) non-cash gains (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period),

(c) gains on asset sales,

(d) any gross profit on sales-type leases included in Consolidated Earnings for such period, except for collection on investments in sales-type leases during such period, to the extent included in Consolidated Earnings for such period, and

(e) any income from the early extinguishment of Indebtedness or hedging obligations on other derivative instruments,

in each case, as determined on a consolidated basis for Holdings and the Restricted Subsidiaries in accordance with Canadian GAAP, provided that

(i) except as provided in clause (iv) below, there shall be excluded from Consolidated Earnings for any period the income from continuing operations before income taxes and extraordinary items of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Earnings, except to the extent actually received in cash by Holdings or its Restricted Subsidiaries during such period through dividends or other distributions,

(ii) there shall be excluded from Consolidated Earnings for any period the non-cash loss from continuing operations before income taxes and extraordinary items of each Joint Venture for such period corresponding to the percentage of capital stock or other equity interests in such Joint Venture owned by Holdings or its Restricted Subsidiaries,

(iii) there shall be excluded in determining Consolidated EBITDA currency transaction gains and losses (including the net loss or gain resulting from Swap Agreements for currency exchange risk),

(iv) (x) there shall be included in determining Consolidated EBITDA for any period the Acquired EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) acquired to the extent not subsequently sold, transferred or otherwise disposed of (but not including the Acquired EBITDA of any related Person, property,

business or assets to the extent not so acquired) by Holdings or any Restricted Subsidiary during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an " Acquired Entity or Business "), and the Acquired EBITDA of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a " Converted Restricted Subsidiary "), in each case based on the actual Acquired EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition or conversion) and (y) for purposes of determining the Consolidated Total Debt to Consolidated EBITDA Ratio and the Consolidated EBITDA to Consolidated Interest Expense Ratio only, there shall be excluded in determining Consolidated EBITDA for any period the Acquired EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of, closed or classified as discontinued operations by Holdings or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a " Sold Entity or Business "), and the Acquired EBITDA of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each, a " Converted Unrestricted Subsidiary "), in each case based on the actual Acquired EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer, disposition or conversion),

(v) there shall be excluded from Consolidated Earnings and the determination of Consolidated EBITDA for any period the effects of adjustments in component amounts required or permitted by the Financial Accounting Standards Board Statements of Financial Accounting Standards Nos. 141 and 142 and related authoritative pronouncements, as a result of the Transactions or Permitted Acquisitions or the amortization or write-off of any amounts in connection therewith and related financings thereof, and

(vi) without duplication, there shall be included in Consolidated EBITDA the amount of net cost savings projected by Canadian Borrower in good faith to be realized as a result of specified actions taken during such period with respect to any disposition (other than dispositions entered into in connection with the Transactions) (calculated on a *pro forma* basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; provided that (x) such cost savings are reasonably identifiable and factually supportable and (y) such actions are taken within 18 months after such disposition.

Notwithstanding anything to the contrary contained herein, Consolidated EBITDA shall be deemed to be CND$84,069,000, CND$79,863,000 and CND$88,709,000 for the fiscal quarters ended December 31, 2006, March 31, 2007 and June 30, 2007, respectively.

" Consolidated EBITDA to Consolidated Interest Expense Ratio " shall mean, as of any date of determination, the ratio of (a) Consolidated EBITDA for the relevant Test Period to (b) Consolidated Interest Expense for such Test Period.

" Consolidated Interest Expense " shall mean, for any period, the cash interest expense (including that attributable to Capital Leases in accordance with GAAP) (excluding any

cash interest expense consisting of gross up payments under Section 2.18 of the Senior Bridge Loan Facility or Senior Subordinated Bridge Loan Facility for the first year of such facilities), net of cash interest income, of Holdings and the Restricted Subsidiaries on a consolidated basis with respect to all outstanding Indebtedness of Holdings and the Restricted Subsidiaries, including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and all income or costs under Swap Agreements (other than currency swap agreements, currency future or option contracts and other similar agreements unrelated to interest expense) and any cash dividends paid on any Disqualified Capital Stock and including, without duplication, capitalized interest in connection with the purchase of Satellites to the extent paid in cash, but excluding, however, amortization of deferred financing costs and any other amounts of non-cash interest, all as calculated on a consolidated basis in accordance with Canadian GAAP and excluding, for avoidance of any doubt, any interest in respect of items excluded from Indebtedness in the proviso to the definition thereof, provided that (a) except as provided in clause (b) below, there shall be excluded from Consolidated Interest Expense for any period the cash interest expense (or cash interest income) of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Interest Expense and (b) for purposes of the definition of the term "Permitted Acquisition" and Sections 6.03, 6.09 and 6.10, there shall be included in determining Consolidated Interest Expense for any period the cash interest expense (or income) of any Acquired Entity or Business acquired during such period and of any Converted Restricted Subsidiary converted during such period, in each case based on the cash interest expense (or income) of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition or conversion) assuming any Indebtedness incurred or repaid in connection with any such acquisition or conversion had been incurred or prepaid on the first day of such period. Notwithstanding anything to the contrary contained herein, for purposes of determining Consolidated Interest Expense for any period ending prior to the first anniversary of the Closing Date, Consolidated Interest Expense shall be an amount equal to actual Consolidated Interest Expense from the Closing Date through the date of determination multiplied by a fraction the numerator of which is 365 and the denominator of which is the number of days from the Closing Date through the date of determination.

" Consolidated Lease Expense " shall mean, for any period, all rental expenses of Holdings and the Restricted Subsidiaries during such period under operating leases for real or personal property (including in connection with Permitted Sale Leasebacks), excluding real estate taxes, insurance costs and common area maintenance charges and net of sublease income, other than (a) obligations under vehicle leases entered into in the ordinary course of business, (b) all such rental expenses associated with assets acquired pursuant to a Permitted Acquisition to the extent that such rental expenses relate to operating leases in effect at the time of (and immediately prior to) such acquisition and (c) Capitalized Lease Obligations, all as determined on a consolidated basis in accordance with Canadian GAAP, provided that there shall be excluded from Consolidated Lease Expense for any period the rental expenses of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Lease Expense.

" Consolidated Net Income " shall mean, for any period, the consolidated net income (or loss) after the deduction of income taxes of Holdings and the Restricted Subsidiaries, determined on a consolidated basis in accordance with Canadian GAAP.

" Consolidated Total Debt " shall mean, as of any date of determination, (a) the sum of (i) all Indebtedness of Holdings and the Restricted Subsidiaries for borrowed money (adjusted (up or down) for the effects of currency swap agreements) outstanding on such date and (ii) all Capitalized Lease Obligations of Holdings and the Restricted Subsidiaries outstanding on such date, all calculated on a consolidated basis in accordance with Canadian GAAP minus (b) the aggregate amount of cash included in the cash accounts listed on the consolidated balance sheet of Holdings and the Restricted Subsidiaries as at such date to the extent the use thereof for application to payment of Indebtedness is not prohibited by law or any contract to which Holdings or any of the Restricted Subsidiaries is a party.

" Consolidated Total Debt to Consolidated EBITDA Ratio " shall mean, as of any date of determination, the ratio of (a) Consolidated Total Debt as of the last day of the relevant Test Period to (b) Consolidated EBITDA for such Test Period.

" Consolidated Working Capital " shall mean, at any date, the excess of (a) the sum of all amounts (other than cash, cash equivalents and bank overdrafts) that would, in conformity with Canadian GAAP, be set forth opposite the caption "total current assets" (or any like caption) on a consolidated balance sheet of Holdings and the Restricted Subsidiaries at such date over (b) the sum of all amounts that would, in conformity with Canadian GAAP, be set forth opposite the caption "total current liabilities" (or any like caption) on a consolidated balance sheet of Holdings and the Restricted Subsidiaries on such date, but excluding (i) the current portion of any Funded Debt, (ii) without duplication of clause (i) above, all Indebtedness consisting of Loans and Letter of Credit Exposure to the extent otherwise included therein and (iii) the current portion of deferred income taxes.

" Consulting Agreement " means the Consulting Services Agreement dated as of the Closing Date among Loral and the Company.

" Continuing Director " shall mean, at any date, an individual (a) who is a member of the board of directors of Holdings on the date hereof, (b) who, as at such date, has been a member of such board of directors for at least the 12 preceding months, (c) who has been nominated to be a member of such board of directors, directly or indirectly, by a Permitted Investor or Persons nominated by a Permitted Investor or (d) who has been nominated to be a member of such board of directors by a majority of the other Continuing Directors then in office or a nominating committee in which directors nominated by Permitted Investors form the majority of the members thereof.

" Control " shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and " Controlling " and " Controlled " shall have meanings correlative thereto.

" Converted Restricted Subsidiary " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Converted Unrestricted Subsidiary " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Covered Satellite " means any Satellite that is owned or leased by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

" Credit Event " shall have the meaning assigned to such term in Article IV.

" CRTC " shall mean the Canadian Radio-Television and Telecommunications Commission or any successor authority of the Government of Canada substituted therefor.

" Cumulative Consolidated Net Income Available to Stockholders " shall mean, as of any date of determination, Consolidated Net Income less cash dividends paid by Holdings with respect to its capital stock for the period (taken as one accounting period) commencing on the Closing Date and ending on the last day of the most recent fiscal quarter for which financial statements have been delivered to the Lenders under Section 5.04.

" Cure Amount " shall have the meaning assigned to such term in Section 7.02.

" Cure Right " shall have the meaning assigned to such term in Section 7.02.

" Debt Incurrence Event " shall mean any issuance or incurrence by Holdings or any of the Restricted Subsidiaries of any Indebtedness (including any issuance of Permitted Additional Notes to the extent the Net Cash Proceeds are not used for a Permitted Acquisition but excluding any other Indebtedness permitted to be issued or incurred under Section 6.01 other than Section 6.01(A)(o)).

" Default " shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

" Defaulting Lender " shall mean any Lender with respect to which a Lender Default is in effect.

" Designees " shall have the meaning assigned to such term in the recitals of this Agreement.

" Director Voting Preferred Shares " shall mean preferred shares in Holdings which have a nominal dividend and return of capital and vote only for the election of directors

" Discount Proceeds " shall mean, for any BA (or, if applicable, any BA Equivalent Loan), an amount (rounded to the nearest whole cent, and with one-half of one cent being rounded upwards) calculated by dividing (a) the face amount of the BA (or, if applicable, the BA Equivalent Loan) by (b) the sum of one plus the product of: (i) the BA Discount Rate (expressed as a decimal) applicable to such BA (or, if applicable, such BA Equivalent Loan), and (ii) a fraction, the numerator of which is the BA Contract Period of the BA (or, if applicable, the BA Equivalent Loan) and the denominator of which is 365 or 366 days, as applicable, with such quotient being rounded up or down to the fifth decimal place and .000005 being rounded upward.

" Disqualified Capital Stock " shall mean any Equity Interest which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or

upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Final Maturity Date, (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any Equity Interests referred to in (a) above, in each case at any time on or prior to the first anniversary of the Final Maturity Date, or (c) contains any repurchase obligation which may come into effect prior to payment in full of all Obligations; provided , however , that any Equity Interests that would not constitute Disqualified Capital Stock but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of a change of control or an asset sale occurring prior to the first anniversary of the Final Maturity Date shall not constitute Disqualified Capital Stock if such Equity Interests provide that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the repayment in full of the Obligations. For clarity, the Holdings PIK Securities shall constitute Qualified Capital Stock rather than Disqualified Capital Stock.

" Dollar Equivalent " shall mean, on any date of determination (a) with respect to any amount in Dollars, such amount, and (b) with respect to any amount in Canadian Dollars, the equivalent in Dollars of such amount, determined by the Administrative Agent pursuant to Section 1.03(b) using the Exchange Rate with respect to Canadian Dollars at the time in effect under the provisions of such Section.

" Dollars " or " $ " shall mean lawful money of the United States of America.

" Eligible Canadian Lender " shall mean (i) a person that is not a non-resident of Canada for the purpose of the *Income Tax Act* (Canada), or (ii) an "authorized foreign bank" as defined in section 2 of the *Bank Act* (Canada) and subsection 248(1) of the *Income Tax Act* (Canada), which will receive all amounts paid or credited to it under its Canadian Term Loans or Canadian Revolving Loans or Canadian Swingline Loans or Letters of Credit, as applicable, and otherwise under the Loan Documents in respect of its Commitment to make such Loans or issue such Letters of Credit in respect of its "Canadian banking business" (as defined in subsection 248(1) of the *Income Tax Act* (Canada)) for the purposes of paragraph 212(13.3(a)) of the *Income Tax Act* (Canada).

" Embargoed Person " or " Embargoed Persons " shall have the meanings assigned to such terms in Section 6.19.

" Employee Benefit Plan " shall mean an employee benefit plan (as defined in Section 3(3) of ERISA), other than a Non-U.S. Pension Plan, that is maintained by Holdings or any Subsidiary, or with respect to an employee benefit plan subject to Title IV of ERISA, any ERISA Affiliate, or with respect to which Holdings or any Subsidiary could incur liability.

" End Date " shall mean, with respect to any Margin Adjustment Period, the last day of such Margin Adjustment Period.

" Environment " shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

" Environmental Claims " shall mean any and all administrative, regulatory or judicial actions, suits, formal demands, demand letters, claims, liens, notices of non-compliance or violation, or potential responsibility investigations or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such law (hereafter " Claims "), including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief in connection with alleged injury or threat of injury to health, safety or the environment due to the presence of or exposure to Hazardous Materials.

" Environmental Laws " shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, guidelines or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the protection of the Environment, preservation or reclamation of natural resources, the generation, management, Release or threatened Release of, or exposure to, any Hazardous Material or to health and safety matters (to the extent relating to the Environment or exposure to Hazardous Materials).

" Equity Financing " shall mean the common and preferred equity investments (which are Qualified Capital Stock) made in cash of not less than $525.0 million by the Equity Investors (provided that such investments may be made by the purchase of common or preferred stock (which is Qualified Capital Stock) or capital contribution to Holdings, by the repayment of interest and premium on the 14% Senior Secured Notes due 2015 of Skynet or by the redemption of the preferred stock of Skynet in connection with the Skynet Refinancing (or the repayment of debt incurred by Skynet from Valley National Bank to pay such redemption price)) and the Skynet Contribution.

" Equity Interests " of any person shall mean any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such person, including any preferred stock, convertible preferred equity certificate (whether or not equity under local law), any limited or general partnership interest and any limited liability company membership interest.

" Equity Investors " shall mean Loral or one of its subsidiaries and PSPIB.

" ERISA " shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

" ERISA Affiliate " shall mean any trade or business (whether or not incorporated) that, together with Holdings, the Borrowers or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

" ERISA Event " shall mean (a) any Reportable Event; (b) with respect to any Plan, the failure to satisfy the minimum funding standard of Section 412 of the Code and Section 302 of ERISA, whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA (or Section 412(c) of the Code and Section 302(c) of ERISA, as amended by the Pension Protection Act of 2006) of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 412(m) of the Code (or Section 430(j) of the Code, as amended by the Pension Protection Act of 2006) with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (d) the incurrence by Holdings, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Holdings, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of or the appointment of a trustee to administer any Plan; (f) the incurrence by Holdings, a Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (g) the receipt by Holdings, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Holdings, Intermediate Holdco, a Subsidiary or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; or (h) the substantial cessation of operations within the meaning of Section 4062(e) of ERISA with respect to a Plan; or the occurrence of a nonexempt prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) which could result in liability to Holdings, a Subsidiary or any ERISA Affiliate.

" Eurodollar Borrowing " shall mean a Borrowing comprised of Eurodollar Loans.

" Eurodollar Loan " shall mean any Eurodollar Term Loan or Eurodollar Revolving Loan.

" Eurodollar Revolving Borrowing " shall mean a Borrowing comprised of Eurodollar Revolving Loans.

" Eurodollar Revolving Loan " shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

" Eurodollar Term Loan " shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

" Event of Default " shall have the meaning assigned to such term in Section 7.01.

" Excess Cash Flow " shall mean, for any period, an amount equal to the excess of

(a) the sum, without duplication, of

(i) Consolidated Net Income for such period,

(ii) an amount equal to the amount of all non-cash charges to the extent deducted in arriving at such Consolidated Net Income,

(iii) decreases in Consolidated Working Capital for such period and

(iv) an amount equal to the aggregate net non-cash loss on the sale, lease, transfer or other disposition of assets by Holdings and the Restricted Subsidiaries during such period (other than sales in the ordinary course of business) to the extent deducted in arriving at such Consolidated Net Income less

(b) the sum, without duplication, of

(i) an amount equal to the amount of all non-cash credits included in arriving at such Consolidated Net Income;

(ii) $25.0 million less the principal amount of Indebtedness incurred in such period in connection with Capital Expenditures;

(iii) the aggregate amount of all prepayments of Revolving Credit Loans and Swingline Loans made during such period to the extent accompanying reductions of the Revolving Facility Commitments, except to the extent financed with the proceeds of other Indebtedness of Holdings or its Restricted Subsidiaries,

(iv) the aggregate amount of all principal payments of Indebtedness of Holdings or the Restricted Subsidiaries (including any Term Loans and the principal component of payments in respect of Capitalized Lease Obligations but excluding Revolving Credit Facility, Swingline Loans and voluntary prepayments of Term Loans pursuant to Section 2.12(a)) made during such period (other than in respect of any revolving credit facility to the extent there is not an equivalent permanent reduction in commitments thereunder), except to the extent financed with the proceeds of other Indebtedness of Holdings or its Restricted Subsidiaries,

(v) an amount equal to the aggregate net non-cash gain on the sale, lease, transfer or other disposition of assets by Holdings and the Restricted Subsidiaries during such period (other than sales in the ordinary course of business) to the extent included in arriving at such Consolidated Net Income,

(vi) increases in Consolidated Working Capital for such period,

(vii) payments by Holdings and the Restricted Subsidiaries during such period in respect of long-term liabilities of Holdings and the Restricted Subsidiaries other than Indebtedness,

(viii) the amount of Investments made during such period pursuant to Section 6.05 to the extent that such Investments were financed with internally generated cash flow of Holdings and the Restricted Subsidiaries,

(ix) the amount of dividends paid during such period pursuant to clause (b) or (d) of Section 6.06 to the extent such dividends were paid with the proceeds of any amount referred to in paragraph (a) of this definition,

(x) the aggregate amount of expenditures actually made by Holdings and the Restricted Subsidiaries in cash during such period (including expenditures for the payment of financing fees) to the extent that such expenditures are not expensed during such period plus an amount specified by the Company that is not in excess of the amount contracted for Capital Expenditures for the following fiscal year provided that expenditures during such period that were deducted in the calculation of Excess Cash Flow for any prior period shall not be again deducted,

(xi) the aggregate amount of any premium, make-whole or penalty payments actually paid in cash by Holdings and the Restricted Subsidiaries during such period that are required to be made in connection with any prepayment of Indebtedness, and

(xii) the amount of Taxes paid or estimated to be payable during such period.

" Excess Cash Flow Period " shall mean each fiscal year of Holdings, commencing with the fiscal year ending December 31, 2008.

" Exchange Act " means the Securities Exchange Act of 1934, as amended.

" Exchange Rate " shall mean on any day, for purposes of determining the Dollar Equivalent or Canadian Dollar Equivalent of any other currency, the rate at which such other currency may be exchanged into Dollars or Canadian Dollars (as applicable), as set forth in the Wall Street Journal published on such date for such currency. In the event that such rate does not appear in such copy of the Wall Street Journal, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Canadian Borrower, or, in the absence of such an agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent (or, if the Administrative Agent is not a bank, a bank mutually selected by the Canadian Borrower and the Administrative Agent) in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m., New York City time, on such date for the purchase of Dollars or Canadian Dollars (as applicable) for delivery two Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may, in consultation with the Canadian Borrower, use any reasonable method it deems appropriate to determine such rate, and such determination shall be prima facie evidence thereof.

" Excluded Foreign Subsidiary " has the meaning given to it in Section 5.10(f).

" Excluded Satellites " shall mean (a) the Satellites owned by the Canadian Borrower and its Restricted Subsidiaries commonly referred to as Skynet EDS, Telesat Anik F1, Nimiq 2 and the transponders for which the Canadian Borrower or its Restricted Subsidiaries have a right to use on Satmex 5, (b) the Satellites leased by the Canadian Borrower and its Subsidiaries commonly referred to as Nimiq 3 and Nimiq 4iR, (c) any other Satellite, other than a Named Satellite, that (i) is not expected or intended, in the good faith determination of the board of directors of the Canadian Borrower and/or Holdings, as applicable, and evidenced by a board resolution delivered to the Administrative Agent, to earn future revenues from the operation of such Satellite in excess of $25.0 million in any fiscal year and (ii) has a book value of less than $50.0 million, (d) any other Satellite, other than a Named Satellite, with one year or less of in-orbit life remaining (it being understood and agreed that such Satellite shall be deemed to have "in-orbit life" only for so long as it is maintained in station kept orbit) and (e) any other Satellite designated as an Excluded Satellite by the board of directors of the Canadian Borrower and/or Holdings, as applicable, and evidenced by a board resolution delivered to the Administrative Agent if the board of directors of the Canadian Borrower and/or Holdings, as applicable, determines in good faith that (i)(A) such Satellite's performance and/or operating status has been adversely affected by anomalies or component exclusions and Holdings and its Restricted Subsidiaries are unlikely to receive insurance proceeds from a future failure thereof or (B) there are systemic failures or anomalies applicable to Satellites of the same model and (ii) Holdings and its Restricted Subsidiaries are unlikely to obtain usual and customary coverage in the satellite insurance market for the Satellite at a premium amount that is, and on other terms and conditions that are, commercially reasonable despite commercially reasonable efforts to obtain such coverage (including efforts to minimize the exclusions and insurance deductibles, subject to usual and customary exclusions consistent with the anomalies and/or operating status of the Satellite).

" Excluded Taxes " shall mean, with respect to the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of a Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the jurisdiction under the laws of which such recipient is organized or by any jurisdiction in which such recipient is deemed to be doing business (other than a business arising from or deemed to arise from any of the Transactions contemplated by this Agreement or any other Loan Document related to this Agreement), in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits tax or any similar tax that is imposed by any jurisdiction described in clause (a) above, (c) in the case of a Non-U.S. Lender (other than an assignee pursuant to a request by a Borrower under Section 2.20(b)), any U.S. federal withholding tax imposed by the United States (other than a withholding tax levied upon any amounts payable to such Lender in respect of any interest in any Loan acquired by such Lender pursuant to Section 10.01) that is in effect and would apply to amounts payable hereunder to such Lender at the time such Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Lender's failure to comply with Section 2.18(e) with respect to such Loans except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from a Borrower with respect to any U.S. federal withholding tax pursuant to Section 2.18(a), (d) any withholding taxes imposed by Canada on a person who does not deal at arm's length within the meaning of the Income Tax Act (Canada) with any Loan Party and (e) provided no Event of Default has occurred and is continuing, non-resident withholding taxes imposed by Canada on (i) the payment of any Revolving Facility Commitment Fee, L/C Participation Fee, or Issuing Bank Fee, and (ii) any payment of or an account of any amount owing under any Revolving Facility Loan, Canadian Term Loan or Swingline Loan.

" Executive Order " means Executive Order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079) (2001).

" Facility " shall mean the respective facility and commitments utilized in making Loans and credit extensions hereunder, it being understood that as of the date of this Agreement there are four Facilities, i.e ., the Canadian Term Loan Facility, the U.S. Term I Loan Facility, the U.S. Term II Loan Facility, and the Revolving Facility.

" FCC " means the Federal Communications Commission or any governmental authority in the United States substituted therefor.

" FCC Licenses " shall mean all authorizations, orders, licenses and permits issued by the FCC to Holdings or any of its Subsidiaries, under which Holdings or any of its Subsidiaries is authorized to launch and operate any of its Satellites or to operate any of its transmit only, receive only or transmit and receive earth stations.

" Federal Funds Effective Rate " shall mean, for any day, the weighted average (rounded upward, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded upward, if necessary, to the next 1/100 of 1%) of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

" Fee Letter " shall mean that certain Fourth Amended and Restated Fee Letter dated February 1, 2007, by and among Holdings, MS, MSSF, MSSFNS, UBSS, UBS Loan Finance LLC, JPMorgan Chase Bank, N.A., JPMorgan Securities Inc., The Bank of Nova Scotia, Citigroup Global Markets Inc., Jefferies & Company, Inc. and Jefferies Finance LLC.

" Fees " shall mean the Revolving Facility Commitment Fees, Acceptance Fees, the U.S. Term II Loan Commitment Fees, the L/C Participation Fees, the Issuing Bank Fees and the Agent Fees.

" Final Maturity Date " the date which is the latest to occur of the U.S. Term Loan Maturity Date, the Canadian Term Loan Maturity Date or the Revolving Facility Maturity Date.

" Financial Officer " of any person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

" Financial Performance Covenants " shall mean the covenants of Holdings set forth in Sections 6.10 and 6.11.

" Funded Debt " shall mean all indebtedness of Holdings and the Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date that is renewable or extendable, at the option of Holdings or any Restricted Subsidiary, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all amounts of Funded Debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Borrowers, Indebtedness in respect of the Loans.

" Governmental Authority " shall mean any federal, state, provincial, local or foreign court or tribunal or governmental agency, authority, instrumentality or regulatory or legislative body.

" Guarantee and Collateral Exception Amount " shall mean, at any time: (a) $200.0 million minus (b) the sum of (i) the aggregate amount of Indebtedness incurred or assumed prior to such time pursuant to Section 6.01(A)(j) or (A)(k) that is outstanding at such time and that was used to acquire, or was assumed in connection with the acquisition of, capital stock and/or assets in respect of which guarantees, pledges and security have not been given pursuant to Section 5.10, (ii) the aggregate Incremental Term Loan Commitment at such time and (iii) any Indebtedness incurred by any Restricted Subsidiary that is not a Guarantor, provided that if such amount is a negative number, the Guarantee and Collateral Exception Amount shall be zero.

" Guarantee Obligations " shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the " primary obligor ") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided , however , that the term "Guarantee Obligations" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

" Guaranteed Obligations " shall have the meaning assigned to such term in Section 10.01.

" Guarantees " shall mean the guarantees issued pursuant to Article X by Holdings, the Borrowers and the Subsidiary Guarantors.

" Guarantors " shall have the meaning assigned to such term in Section 10.01.

" Hazardous Materials " shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including, without limitation, explosive or radioactive substances or petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls or radon gas, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

" Holdings " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Holdings PIK Securities " shall mean (1) any preferred capital stock or preferred equity interest of Holdings issued on the Closing Date with an aggregate liquidation preference not greater than the Canadian Dollar Equivalent of $150.0 million as of the Closing Date (plus the liquidation preference of any dividends paid in additional Holdings PIK Securities after the Closing Date) (a) that does not provide for any cash dividend payments or other cash distributions in respect thereof (other than, with respect to Holdings, if the distribution is permitted by the terms of Section 6.07 of this Agreement) and (b) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event does not (i)(x) mature or become mandatorily redeemable pursuant to a sinking fund obligation or otherwise prior to the twelfth anniversary of the Closing Date, (y) become convertible or exchangeable prior to the twelfth anniversary of the Closing Date at the option of the holder thereof for Indebtedness or preferred stock that is not Holdings PIK Securities or (z) become redeemable at the option of the holder thereof (other than as a result of a change of control), in whole or in part prior to the twelfth anniversary of the Closing Date, and (ii) provide holders thereunder with any rights upon the occurrence of a "change of control" event prior to the repayment of the Obligations under the Loan Documents if prohibited by this Agreement and (2) any Qualified Capital Stock of Holdings issued to refinance, replace or substitute any of the foregoing.

" Increase Effective Date " shall have the meaning assigned to such term in Section 2.21(a).

" Increase Joinder " shall have the meaning assigned to such term in Section 2.21(c).

" Incremental Term Loan Commitment " shall have the meaning assigned to such term in Section 2.21(a).

" Incremental Term Loan Maturity Date " shall have the meaning assigned to such term in Section 2.21(c).

" Incremental Term Loans " shall have the meaning assigned to such term in Section 2.20(c).

" Indebtedness " of any Person shall mean (a) all indebtedness of such Person for borrowed money (including, without limitation, BAs) (b) the deferred purchase price of assets or services that in accordance with Canadian GAAP would be included as liabilities in the balance sheet of such Person, (c) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (d) all Indebtedness of a second

Person secured by any Lien on any property owned by such first Person, whether or not such Indebtedness has been assumed (excluding any Lien created pursuant to the APT Security Agreement), (e) all Capitalized Lease Obligations of such Person, (f) all net obligations of such Person under interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity price protection agreements or other commodity price hedging agreements and other similar agreements, (g) without duplication, all Guarantee Obligations of such Person and (h) any Disqualified Capital Stock; provided that Indebtedness shall not include (i) trade payables and accrued expenses, in each case payable directly or through a bank clearing arrangement and arising in the ordinary course of business, (ii) obligations to make progress or incentive payments under Satellite Purchase Agreements and Launch Services Agreements, in each case, not overdue by more than 90 days, (iii) deferred or prepaid revenue, (iv) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller, (v) obligations to make payments to one or more insurers under satellite insurance policies in respect of premiums or the requirement to remit to such insurer(s) a portion of the future revenues generated by a Satellite which has been declared a constructive total loss, in each case in accordance with the terms of the insurance policies relating thereto, (vi) customer deposits made in connection with the construction or acquisition of a Satellite being constructed or acquired at the request of one or more customers and (vii) obligations under the T10R Sale Leaseback. The amount of Indebtedness of any Person for purposes of clause (d) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as reasonably determined by such Person in good faith. The amount of Indebtedness of any Person for purposes of clause (h) shall be deemed to be equal to the greater of the voluntary or involuntary liquidation preference and maximum fixed repurchase price in respect of such Disqualified Capital Stock. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Capital Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Agreement, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the board of directors of Holdings.

" Indemnified Taxes " shall mean all Taxes other than Excluded Taxes.

" Indemnitee " shall have the meaning assigned to such term in Section 9.05(b).

" Industry Canada " shall mean Industry Canada or any successor department of the Government of Canada substituted therefor.

" Industry Canada Authorizations " shall mean all authorizations, orders, licenses and exemptions issued by Industry Canada to Holdings or any of its Subsidiaries, pursuant to authority under the *Radiocommunication Act* or the *Telecommunications Act* , as amended, under which Holdings or any of its Subsidiaries is authorized to launch and operate any of its Satellites or to operate any of its transmit only, receive only or transmit and receive earth stations or any ancillary terrestrial communications facilities.

" Information Memorandum " shall mean the Confidential Information Memorandum to be provided to prospective Lenders, as modified or supplemented.

" Initial Canadian Borrower " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Initial Lenders " shall mean MSSF, MSSFNS, UBS AG Canada Branch, UBS Loan Finance LLC, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia and Citibank, N.A. and Citibank, N.A., Canadian Branch (and/or any of its affiliates).

" In-Orbit Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite attaching upon the expiration of the Launch Insurance therefor and renewing, during the commercial in-orbit service of such Satellite, prior to the expiration of the immediately preceding corresponding In-Orbit Insurance policy, subject to the terms and conditions set forth herein.

" In-Orbit Spare Capacity " shall mean the C-band payload of a satellite with in-orbit replacement capacity that:

(a) is available in the event of a Covered Satellite loss or failure in order to restore C-band service on the Covered Satellite;

(b) meets or exceeds the contractual performance specifications for the C-band payload being protected; and

(c) may be provided directly by any of the Loan Parties or by another satellite operator pursuant to a contractual arrangement;

provided that no Satellite or satellite being used to provide "In-Orbit Spare Capacity" with respect to a Covered Satellite may itself qualify as In-Orbit Spare Capacity.

" Installment Date " shall mean any of Term I Installment Date and Term II Installment Date, as the case may be.

" Intercompany Note " shall mean an intercompany note substantially in the form of Exhibit F hereto.

" Interest Election Request " shall mean a request by the Canadian Borrower to convert or continue a Term Loan Borrowing or Revolving Facility Borrowing in accordance with Section 2.08.

" Interest Payment Date " shall mean (a) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Borrowing and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type, (b) with respect to any ABR Loan, the last day of each calendar quarter, and, in addition, the date of any refinancing

or conversion of such Borrowing with or to a Borrowing of a different Type, and (c) with respect to any Swingline Loan, the day that such Swingline Loan is required to be repaid pursuant to Section 2.10(a).

" Interest Period " shall mean (a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter (or 9 or 12 months, if at the time of the relevant Borrowing, if agreed to by all relevant Lenders), as the Canadian Borrower may elect, or the date any Eurodollar Borrowing is converted to an ABR Borrowing in accordance with Section 2.08 or repaid or prepaid in accordance with Section 2.10, 2.11 or 2.12; provided , however , that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period and (b) as to any BA Borrowing, the BA Contract Period.

" Investment " shall mean, for any Person: (a) the acquisition (whether for cash, property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person), but excluding any such deposit, advance, loan or extension of credit having a term not exceeding 364 days arising in the ordinary course of business and excluding also any Investment in leases entered into in the ordinary course of business; or (c) the entering into of any guarantee of, or other contingent obligation with respect to, Indebtedness or other monetary liability of any other Person.

" Issuing Bank " shall mean the main branch of The Bank of Nova Scotia in Toronto, Ontario, Canada and each other Issuing Bank designated pursuant to Section 2.05(k), in each case in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i). An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

" Issuing Bank Fees " shall have the meaning assigned to such term in Section 2.13(b).

" Joint Lead Arrangers " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Joint Venture " shall mean any joint venture entity, whether a company, unincorporated firm, undertaking, joint venture, association, partnership or any other entity which, in each case, is not a Subsidiary of Holdings or any of its Restricted Subsidiaries but in which Holdings or a Restricted Subsidiary has a direct or indirect equity or similar interest.

" Judgment Currency " shall have the meaning assigned to such term in Section 9.17(b).

" Launch " shall mean, with respect to any Satellite, the point in time before lift-off of such Satellite at which risk of loss of such Satellite passes to the applicable Satellite Purchaser under the terms of the applicable Satellite Purchase Agreement, unless risk of loss thereunder is to pass to such Satellite Purchaser after lift-off, in which case "Launch" shall mean the intentional ignition of the first stage engines of the launch vehicle that has been integrated with such Satellite.

" Launch Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite attaching not later than the time of Launch and continuing at least until the successful or unsuccessful attempt to achieve physical separation of such Satellite from the launch vehicle that had been integrated with such Satellite.

" Launch Services Agreement " shall mean, with respect to any Satellite, the agreement between the applicable Satellite Purchaser and the applicable Launch Services Provider relating to the launch of such Satellite.

" Launch Services Provider " shall mean, with respect to any Satellite, the provider of launch services for such Satellite pursuant to the terms of the Launch Services Agreement related thereto.

" L/C Disbursement " shall mean a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit.

" L/C Participation Fee " shall have the meaning assigned such term in Section 2.13(b).

" Lender " shall mean each financial institution listed on Schedule 2.01 , as well as any person that becomes a "Lender" hereunder pursuant to Section 9.04.

" Lender Default " shall mean (i) the refusal (which has not been retracted) of a Lender to make available its portion of any Borrowing, to acquire participations in a Swingline Loan pursuant to Section 2.04 or to fund its portion of any unreimbursed payment under Section 2.05(e), or (ii) a Lender having notified in writing the applicable Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 2.04, 2.05 or 2.07.

" Letter of Credit " shall mean any letter of credit issued pursuant to Section 2.05.

" LIBO Rate " shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period by reference to the applicable Screen Rate, for a period equal to such Interest Period; provided that, to the extent that an interest

rate is not ascertainable pursuant to the foregoing provisions of this definition, the "LIBO Rate" shall be the average (rounded upward, if necessary, to the next 1/100 of 1%) of the respective interest rates per annum at which deposits in the currency of such Borrowing are offered for such Interest Period to major banks in the London interbank market by the Reference Banks at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period.

" Lien " shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, encumbrance, charge, deemed trust created by operation of law or security interest in or on such asset or to which such asset is subject and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

" Loan Documents " shall mean this Agreement, the Letters of Credit, the BAs, the Security Documents and any promissory note issued under Section 2.10(e), and solely for the purposes of Section 7.01(c) hereof, the Fee Letter.

" Loan Participant " shall have the meaning assigned to such term in Section 9.04(c).

" Loan Parties " shall mean Holdings, Intermediate Holdco, the Borrowers and each Subsidiary Loan Party.

" Loans " shall mean the Term Loans, the Revolving Facility Loans and the Swingline Loans (and shall include any Replacement Term Loans and any Loans contemplated by Section 2.21) .

" Loral " shall have the meaning assigned to such term in the recitals to this Agreement.

" LSCH " shall have the meaning assigned to such term in the recitals to this Agreement.

" Majority Lenders " (i) for the Revolving Facility, shall mean, at any time, Lenders under such Facility having Revolving Facility Loans and unused Revolving Facility Commitments representing more than 50% of the sum of all Revolving Facility Loans outstanding under the Revolving Facility and unused Revolving Facility Commitments at such time and (ii) for each of the Term Loan Facilities, Lenders having applicable Term Loans and Term Loan Commitments representing more than 50% of the sum of all Term Loans and Term Loan Commitments of such Term Loan Facility.

" Management Group " shall mean the group consisting of the directors, executive officers and other management personnel of Intermediate Holdco, the Canadian Borrower and Holdings, as the case may be, on the Closing Date together with (1) any new directors whose election or whose nomination for election was approved by a vote of a majority of the directors of Intermediate Holdco, the Canadian Borrower or Holdings, as the case may be, then still in office who were either directors on the Closing Date or whose election or nomination was previously so approved and (2) executive officers and other management personnel of Intermediate

Holdco, the Canadian Borrower or Holdings, as the case may be, hired at a time when the directors on the Closing Date together with the directors so appointed constituted a majority of the directors of Intermediate Holdco, the Canadian Borrower or Holdings, as the case may be.

" Margin Adjustment Period " shall mean each period which shall commence on the date upon which the respective officer's certificate is delivered pursuant to Section 5.04(c) (together with the related financial statements pursuant to Section 5.04(a) or (b), as the case may be) on and after the first fiscal quarter or fiscal year ending at least six months after the Closing Date and which shall end on the earlier of the date of actual delivery of the next officer's certificate pursuant to Section 5.04(c) (and related financial statements) and the latest date on which such next officer's certificate (and related financial statements) is required to be so delivered.

" Margin Stock " shall have the meaning assigned to such term in Regulation U.

" Material Adverse Effect " shall mean the existence of events, conditions and/or contingencies that have had or are reasonably likely to have (a) a materially adverse effect on the business, operations, properties, assets or financial condition of Holdings and the Subsidiaries, taken as a whole, or (b) a material impairment of the validity or enforceability of, or a material impairment of the material rights, remedies or benefits available to the Lenders, any Issuing Bank, the Administrative Agent or the Collateral Agent under any Loan Document.

" Material Indebtedness " shall mean Indebtedness (other than Loans and Letters of Credit) of any one or more of Holdings or any Restricted Subsidiary in an aggregate principal amount exceeding $50.0 million.

" Material Subsidiary " shall mean, at any date of determination, any Restricted Subsidiary (a) whose Total Assets at the last day of the Test Period ending on the last day of the most recent fiscal period for which financial statements have been delivered pursuant to Section 5.04(a) or (b) were equal to or greater than 2.5% of the consolidated Total Assets of Holdings and its consolidated subsidiaries at such date or (b) whose gross revenues for such Test Period were equal to or greater than 2.5% of the consolidated gross revenues of Holdings and its consolidated subsidiaries for such period, in each case determined in accordance with Canadian GAAP or (c) that is a Loan Party.

" Maximum Rate " shall have the meaning assigned to such term in Section 9.09.

" Mezzanine Securities " shall mean the Consulting Agreement Subordinated PIK Note in the form attached hereto as Exhibit K .

" MHR " shall mean MHR Fund Management LLC.

" Minority Investment " shall mean any Person (other than a Subsidiary) in which Holdings or any Restricted Subsidiary owns capital stock or other equity interests.

" Moody's " shall mean Moody's Investors Service, Inc.

" Mortgaged Properties " shall mean (i) the real property of the applicable Loan Party set forth on Schedule 1.01(f) and designated therein as "Mortgaged Properties," (ii) if the

consent referred to in clause (h) of the definition of Collateral and Guarantee Requirement as to any real property of the applicable Loan Party set forth on Schedule 1.01(g) and designated therein as "CRE Mortgaged Properties" is obtained, the real property listed on Schedule 1.01(f) and (iii) such additional real property (if any) of Loan Parties encumbered by a Mortgage pursuant to Section 5.10.

" Mortgages " shall mean the mortgages, deeds of trust, debentures, deeds of hypothec, assignments of leases and rents, leasehold mortgages, leasehold deeds of interest and other security documents delivered pursuant to Sections 4.02(e) or 5.10, as amended, supplemented or otherwise modified from time to time, with respect to Mortgaged Properties each in a form reasonably satisfactory to the Administrative Agent.

" MSSFNS " shall mean Morgan Stanley Senior Funding, Nova Scotia.

" Multiemployer Plan " shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Holdings, the Borrowers, the Company or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

" Named Satellites " shall mean the Satellites commonly referred to as Nimiq 1, Anik F1R, Anik F2, Anik F3, Telstar 11N (following its successful launch and the expiry of its applicable Launch Insurance), Telstar 12, Nimiq 4 (following its successful launch and the expiry of its applicable Launch Insurance) and Nimiq 5 (following its successful launch and the expiry of its applicable Launch Insurance).

" Net Cash Proceeds " shall mean, with respect to any Prepayment Event, (a) the gross cash proceeds (including payments from time to time in respect of installment obligations, if applicable) received by or on behalf of Holdings or any of the Restricted Subsidiaries in respect of such Prepayment Event less (b) the sum of:

(i) in the case of any Prepayment Event, the amount, if any, of all taxes paid or estimated to be payable by Holdings or any of the Restricted Subsidiaries in connection with such Prepayment Event,

(ii) in the case of any Prepayment Event, the amount of any reasonable reserve established in accordance with Canadian GAAP against any liabilities (other than any taxes deducted pursuant to clause (i) above) (x) associated with the assets that are the subject of such Prepayment Event and (y) retained by Holdings or any of the Restricted Subsidiaries, provided that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such a Prepayment Event occurring on the date of such reduction,

(iii) in the case of any Prepayment Event, the amount of any Indebtedness secured by a Lien on the assets that are the subject of such Prepayment Event to the extent that the instrument creating or evidencing such Indebtedness requires that such Indebtedness be repaid upon consummation of such Prepayment Event,

(iv) in the case of any Asset Sale Event, Casualty Event or Permitted Sale Leaseback, the amount of any proceeds of such Asset Sale Event, Casualty Event or Permitted Sale Leaseback that Holdings or any Subsidiary has reinvested (or has entered into a binding commitment prior to the last day of the Reinvestment Period to reinvest in assets used or useful in the business of Holdings and its Restricted Subsidiaries and, in the case of a sale of Satellites, to be reinvested in Satellites, which Satellite shall have achieved the milestone known as preliminary design review within the Reinvestment Period and is launched within four years of receipt of such proceeds with respect to such predecessor Satellite) in the business of Holdings or any of the Restricted Subsidiaries (subject to Section 6.20), provided that any portion of such proceeds that has not been so reinvested within such Reinvestment Period (or, in the case of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) shall, unless Holdings or a Subsidiary has entered into a binding commitment prior to the last day of such Reinvestment Period (or, in the case of the sale of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) to reinvest such proceeds, (x) be deemed to be Net Cash Proceeds of an Asset Sale Event, Casualty Event or Permitted Sale Leaseback occurring on the last day of such Reinvestment Period (or, in the case of the sale of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) and (y) be applied to the repayment of Loans in accordance with Section 2.11(e); provided that notwithstanding the foregoing, (I) reinvestment of proceeds from sale of Satellite Assets sold pursuant to Section 6.04(f)(i)(b) shall not so reduce Net Cash Proceeds and (II) with respect to Satellite Assets sold pursuant to Section 6.04(f)(i)(a), such reinvestment must be in replacement Satellite Assets;

(v) in the case of any Casualty Event, the amount of any payment to any customer providing a deposit or other related amounts which must be repaid in the event of a Casualty Event, including any rebates, settlement amounts or other proceeds received from a Satellite Manufacturer in relation to performance incentives or performance warranty paybacks with respect to a Satellite (it being understood that if such proceeds are in respect of a replacement Satellite which has not achieved the milestone known as preliminary design review within the relevant Reinvestment Period referred to in clause (iv) or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite referred to in clause (iv), then such proceeds need only to be applied to the Loans and Commitments to the extent of such proceeds without giving effect to clause (iv) to the extent of any duplication), and

(vi) in the case of any Prepayment Event, reasonable and customary fees, commissions, expenses, issuance costs, discounts and other costs paid by Holdings or any of the Restricted Subsidiaries, as applicable, in connection with such Prepayment Event (other than those payable to Holdings or any Subsidiary of Holdings), in each case only to the extent not already deducted in arriving at the amount referred to in clause (a) above.

" Nimiq 1 " shall mean the A2100 AX (Lockheed Martin) Satellite with an expected end of commercial service life of 2024.

" Nimiq 2 " shall mean the A2100 AX (Lockheed Martin) Satellite with an expected end of commercial service life of 2023.

" Nimiq 3 " shall mean the BSS601 (Boeing) Satellite with an expected end of commercial service life of July 2010.

" Nimiq 4 " shall mean the E-3000 (EADS Astrium) Satellite currently under construction.

" Nimiq 4iR " shall mean the BSS601 (Boeing) Satellite with an expected end of commercial service life of June 2009.

" Nimiq 5 " shall mean the SS/L 1300 Satellite currently under construction.

" Non-Consenting Lender " shall have the meaning assigned to such term in Section 2.20(c).

" Non-Subsidiary Loan Party " shall mean any Subsidiary that is not a Subsidiary Loan Party.

" Non-U.S. Lender " shall mean any Lender that is organized under the laws of a jurisdiction other than the United States of America. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

" Non-U.S. Pension Plan " shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by Holdings, the Borrowers, the Company or any Subsidiary primarily for the benefit of employees of Holdings, the Borrowers, the Company or any Subsidiary residing outside the United States of America (other than in Canada), which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

" Obligations " shall mean (a) obligations of the Borrowers and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Term Loans and Revolving Facility Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise (including reimbursement obligations in respect of BAs accepted hereunder), and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrowers and the other Loan Parties

under this Agreement and the other Loan Documents, and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Borrowers and the other Loan Parties under or pursuant to this Agreement and the other Loan Documents.

" OFAC " shall have the meaning assigned to such term in Section 3.21(a).

" Organizational Documents " shall mean, with respect to any person, (i) in the case of any corporation, the certificate of incorporation, articles and by-laws (or similar documents) of such person, (ii) in the case of any limited liability company, the certificate of formation and operating agreement (or similar documents) of such person, (iii) in the case of any limited partnership, the certificate of formation or partnership declaration and limited partnership agreement (or similar documents) of such person, (iv) in the case of any general partnership, the partnership agreement (or similar document) of such person and (v) in any other case, the functional equivalent of the foregoing.

" Other Taxes " shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, the Loan Documents (but not any such tax arising solely from any transfer or assignment of, or any participation in, the Loans (or a portion thereof) or this Agreement), and any and all interest and penalties related thereto.

" Participant " shall have the meaning assigned to such term in Section 2.05(d).

" Patriot Act " shall mean the Uniting and Strengthening America by Providing the Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

" PBGC " shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

" Permitted Acquisition " shall mean the acquisition, by merger or otherwise, by Holdings or any of the Restricted Subsidiaries of assets or capital stock or other equity interests, so long as (a) such acquisition and all transactions related thereto shall be consummated in accordance with applicable law; (b) such acquisition shall result in the issuer of such capital stock or other equity interests to the extent applicable becoming a Restricted Subsidiary and a Subsidiary Guarantor, to the extent required by Section 5.10; (c) such acquisition shall result in the Administrative Agent, for the benefit of the applicable Lenders, being granted a security interest in any capital stock or any assets so acquired, to the extent required by Section 5.10; (d) after giving effect to such acquisition, no Default or Event of Default shall have occurred and be continuing; and (e) Holdings shall be in compliance, on a pro forma basis after giving effect to such acquisition (including any Indebtedness assumed or permitted to exist or incurred pursuant to Sections 6.01(A)(j) and 6.01(A)(k), respectively), with the covenants set forth in Sections 6.09 and 6.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Section as if such acquisition had occurred on the first day of such Test Period.

" Permitted Additional Notes " shall mean senior, senior subordinated or junior notes, issued by the Canadian Borrower (and which may also be issued by the U.S. Borrower),

(i) the terms of which (1) do not provide for any scheduled repayment, mandatory redemption or sinking fund obligation prior to October 31, 2015 (other than customary offers to purchase upon a change of control, asset sale or event of loss and customary acceleration rights after an event of default) and (2) to the extent senior subordinated notes, provide for customary subordination to the Obligations under the Loan Documents, (ii) the covenants, events of default, Subsidiary guarantees and other terms of which (other than interest rate and redemption premiums), taken as a whole, are not more restrictive to Holdings and the Subsidiaries than those in the indenture relating to the Exchange Notes attached to the Senior Bridge Loan Facility and the Senior Subordinated Bridge Loan Facility and (iii) of which no Subsidiary of Holdings (other than a Loan Party) is an obligor under such notes.

" Permitted Bridge Refinancing " shall mean any refinancing, extension, renewal and/or replacement (including for the avoidance of doubt through the issuance of bonds) of any Indebtedness in respect of the Senior Bridge Loan Facility or the Senior Subordinated Bridge Loan Facility (or any Permitted Bridge Refinancings thereof); *provided* that (A) any such refinancing Indebtedness is in an aggregate principal amount not greater than the aggregate principal amount of Indebtedness being renewed or refinanced, *plus* the amount of any premiums required to be paid thereon and reasonable fees and expenses associated therewith, (B) such refinancing Indebtedness has a later or equal final maturity and longer or equal weighted average life than the Indebtedness being renewed or refinanced and (C) the covenants, events of default, subordination and other provisions thereof (including any guarantees thereof) shall be, taken as a whole, no less favorable in any material respects to the Lenders than those contained in the Indebtedness being renewed or refinanced; provided that the Senior Subordinated Bridge Facility may be refinanced with Indebtedness which is not subordinated to the Obligations so long as all of the Indebtedness under the Senior Bridge Facility has been repaid or is being concurrently repaid in connection with such refinancing.

" Permitted Business " means the businesses engaged in by Holdings and its Subsidiaries on the Closing Date and businesses that are reasonably related thereto or reasonable extensions thereof.

" Permitted Capital Expenditure Amount " shall have the meaning provided in Section 6.11.

" Permitted Cure Securities " shall mean (i) any common equity securities of Holdings and/or (ii) any other equity securities of Holdings having no mandatory redemption, repurchase or similar requirements prior to 91 days after the U.S. Term Loan Maturity Date, and upon which all dividends or distributions (if any) shall be payable solely in additional shares of such equity securities.

" Permitted Investments " shall mean:

(a) securities or obligations issued or unconditionally guaranteed by the United States government, the Government of Canada or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;

(b) securities or obligations issued by any state of the United States of America, any province of Canada or any political subdivision of any such state or province, or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, then from another nationally recognized rating service);

(c) commercial paper issued by any Lender or any bank holding company owning any Lender;

(d) commercial paper maturing no more than 12 months after the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service);

(e) domestic and LIBOR certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof issued by any Lender or any other bank having combined capital and surplus of not less than $250.0 million in the case of domestic banks and $100.0 million (or the Dollar Equivalent thereof) in the case of foreign banks;

(f) auction rate securities rated at least Aa3 by Moody's and AA- by S&P (or, if at any time either S&P or Moody's shall not be rating such obligations, an equivalent rating from another nationally recognized rating service);

(g) repurchase agreements with a term of not more than 30 days for underlying securities of the type described in clauses (a), (b) and (e) above entered into with any bank meeting the qualifications specified in clause (e) above or securities dealers of recognized national standing;

(h) repurchase obligations with respect to any security that is a direct obligation or fully guaranteed as to both credit and timeliness by the Government of Canada or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of the Government of Canada, in either case entered into with any Canadian I or II bank or any trust company (acting as principal);

(i) marketable short-term money market and similar funds (x) either having assets in excess of $250.0 million or (y) having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service in the United States);

(j) shares of investment companies that are registered under the Investment Company Act of 1940 and 95% the investments of which are one or more of the types of securities described in clauses (a) through (i) above;

(k) any other investments used by Holdings and its Restricted Subsidiaries as temporary investments permitted by the Administrative Agent in writing in its sole discretion; and

(l) in the case of Investments by Holdings or any Subsidiary organized or located in a jurisdiction other than the United States (or any political subdivision or territory thereof), or in the case of Investments made in a country outside the United States of America, other customarily utilized high-quality Investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as reasonably determined in good faith by the Canadian Borrower.

" Permitted Investor " shall mean each of (i) Loral, (ii) PSPIB, (iii) MHR and (iv) Controlled Affiliates of each of the foregoing.

" Permitted Liens " shall mean:

(a) Liens for taxes, assessments or governmental charges or claims not yet due or which are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established in accordance with Canadian GAAP;

(b) Liens in respect of property or assets of Holdings or any of the Restricted Subsidiaries imposed by law, such as carriers', warehousemen's, storers', repairers' and mechanics' Liens and other similar Liens arising in the ordinary course of business, in each case so long as such Liens arise in the ordinary course of business and do not individually or in the aggregate have a Material Adverse Effect;

(c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 7.01;

(d) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business;

(e) ground leases in respect of real property on which facilities owned or leased by Holdings or any of its Subsidiaries are located;

(f) easements, rights-of-way, restrictions, zoning, by-laws, regulations and ordinances of any Governmental Authority, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of Holdings and its Subsidiaries, taken as a whole;

(g) any interest or title of a lessor or secured by a lessor's interest under any lease permitted by this Agreement;

(h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(i) Liens on goods the purchase price of which is financed by a documentary letter of credit issued for the account of Holdings or any of its Subsidiaries, provided that such Lien secures only the obligations of Holdings or such Subsidiaries in respect of such letter of credit to the extent permitted under Section 6.01;

(j) leases or subleases granted to others not interfering in any material respect with the business of Holdings and its Subsidiaries, taken as a whole;

(k) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts of Holdings and the Restricted Subsidiaries held at such banks or financial institutions, as the case may be, to facilitate the operation of cash pooling and/or interest set-off arrangements in respect of such bank accounts in the ordinary course of business;

(l) Liens in favor of a counterparty to a Permitted Swap Agreement on any Loan Party's rights under such Permitted Swap Agreement; and

(m) reservations, limitations, provisos and conditions expressed in any original grant from the Crown or other grants of real or immovable property, or interests therein;

(n) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, franchise, grant or permit acquired by Holdings or any of its Restricted Subsidiaries or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(o) security given to a public utility or any Governmental Authority when required by such utility or authority in connection with the operations of Holdings or any of its Restricted Subsidiaries in the ordinary course of its business;

(p) subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property, provided the same are complied with in all material respects;

(q) facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation of a property in the ordinary course of business, provided the same are complied with in all material respects;

(r) each of the liens and other encumbrances set forth Schedule B to the marked pro forma policies issued by title insurance companies and delivered pursuant to Section 4.02(e);

(s) Liens in favor of customers on Satellites or portions thereof (including insurance proceeds relating thereto) or the satellite construction or acquisition agreement being relating thereto in the event such Satellites or portions thereof are being constructed or acquired at the request of one or more customers to secure repayment of such deposits and related amounts;

(t) Liens arising in connection with a Permitted Sale Leaseback;

(u) restrictions in condosat agreements relating to transponders that restrict sales, dispositions, leases or security interests on satellites to any third party purchaser, lessee or secured party unless such purchaser or lessee of such satellite agrees to (or, in the case of a security interest in such satellite, the secured party agrees pursuant to a non-disturbance agreement that in connection with the enforcement of any such security interest or the realization upon any such security interest, such secured party agrees that, prior to or concurrently with the transfer becoming effective, the person to whom the satellite bus shall be transferred shall agree that such transferee shall) be subject to the terms of the applicable condosat agreement so long as such agreement is (in the case of any such restriction on a security interest) otherwise reasonably satisfactory to the Administrative Agent in its sole discretion (who may in its sole discretion condition its consent to the terms of such agreement (a) not providing for any liability on the part of the secured party or lenders prior to such secured party taking possession of the Satellite and (b) being of no force and effect upon release of such security interest) and provided that the applicable Loan Parties shall have used their commercially reasonable efforts in negotiating such condosat agreements so that such agreements do not contain such restrictions; and

(v) deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable (ii) immaterial, (iii) being contested in good faith and by appropriate proceedings for which appropriate reserves have been established in accordance with Canadian GAAP or (iv) have not been paid due to inadvertence after exercising due diligence.

" Permitted Sale Leaseback " shall mean (a) any Sale Leaseback consummated by Holdings or any of the Restricted Subsidiaries after the Closing Date, provided that any such Sale Leaseback not between the Borrowers and any Guarantor or any Guarantor and another Guarantor is consummated for fair value as determined at the time of consummation in good faith by Holdings (which such determination may take into account any retained interest or other Investment of Holdings or such Restricted Subsidiary in connection with, and any other material economic terms of, such Sale Leaseback) and (b) the T10R Sale Leaseback.

" Permitted Swap Agreement " shall have the meaning assigned to such term in the definition of "Secured Obligations."

" Person " or " person " shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

" Plan " shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code and in respect of which Holdings, any Subsidiary (including the Company) or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

" Pledged Collateral " shall have the meaning assigned to such term in the Security Documents.

" PMRR " has the meaning assigned to that term in the definition of "Collateral and Guarantee Requirement."

" PPSA " shall mean the Personal Property Security Act as in effect from time to time (except as otherwise specified) in an applicable Province or territory of Canada.

" Prepayment Event " shall mean any Asset Sale Event, Debt Incurrence Event, Casualty Event or any Permitted Sale Leaseback (other than the T10R Sale Leaseback).

" Primary Obligations " shall mean (i) in the case of the Lenders, all principal of, premium, fees and interest on, all Loans (including the face amount of BAs accepted hereunder), all unreimbursed L/C Disbursements, the maximum amount available to be drawn under all outstanding Letters of Credit and all Fees and (ii) in the case of the Swap Counterparties, all amounts due under each Swap Agreement with a Swap Counterparty and similar obligations and liabilities, and (iii) in the case of the Telesat Notes, all principal of, premium, fees and interest on all Telesat Notes.

" primary obligor " shall have the meaning assigned to such term in the definition of "Guarantee Obligations."

" Prime Rate " shall mean the rate of interest per annum announced from time to time by as the Wall Street Journal prime rate; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective.

" Pro Rata Share " shall mean, when calculating a Secured Creditor's portion of any distribution or amount, that amount (expressed as a percentage) equal to a fraction the numerator of which is the then unpaid amount of such Secured Creditor's Primary Obligations or Secondary Obligations, as the case may be, and the denominator of which is the then outstanding amount of all Primary Obligations or Secondary Obligations, as the case may be.

" Projections " shall mean the projections of Holdings and the Subsidiaries for each month for the first twelve months following the Closing Date and for each fiscal year until the U.S. Term Loan Maturity Date included in the Information Memorandum and any other projections and any forward-looking statements (including statements with respect to booked business) of such entities furnished to the Lenders or the Administrative Agent by or on behalf of Holdings, Intermediate Holdco, the Borrowers or any of the Subsidiaries prior to the Closing Date.

" PSP " shall have the meaning assigned to such term in the recitals to this Agreement.

" PSPIB " shall have the meaning assigned to such term in the recitals to this Agreement.

" Qualified Capital Stock " of any person shall mean any Equity Interests of such person that are not Disqualified Capital Stock.

" Quebec Pension Plan " shall mean the universal pension plan established and maintained by the Provincial Government of Quebec.

" Quotation Day " shall mean, with respect to any Eurodollar Borrowing and any Interest Period, the second Business Day of such Interest Period. If such quotations would normally be given by prime banks on more than one day, the Quotation Day will be the last of such days.

" Rating Agency " shall mean Moody's and S&P or if Moody's or S&P or both shall not make a rating on the Facilities publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Canadian Borrower (in the case of this Agreement, as certified by a board resolution) which shall be substituted for Moody's or S&P or both, as the case may be.

" Reference Banks " means the principal Toronto office, in the case of the use of the term "Reference Banks" in the definition of Canadian Prime Rate, and London office, in the case of the use of the term "Reference Banks" in the definition of LIBO Rate, of each of Citibank, N.A. (provided that Citibank, N.A. shall not be considered a Reference Bank for purposes of the definition of Canadian Prime Rate) and The Bank of Nova Scotia or, in each case, such other or additional banks as may be appointed by the Administrative Agent in consultation with the Company.

" Refinanced Term Loans " shall have the meaning assigned to such term in Section 9.08(e).

" Refinancing " shall mean collectively the Company Refinancing and the Skynet Refinancing.

" Register " shall have the meaning assigned to such term in Section 9.04(b).

" Regulation U " shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

" Regulation X " shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

" Reinvestment Period " shall mean the earlier of (x) the earlier of (i) 10 Business Days prior to the occurrence of an obligation to make an offer to repurchase Senior Bridge Loans (or Senior Exchange Notes) pursuant to the asset sale or event of loss provisions of the Senior Bridge Loan Facility (or Indebtedness in respect of a Permitted Bridge Refinancing thereof) and (ii) 10 Business Days prior to the occurrence of an obligation to make an offer to repurchase Senior Subordinated Bridge Loans (or Senior Subordinated Exchange Notes) pursuant to the asset sale or event of loss provisions of the Senior Subordinated Bridge Loan Facility (or Indebtedness in respect of a Permitted Bridge Refinancing thereof) and (y) 12 months following the date of the receipt of proceeds in respect of such Asset Sale Event or Casualty Event.

" Related Parties " shall mean, with respect to any specified person, such person's Affiliates and the respective directors, officers, employees, agents and advisors of such person and such person's Affiliates.

" Release " shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

" Replacement Term Loans " shall have the meaning assigned to such term in Section 9.08(e).

" Reportable Event " shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan.

" Representative " shall have the meaning assigned such term in Section 9.21(d).

" Request to Issue " shall have the meaning assigned to such term in Section 2.05(b).

" Required Lenders " shall mean, at any time, Lenders having (a) Canadian Term Loan Exposures, (b) U.S. Term I Loan Exposures, (c) U.S. Term II Loan Exposures, (d) Revolving Facility Credit Exposures and (e) Available Revolving Unused Commitments (if prior to the termination thereof) that taken together, represent more than 50% of the sum of (v) all Canadian Term Loan Exposures, (w) all U.S. Term I Loan Exposures, (x) U.S. Term II Loan Exposures, (y) all Revolving Facility Credit Exposures and (z) the total Available Revolving Unused Commitments (if prior to the termination thereof) at such time. The Canadian Term Loan Exposure, U.S. Term I Loan Exposures, U.S. Term II Loan Exposures, Revolving Facility Credit Exposure and Available Revolving Unused Commitment of any Defaulting Lender or held by any Affiliates of Holdings shall be disregarded in determining Required Lenders at any time.

" Required Percentage " shall mean, with respect to an Excess Cash Flow Period, 50%; provided that if at the time of any prepayment required by Section 2.12(d) in respect of such Excess Cash Flow Period (a) (i), the Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings as of the last day of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 5.04(a) or (b) (together with the corresponding officer's certificate pursuant to Section 5.04(c)) is less than or equal to 5.00:1.00 but greater than 3.00:1.00 and (ii) no Default or Event of Default has occurred and is continuing, such percentage shall be 25% and (b) (i) the Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings as of the last day of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 5.04(a) or (b) (together with the corresponding officer's certificate pursuant to Section 5.04(c), is less than or equal to 3.00:1.00 and (ii) no Default or Event of Default has occurred and is continuing, such percentage shall be 0%.

" Requirements of Law " shall mean, collectively, any and all requirements of any Governmental Authority that are applicable, including any and all applicable laws, judgments, orders, Executive Orders, decrees, ordinances, rules, regulations, statutes or case law.

" Reserve Account " shall have the meaning assigned to such term in Section 10.02(a).

" Reset Date " shall have the meaning assigned to such term in Section 1.03(a).

" Responsible Officer " of any person shall mean any executive officer (including the chief legal officer) or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement.

" Restricted Subsidiary " shall mean a Subsidiary of Holdings other than an Unrestricted Subsidiary. Unless the context otherwise requires, Restricted Subsidiaries of Holdings shall be deemed to include the Borrowers.

" Revolving Availability Period " shall mean the period from and including the Closing Date to but excluding the earlier of the Revolving Facility Maturity Date and in the case of each of the Revolving Facility Loans, Revolving Facility Borrowings, Swingline Loans, Swingline Borrowings and Letters of Credit, the date of termination of the Revolving Facility Commitments.

" Revolving Facility " shall mean the Revolving Facility Commitments and the extensions of credit made hereunder by the Revolving Facility Lenders.

" Revolving Facility Borrowing " shall mean a Borrowing comprised of Revolving Facility Loans.

" Revolving Facility Commitment " shall mean, with respect to each Revolving Facility Lender, the commitment of such Revolving Facility Lender to make Revolving Facility Loans pursuant to Section 2.01, expressed as an amount representing the maximum aggregate permitted amount of such Revolving Facility Lender's Revolving Facility Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender under Section 9.04. The initial amount of each Revolving Facility Lender's Revolving Facility Commitment is the amount set forth opposite such Lender's name on Schedule 2.01 directly below the column entitled "Revolving Facility Commitment" or in the Assignment and Acceptance pursuant to which such Revolving Facility Lender shall have assumed its Revolving Facility Commitment, as applicable. The aggregate amount of the Revolving Facility Commitments (which includes the Swingline Commitment) on the Closing Date is CND$153.0 million.

" Revolving Facility Commitment Fee " shall have the meaning assigned to such term in Section 2.13(a).

" Revolving Facility Credit Exposure " shall mean, at any time, the sum of (a) the aggregate principal amount of the Revolving Facility Loans denominated in Canadian Dollars outstanding at such time, (b) the Canadian Dollar Equivalent of the aggregate principal amount of the Revolving Facility Loans denominated in Dollars outstanding at such time, (c) the Swingline Exposure at such time and (d) the Revolving L/C Exposure at such time. The Revolving Facility Credit Exposure of any Revolving Facility Lender at any time shall be the sum of (a)

the aggregate principal amount of such Revolving Facility Lender's Revolving Facility Loans denominated in Canadian Dollars outstanding at such time, (b) the Canadian Dollar Equivalent of the aggregate principal amount of Revolving Facility Lender's Revolving Facility Loans denominated in Dollars outstanding at such time and (c) such Revolving Facility Lender's Revolving Facility Percentage of the Swingline Exposure and Revolving L/C Exposure at such time.

" Revolving Facility Lender " shall mean a Lender with a Revolving Facility Commitment or with outstanding Revolving Facility Loans.

" Revolving Facility Loan " shall mean a Loan made by a Revolving Facility Lender pursuant to Section 2.01(d). Each Revolving Facility Loan denominated in Canadian Dollars shall be a BA Loan or an ABR Loan, and each Revolving Facility Loan denominated in Dollars shall be a Eurodollar Loan or an ABR Loan.

" Revolving Facility Maturity Date " shall mean the fifth anniversary of the Closing Date.

" Revolving Facility Percentage " shall mean, with respect to any Revolving Facility Lender, the percentage of the total Revolving Facility Commitments represented by such Lender's Revolving Facility Commitment. If the Revolving Facility Commitments have terminated or expired, the Revolving Facility Percentages shall be determined based upon the Revolving Facility Commitments most recently in effect, giving effect to any assignments pursuant to Section 9.04.

" Revolving L/C Exposure " shall mean at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit and (b) the aggregate principal amount of all L/C Disbursements made in respect of Letters of Credit that have not yet been reimbursed at such time. The Revolving L/C Exposure of any Revolving Facility Lender at any time shall mean its Revolving Facility Percentage of the aggregate Revolving L/C Exposure at such time.

" S&P " shall mean Standard & Poor's Ratings Group, Inc.

" Sale Leaseback " shall mean any transaction or series of related transactions pursuant to which Holdings or any of the Restricted Subsidiaries (a) sells, transfers or otherwise disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, transferred or disposed.

" Satellite " shall mean any satellite owned by, leased to or for which a contract to purchase has been entered into by, Holdings or any of its Subsidiaries, whether such satellite is in the process of manufacture, has been delivered for launch or is in orbit (whether or not in operational service).

" Satellite Assets " means orbital slots or locations, transponders, Satellites and related equipment (including TT&C Stations) associated with the conduct of the Permitted Business by Holdings and its Subsidiaries.

" Satellite Manufacturer " shall mean, with respect to any Satellite, the prime contractor and manufacturer of such Satellite.

" Satellite Purchase Agreement " shall mean, with respect to any Satellite, the agreement between the applicable Satellite Purchaser and either (i) the applicable Satellite Manufacturer relating to the manufacture, testing and delivery of such Satellite or (ii) the applicable seller relating to the purchase and sale of such Satellite.

" Satellite Purchaser " shall mean Holdings or Restricted Subsidiary that is a party to a Satellite Purchase Agreement or Launch Services Agreement, as the case may be.

" Satmex 5 " shall mean the BSS601 HP (Boeing Satellite Systems) known as Satmex 5 on which Holdings or its Restricted Subsidiaries have a right to use transponders.

" Screen Rate " shall mean the British Bankers Association Interest Settlement Rate for the applicable Interest Period displayed on the appropriate page of the Telerate screen selected by the Administrative Agent. If the relevant page is replaced or the service ceases to be available, the Administrative Agent (after consultation with the Canadian Borrower and the Lenders) may specify another page or service displaying the appropriate rate.

" SEC " shall mean the Securities and Exchange Commission or any successor thereto.

" Secondary Obligations " shall mean all Secured Obligations other than Primary Obligations.

" Secured Creditors " or " Secured Parties " shall mean (a) the Lenders (and any Affiliate of a Lender to which any obligation in respect of any overdraft or related liabilities arising from cash management services (including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements) is owed, (b) the Administrative Agent and the Collateral Agent, (c) each Issuing Bank, (d) each counterparty to any Permitted Swap Agreement entered into with the Borrowers or the other Loan Parties unless such Permitted Swap Agreement states that it is not a Permitted Swap Agreement for purposes of this definition, (e) the Lenders (and any Affiliates thereof) that are beneficiaries of indemnification obligations undertaken by the Loan Parties under any Loan Document, (f) the trustee on behalf of the noteholders of the Telesat Notes and (g) the successors and permitted assigns of each of the foregoing.

" Secured Obligations " shall mean (a) the Obligations, (b) the due and punctual payment and performance of all obligations of the Borrowers and the other Loan Parties under a Swap Agreement entered into with any counterparty other than an affiliate of Holdings (each, a " Permitted Swap Agreement "), (c) the due and punctual payment and performance of all obligations in respect of overdrafts and related liabilities owed to any Term Loan Lender, any Affiliate of a Term Loan Lender, Revolving Facility Lender, any affiliate of a Revolving Facility Lender, the Administrative Agent or the Collateral Agent arising from treasury, depositary and cash management services or in connection with any automated clearinghouse transfer of funds, in each case, with respect to Term Loans or Revolving Facility Loans, and (d) the obligations of the Company under the Indenture dated as of June 28, 1999 (as amended on September 19, 2003)

among BNY Trust Company of Canada (as successor trustee to The Trust Company of Bank of Montreal), as trustee, and the Company, as issuer, and the Series 2001 Supplemental Indenture dated as of November 8, 2001 providing for the issuance of the Telesat Notes, including the due and punctual payment of the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Telesat Notes.

" Securities Act " shall mean the Securities Act of 1933, as amended.

" Security Agreement " shall mean a Security Agreement substantially in the form of Exhibit D-1 among the Loan Parties organized in the United States and the Collateral Agent for the benefit of the Secured Parties.

" Security Documents " shall mean, at any time, each of the Mortgages and the Security Agreement, the Canadian Security Agreements and each of the security agreements, mortgages and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.10.

" Seller " shall have the meaning assigned to such term in the recitals to this Agreement.

" Senior Bridge Loan Facility " means that Senior Bridge Loan Agreement, dated as of the Closing Date, among the Initial Canadian Borrower, the Canadian Borrower, the U.S. Borrower, the Guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent, UBS Securities LLC, as syndication agent, the other agents and arrangers party thereto, including the guarantees, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals or restatements thereof (and includes for the avoidance of doubt, any Senior Rollover Loans and Senior Exchange Notes issued thereunder or under the Exchange Notes Indenture contemplated thereby as applicable).

" Senior Bridge Loans " means "Loans" within the meaning of the Senior Bridge Loan Facility.

" Senior Exchange Notes " means "Exchange Notes" within the meaning of the Senior Bridge Loan Facility.

" Senior Lead Arrangers " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Senior Loan Documents " means the "Loan Documents" as defined in the Senior Bridge Loan Facility.

" Senior Rollover Loans " means "Rollover Loans" within the meaning of the Senior Bridge Loan Facility.

" Senior Subordinated Bridge Loan Facility " means that Senior Subordinated Bridge Loan Agreement, dated as of the Closing Date, among the Initial Canadian Borrower, the

Canadian Borrower, the U.S. Borrower, the Guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent, UBS Securities LLC, as syndication agent, the other agents and arrangers party thereto, including the guarantees, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals or restatements thereof (and includes for the avoidance of doubt, any Senior Subordinated Rollover Loans and Senior Subordinated Exchange Notes issued thereunder or under the Exchange Notes Indenture contemplated thereby as applicable).

" Senior Subordinated Bridge Loans " means "Loans" within the meaning of the Senior Subordinated Bridge Loan Facility.

" Senior Subordinated Exchange Notes " means "Exchange Notes" within the meaning of the Senior Subordinated Bridge Loan Facility.

" Senior Subordinated Loan Documents " means the "Loan Documents" as defined in the Senior Subordinated Bridge Loan Facility.

" Senior Subordinated Rollover Loans " means "Rollover Loans" within the meaning of the Senior Subordinated Bridge Loan Facility.

" Skynet " shall have the meaning assigned to such term in the recitals to this Agreement.

" Skynet Bonds " shall mean the $126 million principal amount of 14% Senior Secured Notes due 2015 of Skynet.

" Skynet Contribution " shall have the meaning assigned to such term in the recitals to this Agreement.

" Skynet Contribution Documents " shall mean the Asset Transfer Agreement, Asset Purchase Agreement and the Ancillary Agreement, collectively.

" Skynet EDS " shall mean the SS/L 1300 Satellite with an expected end of commercial service date of 2010.

" Skynet Refinancing " shall mean the redemption of the preferred stock of Skynet, the repayment of the Skynet Bonds (and the repayment of indebtedness to Valley National Bank incurred to make such repayment).

" Sold Entity or Business " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" SSL " shall mean Space Systems/Loral, Inc., a Delaware corporation, and its successors and assigns.

" Start Date " shall mean, with respect to any Margin Adjustment Period, the first day of such Margin Adjustment Period.

" Statutory Reserves " shall mean, with respect to any currency, any reserve, liquid asset or similar requirements established by any Governmental Authority of the United States of America or of the jurisdiction of such currency or any jurisdiction in which Loans in such currency are made to which banks in such jurisdiction are subject for any category of deposits or liabilities customarily used to fund loans in such currency or by reference to which interest rates applicable to Loans in such currency are determined.

" Subordinated Indebtedness " shall mean Indebtedness of the Borrowers or any Guarantor that is by its terms subordinated in right of payment to the Obligations of the Borrowers and such Guarantor.

" subsidiary " shall mean, with respect to any person (herein referred to as the " parent "), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled, or held (or that is, at the time any determination is made, otherwise Controlled) by the parent or one or more subsidiaries of the parent.

" Subsidiary " shall mean, unless the context otherwise requires, a subsidiary of Holdings.

" Subsidiary Guarantor " shall mean each Subsidiary of Holdings that is or becomes a party to this Agreement pursuant to Section 5.10.

" Subsidiary Loan Party " shall mean (i) each Material Subsidiary (if any) and (ii) each Person that becomes a Material Subsidiary after the Closing Date (whether as a result of creation, formation, acquisition or growth in the assets or revenues of such Person), it being understood and agreed that a Person acquired after the Closing Date shall be considered a Material Subsidiary as of the date of such acquisition if such Person would have been a Material Subsidiary as of the end of the most recently ended fiscal quarter if such Person had been a Subsidiary at such time, subject, in each case, to Section 5.10(f).

" Successor Borrower " shall have the meaning assigned to such term in Section 6.03(a).

" Supplemental Indenture " shall mean the Supplemental Indenture with respect to the Telesat Notes substantially in the form of Exhibit M hereto.

" Survey " means a survey of any Real Property subject to a Mortgage (and all improvements thereon) which is (a) (i) prepared by a surveyor or engineer licensed to perform surveys in the jurisdiction where such Real Property is located, (ii) dated (or redated) not earlier than six months prior to the date of delivery thereof unless there shall have occurred within six months prior to such date of delivery any material exterior construction on the site of such Real Property or any material easement, right of way or other interest in the Real Property has been granted or become effective through operation of law or otherwise with respect to such Real Property which, in either case, can be depicted on a survey, in which events, as applicable, such survey shall be dated (or redated) after the completion of such construction or if such construction

shall not have been completed as of such date of delivery, not earlier than 30 days prior to such date of delivery, or after the grant or effectiveness of any such easement, right of way or other interest in the subject Real Property, (iii) certified by the surveyor (in a manner reasonably acceptable to the Administrative Agent) to the Administrative Agent, the Collateral Agent and the Title Company, (iv) complying in all material respects with the minimum detail requirements of the American Land Title Association as such requirements are in effect on the date of preparation of such survey or such other standard as is customary in the jurisdiction in which the Real Property is located and (v) sufficient for the Title Company to issue a Title Policy or (b) otherwise reasonably acceptable to the Collateral Agent.

" Swap Agreement " shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions, provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Holdings or any of its Subsidiaries shall be a Swap Agreement.

" Swap Counterparty " shall mean each party that enters into a Swap Agreement with the Borrowers, the other Loan Parties or any of their Subsidiaries.

" Swap Obligations " shall mean obligations under or with respect to Swap Agreements.

" Swingline Borrowing " shall mean a Borrowing comprised of Swingline Loans.

" Swingline Borrowing Request " shall mean a request substantially in the form of Exhibit C .

" Swingline Commitment " shall mean, with respect to each Swingline Lender, the commitment of such Swingline Lender to make Swingline Loans pursuant to Section 2.04. The amount of each Swingline Lender's Swingline Commitment on the Closing Date is set forth on Schedule 2.04 as the same may be modified at the request of Canadian Borrower with the consent of any Revolving Facility Lender being added as a Swingline Lender and the Administrative Agent. The aggregate amount of the Swingline Commitments on the Closing Date is CND$20.0 million and the Swingline Lender on the Closing Date shall be Morgan Stanley Senior Funding, Nova Scotia.

" Swingline Exposure " shall mean at any time the aggregate principal amount of all outstanding Swingline Borrowings at such time. The Swingline Exposure of any Revolving Facility Lender at any time shall mean its Revolving Facility Percentage of the aggregate Swingline Exposure at such time.

" Swingline Lender " shall mean a Lender with a Swingline Commitment or outstanding Swingline Loans.

" Swingline Loans " shall mean the swingline loans made to Canadian Borrower pursuant to Section 2.04.

" Syndication Agent " shall mean UBSS in its capacity as such.

" T10R Sale Leaseback " shall mean a Sale Leaseback relating to the replacement satellite to the satellite known as Telstar 10 pursuant to Sections 9.9 and 9.10 of that certain Lease Agreement dated August 18, 1999 by and between LAPS(HK) and APT Satellite Company Limited.

" Taxes " shall mean any and all present or future taxes, levies, imposts, duties (including stamp duties), deductions, charges (including ad valorem charges) or withholdings imposed by any Governmental Authority and any and all interest and penalties related thereto.

" Telesat Anik F1 " shall mean the BSS702 (Boeing) Satellite with an expected end of commercial service life of 2013.

" Telesat Notes " means the Company's CND$125.0 million aggregate principal amount of 8.20% Series 2001 Notes due 2008.

" Telesat Noteholder Representative " shall have the meaning assigned such term in Section 9.21(d).

" Term Loan Lender " shall mean the Canadian Term Lenders and the U.S. Term Lenders.

" Term Loans " shall mean the Canadian Term Loans, the U.S. Term I Loans and the U.S. Term II Loans.

" Term I Installment Date " shall have the meaning assigned to such term in Section 2.11(a).

" Term II Installment Date " shall have the meaning applied to such term in Section 2.11(b).

" Test Date " shall mean, with respect to any Start Date, the last day of the most recent fiscal quarter of Intermediate Holdco ended immediately prior to such Start Date.

" Test Period " shall mean, on any date of determination, the period of four consecutive fiscal quarters of Holdings then most recently ended (taken as one accounting period).

" Third Party Indemnity Payment " means indemnity payments to Holdings or any of its Restricted Subsidiaries by third parties in relation to taxes of Subsidiaries of Holdings in Hong Kong.

" Third Party Launch Liability Insurance " shall mean insurance for legal liability for property loss or damage and bodily injury caused by any Satellite or the launch vehicle used to launch such Satellite and procured by the Launch Services Provider with respect to such Satellite in accordance with the terms of the related Launch Services Agreement.

" Title Company " means a nationally recognized title insurance company reasonably acceptable to the Administrative Agent.

" Title Policy " means a policy of title insurance (or marked-up title insurance commitment having the effect of a policy of title insurance) insuring the Lien of a Mortgage as a valid first mortgage Lien on the mortgaged property and fixtures described therein in the amount equal to not less than the fair market value of such mortgaged property and fixtures, issued by the Title Company which shall (A) to the extent necessary, include such reinsurance arrangements (with provisions for direct access, if necessary) as shall be reasonably acceptable to the Administrative Agent, (B) contain a "tie-in" or "cluster" endorsement, if available under applicable law (i.e., policies which insure against losses regardless of location or allocated value of the insured property up to a stated maximum coverage amount), (C) have been supplemented by such endorsements (or where such endorsements are not available, opinions of special counsel, architects or other professionals reasonably acceptable to the Administrative Agent) as shall be reasonably requested by the Administrative Agent (including endorsements on matters relating to usury, first loss, last dollar, zoning, contiguity, revolving credit, doing business, non-imputation, public road access, survey, variable rate, environmental lien, subdivision, mortgage recording tax, separate tax lot, revolving credit and so-called comprehensive coverage over covenants and restrictions), and (D) contain no exceptions to title other than Liens permitted hereunder.

" Total Assets " shall mean, as of any date of determination with respect to any Person, the amount that would, in conformity with Canadian GAAP, be set forth opposite the caption "total assets" (or any like caption) on a balance sheet of such Person at such date.

" Transaction Documents " shall mean the Acquisition Documents, the Skynet Contribution Documents, the Loan Documents, the Senior Loan Documents and the Senior Subordinated Loan Documents.

" Transaction Expenses " shall mean any fees or expenses incurred or paid by Holdings or any of its Subsidiaries in connection with the Transactions, this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby.

" Transactions " shall mean, collectively, the transactions to occur on or prior to the Closing Date pursuant to the Transaction Documents, including (a) the consummation of the Acquisition; (b) the execution and delivery of the Loan Documents and the initial borrowings hereunder; (c) the Skynet Contribution; (d) the execution and delivery of the Senior Loan Documents and the Senior Subordinated Loan Documents and the initial borrowings thereunder; (e) the Refinancing; and (f) the payment of all fees and expenses to be paid on or prior to the Closing Date and owing in connection with the foregoing.

" Transferred Guarantor " shall have the meaning assigned to such term in Section 10.09.

" TT&C Station " shall mean an earth station operated by Holdings or any of its Restricted Subsidiaries for the purpose of providing tracking, telemetry, control and monitoring of any Satellite.

" Type ," when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined or, in the case of any BA Loan or BA Borrowing, the Rate by reference to which the BAs comprising such BA Loans or BA Borrowing are discounted for purposes of calculating the Discount Proceeds. For purposes hereof, the term " Rate " shall include the Adjusted LIBO Rate, the BA Discount Rate and the Alternate Base Rate.

" UCC " shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

" Unrestricted Subsidiary " shall mean (a) The Access Center LLC and The SpaceConnection, Inc., (b) any Subsidiary of Holdings that is formed or acquired after the Closing Date, provided that at such time (or promptly thereafter) the Canadian Borrower designates such Subsidiary an Unrestricted Subsidiary in a written notice to the Administrative Agent, (c) any Restricted Subsidiary subsequently re-designated as an Unrestricted Subsidiary by the Canadian Borrower in a written notice to the Administrative Agent, provided that in the case of (a), (b) and (c), (x) such designation or re-designation shall be deemed to be an Investment on the date of such designation or re-designation in an Unrestricted Subsidiary in an amount equal to the sum of (i) Holdings' direct or indirect equity ownership percentage of the net worth of such designated or re-designated Restricted Subsidiary immediately prior to such designation or re-designation (such net worth to be calculated without regard to any guarantee provided by such designated or re-designated Restricted Subsidiary) and (ii) the aggregate principal amount of any Indebtedness owed by such designated or re-designated Restricted Subsidiary to Holdings or any other Restricted Subsidiary immediately prior to such designation or re-designation, all calculated, except as set forth in the parenthetical to clause (i), on a consolidated basis in accordance with Canadian GAAP and (y) no Default or Event of Default would result from such designation or re-designation and (d) each Subsidiary of an Unrestricted Subsidiary; provided , however , that at the time of any written designation or re-designation by the Canadian Borrower to the Administrative Agent that any Unrestricted Subsidiary shall no longer constitute an Unrestricted Subsidiary, such Unrestricted Subsidiary shall cease to be an Unrestricted Subsidiary to the extent no Default or Event of Default would result from such designation or re-designation. On or promptly after the date of its formation, acquisition, designation or re-designation, as applicable, each Unrestricted Subsidiary shall have entered into a tax sharing agreement containing terms that, in the reasonable judgment of the Administrative Agent, provide for an appropriate allocation of tax liabilities and benefits.

" U.S. Bankruptcy Code " shall mean Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

" U.S. Borrower " shall have the meaning assigned to such term in the recitals of this Agreement.

" U.S. GAAP " shall mean generally accepted accounting principles in effect from time to time in the United States.

" U.S. Term I Lender " shall mean a Lender with a U.S. Term I Loan Commitment or with outstanding U.S. Term I Term Loans.

" U.S. Term I Loan " shall mean each of the term loans made to the applicable Borrower pursuant to Section 2.01(b). Each U.S. I Term Loan shall be a Eurodollar Loan or an ABR Loan.

" U.S. Term I Loan Borrowing " shall mean a borrowing of U.S. Term I Loans.

" U.S. Term I Loan Commitment " shall mean, with respect to each Lender, the Commitment (if any) of such Lender to make term loans under Section 2.01(b) in the amount set forth opposite such Lender's name on Schedule 2.01 directly below the column entitled "U.S. Term I Loan Commitment" or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its U.S. Term I Loan Commitment, as applicable, in each case as the same may be reduced from time to time pursuant to Section 2.09. The aggregate amount of U.S. Term I Loan Commitments on the Closing Date is $1.755 billion.

" U.S. Term I Loan Exposure " shall mean, at any time, the aggregate principal amount of the U.S. Term I Loans outstanding at such time. The U.S. Term I Loan Exposure of any Lender at any time shall be the aggregate principal amount of such Lender's U.S. Term I Loans outstanding at such time.

" U.S. Term I Loan Facility " shall mean the U.S. Term I Loan Commitments and the U.S. Term I Loans made hereunder.

" U.S. Term II Availability Period " shall mean the period from and including the Closing Date to the U.S. Term II Availability Termination Date.

" U.S. Term II Availability Termination Date " shall mean the day prior to the date which is twelve months after the Closing Date.

" U.S. Term II Lender " shall mean a Lender with a U.S. Term II Loan Commitment or with outstanding U.S. Term II Loans.

" U.S. Term II Loan " shall mean each of the term loans made to the applicable Borrower pursuant to Section 2.01(c). Each U.S. Term II Loan shall be a Eurodollar Loan or an ABR Loan.

" U.S. Term II Loan Borrowing " shall mean a borrowing of U.S. Term II Loans.

" U.S. Term II Loan Commitment " shall mean, with respect to each Lender, the Commitment (if any) of such Lender to make term loans under Section 2.01(a) in the amount set forth opposite such Lender's name on Schedule 2.01 directly below the column entitled "U.S. Term II Loan Commitment" or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its U.S. Term II Loan Commitment, as applicable, in each case as the same may be reduced from time to time pursuant to Section 2.09. The aggregate amount of the U.S. Term II Loan Commitments on the Closing Date is $150.0 million.

" U.S. Term II Loan Commitment Fee " shall have the meaning assigned to such term in Section 2.13(d).

" U.S. Term II Loan Exposure " shall mean, at any time, the aggregate principal amount of the U.S. Term II Loans and unused U.S. Term II Loan Commitments outstanding at such time. The U.S. Term II Loan Exposure of any Lender at any time shall be the aggregate principal amount of such Lender's U.S. Term II Loans outstanding and unused U.S. Term II Loan Commitments at such time.

" U.S. Term II Loan Facility " shall mean the U.S. Term II Loan Commitments and the U.S. Term II Loans made hereunder.

" U.S. Term Lenders " shall mean the U.S. Term I Lenders and the U.S. Term II Lenders.

" U.S. Term Loan " shall mean each of the U.S. Term I Loans and U.S. Term II Loans.

" U.S. Term Loan Borrowing " shall mean a borrowing of either U.S. Term I Loans or U.S. Term II Loans.

" U.S. Term Loan Commitment " shall mean each of the U.S. Term I Loan Commitments and U.S. Term II Loan Commitments.

" U.S. Term Loan Facilities " shall mean each of (i) the U.S. Term I Loan Commitments and the U.S. Term I Loans and (ii) the U.S. Term II Loan Commitments and U.S. Term II Loans.

" U.S. Term Loan Maturity Date " shall mean the date occurring seven years following the Closing Date.

" Voting Stock " of any Person means, as of any date, capital stock of such Person of any class or kind ordinarily having the power to vote for the election of board of directors of such Person; provided that with respect to Holdings, the term "Voting Stock" shall not include any Director Voting Preferred Shares for so long as such Director Voting Preferred Shares are held and voted by directors nominated by a committee consisting of Continuing Directors or by PSP or by Loral.

" Wholly Owned Subsidiary " of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

" Withdrawal Liability " shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

" WURA " shall mean the Winding-Up and Restructuring Act (Canada), as amended.

SECTION 1.02 Terms Generally. The definitions set forth or referred to in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with Canadian GAAP, as in effect from time to time; provided that, if Holdings notifies the Administrative Agent that (a) Holdings is changing any accounting or reporting practice permitted under Canadian GAAP or (b) Holdings requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in Canadian GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies Holdings that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in practice or in Canadian GAAP or in the application thereof, then such provision shall be interpreted on the basis of Canadian GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. For the purposes of determining compliance with Articles V, VI and VII with respect to any amount in a currency other than Dollars, amounts shall be deemed to equal the Dollar Equivalent thereof determined using the Exchange Rate calculated as of the Business Day on which such amounts were incurred or expended, as applicable. In the event that any financial statement or certificate delivered pursuant to Section 5.04(a), (b) or (d) is shown to be inaccurate (at any time prior to the first anniversary of the repayment in full of the Obligations, regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected would have led to a higher Applicable Margin for any period (an " Applicable Period ") than the Applicable Margin applied for such Applicable Period, then (i) the Canadian Borrower shall reasonably promptly deliver to the Administrative Agent a correct certificate for such Applicable Period, (ii) the Applicable Margin shall be determined as if Level 3 were applicable for such Applicable Period, and (iii) the Canadian Borrower shall reasonably promptly pay to the Administrative Agent the accrued additional interest owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by the Administrative Agent in accordance with the provisions hereof. This definition shall not limit the rights of the Administrative Agent and the Lenders hereunder. For purposes of determining pro forma compliance with Section 6.09 or Section 6.10 hereof prior to the date required to be tested pursuant to Section 6.09 or Section 6.10, compliance shall be determined in accordance with the initial covenant level set for in such Section. Any certificate delivered by an officer, Financial Officer, director or attorney-in-fact pursuant to the terms of this Agreement or any other Loan Document shall be given without personal liability.

SECTION 1.03 Exchange Rates.

(a) Not later than 1:00 p.m., New York City time, on each Calculation Date, the Administrative Agent shall (i) determine the Exchange Rate as of such Calculation Date and (ii) give notice thereof to the applicable Borrower. The Exchange Rates so determined shall become effective on the first Business Day immediately following the relevant Calculation Date (a " Reset Date "), shall remain effective until the next succeeding Reset Date, and shall for all purposes of this Agreement (other than any other provision expressly requiring the use of an Exchange Rate calculated as of a specified date) be the Exchange Rates employed in converting any amounts between Dollars and Canadian Dollars.

(b) Not later than 5:00 p.m., New York City time, on each Reset Date, the Administrative Agent shall (i) determine the aggregate amount of the Dollar Equivalents of the principal amounts of the Revolving Facility Loans and Swingline Loans then outstanding (after giving effect to any Revolving Facility Loans and Swingline Loans made or repaid on such date) and the Revolving L/C Exposure and (ii) notify the Lenders, each Issuing Bank and the applicable Borrower of the results of such determination.

SECTION 1.04 Effectuation of Transactions. Each of the representations and warranties of Holdings and the Borrowers contained in this Agreement (and all corresponding definitions) are made after giving effect to the Transactions and the other events described in the recitals to this Agreement, unless the context otherwise requires.

ARTICLE II

THE CREDITS

SECTION 2.01 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees

(a) severally, and not jointly, to make term loans to Initial Canadian Borrower and Canadian Borrower in Canadian Dollars in an amount not to exceed its Canadian Term Loan Commitment; provided that (i) all such Canadian Term Loans shall be incurred by Initial Canadian Borrower and Canadian Borrower pursuant to two drawings on the Closing Date and (ii) any Canadian Term Loan that is repaid may not be reborrowed;

(b) severally, and not jointly, to make term loans equal to 99% of the principal amount thereof to Initial Canadian Borrower and Canadian Borrower in Dollars in an amount not to exceed its U.S. Term I Loan Commitment; provided that (i) all such U.S. Term I Loans shall be incurred by Initial Canadian Borrower and Canadian Borrower pursuant to two drawings on the Closing Date (it being understood that a portion of such term loans will be borrowed by Initial Canadian Borrower prior to the Assumption and the remaining portion may borrowed by Canadian Borrower immediately after the Assumption) and (ii) any U.S. Term I Loan that is repaid may not be reborrowed;

(c) severally, and not jointly, to make term loans (equal to 99% of the principal amount thereof in the case of U.S. Term II Loans made on the Closing Date) to the Canadian Borrower in Dollars from time to time during the U.S. Term II Availability Period in an aggregate principal amount that will not result in (A) such Lender's U.S. Term II Loan Exposure exceeding such Lender's U.S. Term II Loan Commitment or (B) the total U.S. Term II Exposure exceeding the total U.S. Term II Loan Commitments; and

(d) severally, and not jointly, to make revolving loans to the Initial Canadian Borrower (only to the extent such loans are made prior to the Assumption on the Closing Date) or Canadian Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in (A) such Lender's Revolving Facility Credit Exposure exceeding such Lender's Revolving Facility Commitment or (B) the Revolving Facility Credit Exposure exceeding the total Revolving Facility Commitments, such Revolving Facility Loans to be made in Canadian Dollars or Dollars, at the election of the applicable Borrower, within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Facility Loans. The Revolving Loans made on the Closing Date will be made in an amount equal to 99% of the principal amount thereof.

SECTION 2.02 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans under the same Facility and of the same Type made by the Lenders ratably in accordance with their respective Commitments under the applicable Facility; provided , however , that Revolving Facility Loans shall be made by the Revolving Facility Lenders ratably in accordance with their respective Revolving Facility Percentages on the date such Loans are made hereunder. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.15, (i) each Borrowing denominated in Dollars shall be comprised entirely of ABR Loans or Eurodollar Loans as the applicable Borrower may request in accordance herewith and (ii) each Borrowing denominated in Canadian Dollars shall be comprised entirely of BA Loans or Canadian Prime Rate Loans. Each Swingline Borrowing shall be an ABR Borrowing. Each Lender at its option may make any ABR Loan, Eurodollar Loan or BA Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.16 or 2.18 solely in respect of increased costs resulting from such exercise and existing at the time of such exercise.

(c) At the commencement of each Interest Period for any Eurodollar Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused

balance of the Revolving Facility Commitments or that is required to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e). Each Swingline Borrowing shall be in an amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. Borrowings of more than one Type and under more than one Facility may be outstanding at the same time; provided that there shall not at any time be more than a total of (i) 10 Eurodollar Borrowings outstanding under the U.S. Term Loan Facility, (ii) 10 Eurodollar Borrowings outstanding under the Revolving Facility and (iii) 10 BA Contract Periods with respect to BA Borrowings.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Facility Maturity Date, Canadian Term Loan Maturity Date or U.S. Term Loan Maturity Date, as applicable.

SECTION 2.03 Requests for Borrowings. To request any Borrowing, the Canadian Borrower or the Initial Canadian Borrower, as the case may be, shall notify the Administrative Agent of such request by hand delivery or telecopy, a duly completed and executed Borrowing Request (a) in the case of a BA or Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of a Canadian Prime Rate or ABR Borrowing, not later than 12:00 noon, New York City time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e) may be given not later than 5:00 p.m., New York City time, on the Business Day immediately prior to the date of the proposed Borrowing. Each such written Borrowing Request shall be irrevocable and specify the following information in compliance with Section 2.02:

(i) whether the requested Borrowing is to be a Revolving Facility Borrowing, U.S. Term I Loan Borrowing, U.S. Term II Loan Borrowing or Canadian Term Loan Borrowing;

(ii) the aggregate amount of the requested Borrowing (expressed in Dollars or Canadian Dollars, as applicable);

(iii) the date of such Borrowing, which shall be a Business Day;

(iv) in the case of a Borrowing denominated in Dollars, whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(v) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by clause (a) of the definition of the term “Interest Period”;

(vi) in the case of a Canadian Term Loan Borrowing or a Revolving Facility Borrowing, whether such Borrowing is to be a BA Borrowing or Canadian Prime Rate Borrowing;

(vii) in the case of a BA Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "BA Contract Period"; and

(viii) the location and number of the applicable Borrower's account (or such other account as the applicable Borrower may specify) to which funds are to be disbursed.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing, unless such Borrowing is a Canadian Term Loan Borrowing or Revolving Facility Borrowing, in which case such Borrowing shall be a Canadian Prime Rate Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing or BA Borrowing, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04 Swingline Loans.

(a) Subject to the terms and conditions set forth herein, each Swingline Lender agrees to make Swingline Loans to the Canadian Borrower from time to time during the Revolving Availability Period, in an aggregate principal amount at any time outstanding for all Swingline Loans that will not result in (x) the aggregate principal amount of outstanding Swingline Loans made by such Swingline Lender exceeding such Swingline Lender's Swingline Commitment or (y) the Revolving Facility Credit Exposure exceeding the total Revolving Facility Commitments; provided that no Swingline Lender shall be required to make a Swingline Loan to refinance an outstanding Swingline Borrowing. Within the foregoing limits and subject to the terms and conditions set forth herein, the Canadian Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Borrowing, the Canadian Borrower shall notify the Administrative Agent and the applicable Swingline Lender of such request by hand delivery or telecopy of a duly completed and executed Swingline Borrowing Request, not later than 11:00 a.m., New York City time, on the day of a proposed Swingline Borrowing. Each such notice and Swingline Borrowing Request shall be irrevocable and shall specify (i) the requested date (which shall be a Business Day) and (ii) the amount of the requested Swingline Borrowing. The Administrative Agent shall promptly advise each Swingline Lender of any such notice received from the Canadian Borrower and the amount of such Swingline Lender's Swingline Loan to be made as part of the requested Swingline Borrowing. Each Swingline Lender shall make each Swingline Loan to be made by it hereunder in accordance with Section 2.04(a) on the proposed date thereof by wire transfer of immediately available funds by 3:00 p.m., New York City time, to the account of the Administrative Agent by notice to the Swingline Lenders. The Administrative Agent will make such Swingline Loans available to the Canadian Borrower by promptly crediting the amounts so received, in like funds, to the general deposit account of the Canadian Borrower with the Administrative Agent (or, in the case of a Swingline Borrowing made to finance the reimbursement of an L/C Disbursement as provided in Section 2.05(e), by remittance to the applicable Issuing Bank).

(c) A Swingline Lender may by written notice given to the Administrative Agent (and to the other Swingline Lenders) not later than 10:00 a.m., New York City time, on any Business Day require the Revolving Facility Lenders to acquire participations on such Business Day in all or a portion of the outstanding Swingline Loans made by it. Such notice shall specify the aggregate amount of such Swingline Loans in which the Revolving Facility Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each such Lender, specifying in such notice such Lender's Revolving Facility Percentage of such Swingline Loan or Loans. Each Revolving Facility Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the applicable Swingline Lender, such Revolving Facility Lender's Revolving Facility Percentage of such Swingline Loan or Loans. Each Revolving Facility Lender acknowledges and agrees that its respective obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Facility Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Revolving Facility Lender (and Section 2.07 shall apply, mutatis mutandis , to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the applicable Swingline Lender the amounts so received by it from the Revolving Facility Lenders. The Administrative Agent shall notify the Canadian Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph (c), and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the applicable Swingline Lender. Any amounts received by a Swingline Lender from the Canadian Borrower in respect of a Swingline Loan after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Facility Lenders that shall have made their payments pursuant to this paragraph and to such Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to such Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Canadian Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Canadian Borrower of any default in the payment thereof.

SECTION 2.05 Letters of Credit.

(a) General . Subject to the terms and conditions set forth herein, the Canadian Borrower may request the issuance of Letters of Credit for its own account or for the account of any other Loan Party in a form reasonably acceptable to the applicable Issuing Bank, at any time and from time to time during the Revolving Availability Period and prior to the date that is five Business Days prior to the Revolving Facility Maturity Date. All Letters of Credit shall be issued on a sight basis only.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions . To request the issuance of a Letter of Credit, the Canadian Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved

by the applicable Issuing Bank) to the applicable Issuing Bank, with a copy to the Administrative Agent at least two Business Days (or such shorter period agreed to by the Issuing Bank) in advance of the requested date of issuance a request in the form of Exhibit B-2 (a " Request to Issue ") for the issuance of a Letter of Credit. If requested by the applicable Issuing Bank, the Canadian Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit and in the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any such form of letter of credit application, the terms and conditions of this Agreement shall control. A Letter of Credit shall be issued, amended, renewed or extended only if after giving effect thereto (i) the Revolving L/C Exposure shall not exceed CND$30.0 million and (ii) the Revolving Facility Credit Exposure shall not exceed the total Revolving Facility Commitments. No Letter of Credit shall be issued, increased in stated amount, or renewed or extended without the prior consent of the Administrative Agent, such consent to be limited to the question of whether such issuance, increase, renewal or extension is being effected on the terms and conditions of this Agreement.

(c) Expiration Date . Each Letter of Credit shall expire at or prior to the close of business on the earlier of (x) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (y) the date that is five Business Days prior to the Revolving Facility Maturity Date; provided that any standby Letter of Credit may provide for the automatic renewal thereof for additional one-year periods (which, in no event, shall extend beyond the date referred to in clause (i)(y) of this paragraph (c)); provided further that a Letter of Credit can extend beyond the Revolving Facility Maturity Date if it is cash collateralized on terms reasonably acceptable to the Issuing Bank.

(d) Participations . By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or any Lenders, such Issuing Bank hereby grants to each Revolving Facility Lender (such Revolving Facility Lender in its capacity under this Section 2.05(d), a " Participant ") and each such Participant hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Revolving Facility Lender's Revolving Facility Percentage as in effect from time to time of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Facility Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent in Canadian Dollars, for the account of the applicable Issuing Bank, such Lender's Revolving Facility Percentage of each L/C Disbursement made in respect of a Letter of Credit and not reimbursed by the Canadian Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Canadian Borrower for any reason. Each Participant acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and, in the case of a Revolving Facility Lender, that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement . If the Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the Canadian Borrower shall reimburse such L/C Disbursement by paying to the Administrative Agent an amount equal to such L/C Disbursement in Canadian Dollars, not later than 5:00 p.m., New York City time, on the Business Day immediately following the date the Canadian Borrower receives notice under paragraph (g) of this Section of such L/C Disbursement, provided that the Canadian Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that any L/C Disbursement payment be financed with an ABR Revolving Borrowing or Swingline Borrowing, as applicable, in an equivalent amount and, to the extent so financed, the Canadian Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing or Swingline Borrowing, as the case may be. If the Canadian Borrower fails to reimburse any L/C Disbursement under a Letter of Credit when due, then the Administrative Agent shall promptly notify the applicable Issuing Bank and each relevant Participant of the applicable L/C Disbursement, the payment then due in respect thereof and, in the case of each such Participant, such Participant's Revolving Facility Percentage thereof. Promptly following receipt of such notice, each Participant shall pay to the Administrative Agent in Canadian Dollars, its Revolving Facility Percentage of the payment then due from the Canadian Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis , to the payment obligations of the Participants), and the Administrative Agent shall promptly pay to the applicable Issuing Bank in Canadian Dollars, the amounts so received by it from such Participants. Promptly following receipt by the Administrative Agent of any payment from the Canadian Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Participants have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Revolving Facility Lender pursuant to this paragraph to reimburse an Issuing Bank for any L/C Disbursement (other than the funding of an ABR Revolving Loan or a Swingline Borrowing as contemplated above) shall constitute a Loan and no payment shall relieve the Canadian Borrower of its obligation to reimburse each L/C Disbursement.

(f) Obligations Absolute . The obligation of the Canadian Borrower to reimburse L/C Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Canadian Borrower's obligations hereunder; provided that, in each case, payment by the Issuing Bank shall not have constituted gross negligence or willful misconduct as determined by a final and nonappealable decision of court of competent jurisdiction. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder

(irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank; provided that the foregoing shall not be construed to excuse the applicable Issuing Bank from liability to the Canadian Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Canadian Borrower to the extent permitted by applicable law) suffered by the Canadian Borrower that are determined by a court having jurisdiction to have been caused by (i) such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof or (ii) such Issuing Bank's refusal to issue a Letter of Credit in accordance with the terms of this Agreement. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct as determined by a final and nonappealable decision of court of competent jurisdiction on the part of the applicable Issuing Bank, such Issuing Bank shall be deemed to have exercised care in each such determination and each refusal to issue a Letter of Credit. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures . The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Canadian Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made or will make a L/C Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Canadian Borrower of its obligation to reimburse such Issuing Bank and the Revolving Facility Lenders with respect to any such L/C Disbursement.

(h) Interim Interest . If an Issuing Bank shall make any L/C Disbursement, then, unless the Canadian Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is made to but excluding the date that the Canadian Borrower reimburses such L/C Disbursement, at the rate per annum then applicable to BA Discount Rate Revolving Loans, provided that, if such L/C Disbursement is not reimbursed by the Canadian Borrower when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Facility Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Revolving Facility Lender to the extent of such payment.

(i) Replacement of an Issuing Bank . An Issuing Bank may be replaced at any time by written agreement among the Canadian Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the

Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Canadian Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.13. From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the replaced Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of such Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization . If any Event of Default shall occur and be continuing, (i) in the case of an Event of Default described in Section 7.01(h) or (i), on the Business Day or (ii) in the case of any other Event of Default, on the fifth Business Day, following the date on which the Canadian Borrower receives notice from the Administrative Agent (or, if the maturity of the Loans has been accelerated, Revolving Facility Lenders with Revolving L/C Exposure representing greater than 50% of the total Revolving L/C Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Canadian Borrower agrees to deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Revolving Facility Lenders, an amount in Canadian Dollars in cash equal to the Revolving L/C Exposure as of such date plus any accrued and unpaid interest thereon. The obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind. The Canadian Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.12(b). Each such deposit pursuant to this paragraph or pursuant to Section 2.12(b) shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Canadian Borrower under this Section 2.05. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of (i) for so long as an Event of Default shall be continuing, the Administrative Agent and (ii) at any other time, the Canadian Borrower, in each case, in Permitted Investments and at the risk and expense of the Canadian Borrower, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse each Issuing Bank for L/C Disbursements for which such Issuing Bank has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Canadian Borrower for the Revolving L/C Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Facility Lenders with Revolving L/C Exposure representing greater than 50% of the total Revolving L/C Exposure), be applied to satisfy other obligations of the Canadian Borrower under this Agreement. If the Canadian Borrower is required to provide an amount of cash collateral hereunder pursuant to Section 2.12(b), such amount (to the extent not applied as aforesaid) shall be returned to Canadian Borrower as and to the extent that, after giving effect to such return, the Canadian Borrower would remain in compliance with Section 2.11(b) and no Event of Default shall have occurred and be continuing.

(k) Additional Issuing Banks . From time to time, the Canadian Borrower may by notice to the Administrative Agent designate up to three Lenders that agree (in their sole discretion) to act in such capacity and are reasonably satisfactory to the Administrative Agent as Issuing Banks. Each such additional Issuing Bank shall execute a counterpart of this Agreement upon the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and shall thereafter be an Issuing Bank hereunder for all purposes.

(l) Reporting . Promptly upon the issuance or amendment by it of a standby Letter of Credit, an Issuing Bank shall notify the Canadian Borrower and the Administrative Agent, in writing, of such issuance or amendment and such notice shall be accompanied by a copy of such issuance or amendment. Upon receipt of such notice, the Administrative Agent shall notify each Lender, in writing, of such issuance or amendment, and if so requested by a Lender the Administrative Agent shall provide such Lender with a copy of such issuance or amendment. Each Issuing Bank shall on the first Business Day of each calendar month during which any Letters of Credit issued by such Issuing Bank are outstanding provide the Administrative Agent, by facsimile, with a report detailing the aggregated daily outstandings of each such Letter of Credit issued by it.

SECTION 2.06 BAs.

(a) To facilitate availment of BA Loans, the Canadian Borrower hereby appoints each Lender as its attorney to sign and endorse on its behalf (in accordance with the Borrowing Request or Interest Election Request relating to a BA Loan pursuant to Section 2.03 or 2.08), in handwriting or by facsimile or mechanical signature as and when deemed necessary by such Lender, blank forms of BAs in the form requested by such Lender. The Canadian Borrower recognizes and agrees that all BAs signed and/or endorsed by a Lender on behalf of the Canadian Borrower shall bind the Canadian Borrower as fully and effectually as if signed in the handwriting of and duly issued by the proper signing officers of the Canadian Borrower. Each Lender is hereby authorized (in accordance with a Borrowing Request or Interest Election Request relating to a BA Loan) to issue such BAs endorsed in blank in such face amounts as may be determined by such Lender; provided , that the aggregate amount thereof is equal to the aggregate amount of BAs required to be accepted and purchased by such Lender. No Lender shall be liable for any damage, loss or other claim arising by reason of any loss or improper use of any such instrument except for the gross negligence or willful misconduct of such Lender or its officers, employees, agents or representatives. Each Lender shall maintain a record, which shall be made available to the Canadian Borrower upon its request, with respect to BAs (i) received by it in blank hereunder, (ii) voided by it for any reason, (iii) accepted and purchased by it hereunder, and (iv) canceled at their respective maturities. On request by the Canadian Borrower, a Lender shall cancel all forms of BAs which have been pre-signed or pre-endorsed on behalf of the Canadian Borrower and that are held by such Lender and are not required to be issued in accordance with the Canadian Borrower's irrevocable Borrowing Request or Interest Election Request. Alternatively, the Canadian Borrower agrees that, at the request of the Administrative Agent, the Canadian Borrower shall deliver to the Administrative Agent a "depository note" which complies with the requirements of the Depository Bills and Notes Act (Canada), and consents to the deposit of any such depository note in the book-based debt clearance system maintained by the Canadian Depository for Securities.

(b) Drafts of the Canadian Borrower to be accepted as BAs hereunder shall be signed as set forth in this Section 2.06. Notwithstanding that any Person whose signature appears on any BA may no longer be an authorized signatory for any Lender or the Canadian Borrower at the date of issuance of a BA, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such BA so signed shall be binding on the Canadian Borrower.

(c) Promptly following the receipt of a Borrowing Request or Interest Election Request specifying a Borrowing by way of BA Loan, the Administrative Agent shall so advise the Lenders and shall advise each Lender of the aggregate face amount of the BA to be accepted by it and the applicable BA Contract Period (which shall be identical for all Lenders). In the case of each BA Borrowing, the aggregate face amount of the BA to be accepted by a Lender shall be in a minimum aggregate amount of CND$1,000,000 and shall be a whole multiple of CND$500,000, and such face amount shall be in the Lenders' pro rata portions of such Borrowing, provided , that the Administrative Agent may in its sole discretion increase or reduce any Lender's portion of such BA Loan to the nearest $500,000.

(d) If the Canadian Borrower specifies in a Borrowing Request pursuant to Section 2.03 or an Interest Election Request pursuant to Section 2.08 that it desires a BA Loan, subject to the terms and conditions herein, the Lenders shall accept and purchase the BAs from the Canadian Borrower at the BA Discount Rate applicable to such BAs accepted by them and provide to the Administrative Agent the Discount Proceeds for the account of the Canadian Borrower. The Acceptance Fee payable by the Canadian Borrower to a Lender under Section 2.13(c) in respect of each BA accepted by such Lender shall be set off against and deducted from the Discount Proceeds payable by such Lender under this Section 2.06(d).

(e) Each Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all BAs accepted and purchased by it.

(f) If a Lender is not a chartered bank named in Schedule 1 to the Bank Act (Canada) or if a Lender notifies the Administrative Agent in writing that it is otherwise unable to accept BAs, such Lender will, instead of accepting and purchasing BAs, make an advance (a " BA Equivalent Loan ") to the Canadian Borrower in the amount and for the same term as the draft that such Lender would otherwise have been required to accept and purchase hereunder (it being the intention of the parties that each BA Equivalent Loan shall have the same economic consequences for each Lender making such BA Equivalent Loan and the Canadian Borrower as the BA that such BA Equivalent Loan replaces, including payment by the Canadian Borrower to each such Lender making such BA Equivalent Loan of the Acceptance Fee). Each such Lender will provide to the Administrative Agent the Discount Proceeds of such BA Equivalent Loan for the account of the Canadian Borrower.

(g) The Canadian Borrower waives presentment for payment and any other defense to payment of any amounts due to a Lender in respect of a BA accepted and purchased by it pursuant to this Agreement which might exist solely by reason of such BA being held, at the maturity thereof, by such Lender in its own right, and the Canadian Borrower agrees not to claim any days of grace if such Lender, as holder, claims payment from or sues the Canadian Borrower on the BA for payment of the amount payable by the Canadian Borrower thereunder.

On the last day of the BA Contract Period of a BA, or such earlier date as may be required or permitted pursuant to the provisions of this Agreement, the Canadian Borrower shall pay the Lender that has accepted and purchased a BA or advanced a BA Equivalent Loan (irrespective of whether such Lender then holds such BA) the full face amount of such BA or BA Equivalent Loan, as the case may be, and, after such payment, the Canadian Borrower shall have no further liability in respect of such BA and such Lender shall be entitled to all benefits of, and be responsible for all payments due to third parties under, such BA.

(h) Except as provided in Sections 2.06(i), 2.11, 2.12 and 2.22 and as required under Article VII, no BA Loan may be repaid by the Canadian Borrower prior to the expiry date of the BA Contract Period applicable to such BA Loan.

(i) Amounts to be applied pursuant to Section 2.11, Section 2.12 or 2.22 or Article VII to prepay or repay amounts to become due with respect to then outstanding BAs shall be deposited in a Prepayment Account (as defined below). The Administrative Agent shall apply any cash deposited in the Prepayment Account allocable to amounts to become due in respect of BAs on the last day of their respective BA Contract Periods until all amounts due in respect of such outstanding BAs have been repaid or until all such cash has been exhausted (and any amount remaining in the Prepayment Account after all of the respective BAs for which the applicable deposit was made have matured and been paid will be released to the Canadian Borrower). For purposes of this Agreement, the term " Prepayment Account " shall mean an account established by the Canadian Borrower with the Administrative Agent and over which the Administrative Agent shall have exclusive control, including the exclusive right of withdrawal for application in accordance with this paragraph (i). The Administrative Agent will, at the request of the Canadian Borrower, invest amounts on deposit in the Prepayment Account in short-term, cash equivalent investments selected by the Administrative Agent in consultation with the Canadian Borrower that mature prior to the last day of the applicable BA Contract Periods of the BAs to be prepaid; provided , however , that the Administrative Agent shall have no obligation to invest amounts on deposit in the Prepayment Account if an Event of Default shall have occurred and be continuing. The Canadian Borrower shall indemnify the Administrative Agent for any losses relating to the investments so that the amount available to prepay amounts due in respect of BAs on the last day of the applicable BA Contract Period is not less than the amount that would have been available had no investments been made pursuant thereto. Other than any interest earned on such investments (which shall be for the account of the Canadian Borrower, to the extent not necessary for the prepayment of BAs in accordance with this Section), the Prepayment Account shall not bear interest. Interest or profits, if any, on such investments shall be deposited in the Prepayment Account and reinvested and disbursed as specified above. If the maturity of the Loans and all amounts due hereunder have been accelerated pursuant to Article VII, the Administrative Agent may, in its sole discretion, apply all amounts on deposit in the Prepayment Account of the Canadian Borrower to satisfy any of the Obligations of the Canadian Borrower in respect of Loans and BAs (and the Canadian Borrower hereby grants to the Administrative Agent a security interest in its Prepayment Account to secure such Obligations).

SECTION 2.07 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York

City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04. The Administrative Agent will make the proceeds of funds made available to it pursuant to the preceding sentence available to the applicable Borrower by promptly crediting the amounts so received, in like funds, to an account of the applicable Borrower maintained with the Administrative Agent (i) in New York City, in the case of Loans denominated in Dollars, or (ii) in Toronto, in the case of Loans denominated in Canadian Dollars and designated by the applicable Borrower in the applicable Borrowing Request; provided that ABR Revolving Loans and Swingline Borrowings made to finance the reimbursement of a L/C Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Revolving Facility Loans and/or Term Loans that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing of Revolving Facility Loans or Term Loans available to the Administrative Agent, the amount so made available by the Administrative Agent shall be a separate loan to such Borrower which loan the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand (without duplication) with demand to be first made on such Lender if legally possible) with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, (x) the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (in the case of a Borrowing denominated in Dollars) or (y) the rate reasonably determined by the Administrative Agent to be the cost to it of funding such amount (in the case of a Borrowing denominated in Canadian Dollars) or (ii) in the case of the applicable Borrower, the interest rate applicable to ABR Loans (in the case of a Borrowing denominated in Dollars) or the rate reasonably determined by the Administrative Agent to be the cost to it of funding such amount (in the case of a Borrowing denominated in Canadian Dollars). If such Lender pays such amount to the Administrative Agent, then such payment shall discharge such Borrower's obligation to pay such demand loan and from that time shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08 Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing or BA Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Canadian Borrower may elect to convert such Borrowing to a different Type, in the case of Borrowings denominated in Dollars, or to continue such Borrowing and, in the case of a Eurodollar Borrowing or BA Borrowing, may elect Interest Periods therefor, all as provided in this Section. Any conversion or continuation hereunder shall be in the same currency as the original obligation. The Canadian Borrower may elect different options with respect to different portions of the affected

Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Canadian Borrower shall notify the Administrative Agent of such election in writing by the time that a Borrowing Request would be required under Section 2.03 if the Canadian Borrower were requesting a Borrowing of the Type and currency resulting from such election to be made on the effective date of such election. Each such Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Canadian Borrower.

(c) Each written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing, or in the case of a Canadian Term Loan Borrowing or Revolving Facility Borrowing, Canadian Prime Rate Borrowing or BA Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing or BA Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period."

If any such Interest Election Request requests a Eurodollar Borrowing or BA Borrowing but does not specify an Interest Period, then the Canadian Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender to which such Interest Election Request relates of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Canadian Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing or BA Borrowing, as applicable, prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be continued as a Eurodollar Borrowing or BA Borrowing, as applicable, with an Interest Period of one month's duration commencing on the last day of such Interest Period. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the written request

(including a request through electronic means) of the Required Lenders, so notifies the Canadian Borrower, then, so long as an Event of Default is continuing (i) except as provided in clause (iii) below, no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing or BA Borrowing, as applicable, (ii) unless repaid, each Eurodollar Borrowing shall be continued as a Eurodollar Borrowing with an Interest Period of one month's duration and (iii) unless repaid, each BA Borrowing shall be converted into an ABR Borrowing denominated in Canadian Dollars at the end of the BA Contract Period applicable thereto.

SECTION 2.09 Termination and Reduction of Commitments.

(a) Unless previously terminated, the Revolving Facility Commitments shall terminate on the Revolving Facility Maturity Date. The U.S. Term II Loan Commitments of each U.S. Term II Lender shall terminate at the end of the U.S. Term II Availability Period. The Canadian Term Loan Commitment and U.S. Term I Loan Commitment of each Canadian Term Lender and U.S. Term I Lender, respectively, shall terminate at 5 p.m. New York City time on the Closing Date.

(b) The Canadian Borrower may at any time terminate, or from time to time reduce, the Revolving Facility Commitments or the Term Loan Commitments, as the case may be; provided that (i) each such reduction of an amount denominated in Dollars shall be in an amount that is an integral multiple of $1.0 million and not less than $5.0 million (or, if less, the remaining amount of the Revolving Facility Commitments or Term Loan Commitments, as the case may be), (ii) each such reduction of an amount denominated in Canadian Dollars shall be in an amount that is an integral multiple of CAD$1.0 million and not less than CAD$3.0 million (or, if less, the remaining amount of the Revolving Facility Commitments or Term Loan Commitments, as the case may be) and (iii) Canadian Borrower shall not terminate or reduce the Revolving Facility Commitments if, after giving effect to any concurrent prepayment of the Revolving Facility Loans in accordance with Section 2.12, the Revolving Facility Credit Exposure would exceed the total Revolving Facility Commitments.

(c) The Canadian Borrower shall notify the Administrative Agent of any election to terminate or reduce the Revolving Facility Commitments and/or Term Loan Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Canadian Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Revolving Facility Commitments and/or Term Loan Commitments delivered by the Canadian Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Canadian Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of Commitments shall be permanent. Each reduction of the Commitments under any Facility shall be made ratably among the Lenders in accordance with their respective Commitments under such Facility.

SECTION 2.10 Repayment of Loans; Evidence of Debt, etc.

(a) The Canadian Borrower hereby unconditionally promises to pay (i) on the Revolving Facility Maturity Date in Dollars or Canadian Dollars, as applicable, to the Administrative Agent the then unpaid principal amount of each Revolving Facility Loan made to the Initial Canadian Borrower or the Borrower, and (ii) in Dollars or Canadian Dollars, as applicable, to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan of such Lender as provided in Section 2.11. The Canadian Borrower hereby unconditionally promises to pay in Canadian Dollars to each Swingline Lender the then unpaid principal amount of each Swingline Loan made to the Canadian Borrower on the earlier of the Revolving Facility Maturity Date and the tenth Business Day after such Swingline Loan is made; provided that on each date that a Revolving Facility Borrowing is made by the Canadian Borrower, then the Canadian Borrower shall repay all its Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount and currency of each Loan made hereunder, the Facility and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Canadian Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and substantially in the form of Exhibits E-1 , E-2 , E-3 or E-4 , as the case may be, for the Canadian Term Loans, U.S. Term I Loans, U.S. Term II Loans and Revolving Facility Loans, respectively. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11 Repayment of Loans.

(a) Subject to adjustment pursuant to paragraph (e) of this Section, the Canadian Borrower shall repay U.S. Term I Loans on (x) the last day of each quarter (each such date being referred to as a " Term I Installment Date ") following the first fiscal quarter after the Closing Date and prior to the U.S. Term Loan Maturity Date in an amount equal to 1/4 of 1% of the

original aggregate principal amount of U.S. Term I Loans incurred on the Closing Date, and (y) the U.S. Term Loan Maturity Date in an amount equal to the remaining principal amount of the U.S. Term I Loans; provided , however , that, until the first day following the fifth anniversary of the Closing Date, the Canadian Borrower shall not be required to make any payment (or the applicable portion thereof) under this Section 2.11 (a) to the extent that such payment, together with any prepayments of the U.S. Term I Loans made under Section 2.12, would result in payment of principal in respect of the U.S. Term I Loans in an aggregate amount in excess of 25% of the aggregate principal amount of the U.S. Term I Loans made on the Closing Date. Any such payments not made due to the foregoing (reduced by the amount of any subsequent optional prepayments pursuant to Section 2.12(a) of the U.S. Term I Loan Facility) shall be made available by the Canadian Borrower for distribution to the Lenders, pro rata in accordance with the amounts that they would have otherwise been entitled to but for this restriction, on the first day following the fifth anniversary of the date of initial funding of the relevant Loan.

(b) Subject to adjustment pursuant to paragraph (e) of this Section, the Canadian Borrower shall repay U.S. Term II Loans on (x) the last day of each quarter (each such date being referred to as a " Term II Installment Date ") following the first fiscal quarter after the date of the applicable U.S. Term II Loan Borrowing and prior to the U.S. Term Loan Maturity Date in an amount equal to 1/4 of 1% of the original aggregate principal amount of Term Loans incurred on the Closing Date, and (y) the U.S. Term Loan Maturity Date in an amount equal to the remaining principal amount of the U.S. Term Loans; provided , however , that, until the first day following the fifth anniversary of any U.S. Term II Loan Borrowing, the Canadian Borrower shall not be required to make any payment (or the applicable portion thereof) under this Section 2.11(b) to the extent that such payment, together with any prepayments of such U.S. Term II Loans made under paragraph (e) of this Section and Section 2.12, would result in payment of principal in respect of such U.S. Term II Loans in an aggregate principal amount in excess of 25% of the aggregate principal amount of such U.S. Term II Loans made on the date of such U.S. Term II Borrowing. Any such payments not made due to the foregoing (reduced by the amount of any subsequent optional prepayments pursuant to Section 2.12(a) of the U.S. Term II Loan Facility) shall be made available by the Canadian Borrower for distribution to the Lenders, pro rata in accordance with the amounts that they would have otherwise been entitled to but for this restriction, on the first day following the fifth anniversary of the date of initial funding of the relevant Loan.

(c) Subject to adjustment pursuant to paragraph (e) of this Section, the Canadian Borrower promises to repay in Canadian Dollars the Canadian Term Loans at the dates and in the amounts set forth below:

DATE	AMOUNT
09/30/08	CND$2,500,000
12/31/08	CND$2,500,000
03/31/09	CND$2,500,000
06/30/09	CND$2,500,000
09/30/09	CND$2,500,000
12/31/09	CND$2,500,000
03/31/10	CND$2,500,000

DATE	AMOUNT
06/30/10	CND$ 2,500,000
09/30/10	CND$ 5,000,000
12/31/10	CND$ 5,000,000
03/31/11	CND$ 5,000,000
06/30/11	CND$ 5,000,000
09/30/11	CND$40,000,000
12/31/11	CND$40,000,000
03/31/12	CND$40,000,000
Canadian Term Loan Maturity Date	CND$40,000,000

(d) To the extent not previously paid, all Canadian Term Loans and U.S. Term Loans shall be due and payable on the Canadian Term Loan Maturity Date and the U.S. Term Loan Maturity Date, respectively.

(e) Prepayment from Net Cash Proceeds of Prepayment Events and from Excess Cash Flow pursuant to Section 2.12(d) shall be made with respect to the Loans and shall be applied (i) first , to reduce on a pro rata basis between scheduled amortization payments pursuant to Sections 2.11(a), (b) and (c) above; provided , at the election of a U.S. Term Lender in accordance with Section 2.11(f) and subject to as hereinafter provided, the amount so required to be paid on such Lender's U.S. Term Loans may be allocated to repay the Canadian Term Loans in full prior to prepayment of the U.S. Term Loans held by such U.S. Term Lender and (ii) second , to reduce outstanding Revolving Facility Loans (with a corresponding reduction of Revolving Facility Commitments). To the extent the amount of any required prepayment of Term Loans pursuant to Section 2.11(e) or 2.11(f) exceeds the aggregate principal amount of Term Loans then outstanding, such excess (which may be the entire amount of such required prepayment if no Term Loans were outstanding immediately prior to such required prepayment) shall be applied to repay outstanding Revolving Facility Loans (with a corresponding reduction to the Revolving Facility Commitments). Notwithstanding anything else contained in this Agreement, until the first day following the fifth anniversary of the Closing Date, the Canadian Borrower shall not be required to make any payment of a U.S. Term Loan (or the applicable portion thereof) under this Section 2.11(e) (each such payment or portion thereof referred to herein as an " Excess Amount ") to the extent that such payment, together with any prepayments of such U.S. Term Loan made under Section 2.11(a) or (b), as applicable, would result in payment of principal in respect of such U.S. Term Loan in an aggregate amount in excess of 25% of the aggregate amount of such U.S. Term I Loan made on the Closing Date, or in the case of a U.S. Term II Loan, on the date such U.S. Term II Loan was made. Any such payments not made due to the foregoing (reduced by the amount of any subsequent optional prepayments of such U.S. Term I Loan made pursuant to Section 2.12 of the U.S. Term Loan Facility) shall be made available by the Canadian Borrower for distribution to the Lenders, pro rata in accordance with the amounts that they would have otherwise been entitled to but for this restriction, on the first day following the fifth anniversary of the date of initial funding of such U.S. Term Loan.

(f) Any Lender holding Term Loans may elect, on not less than two Business Days' prior written notice to the Administrative Agent with respect to any mandatory prepayment

required to be made pursuant to Section 2.11(e) (which, for greater certainty, would not include any Excess Amount as this term is defined in Section 2.11(e)), not to have such prepayment applied to such Lender's U.S. Term Loans, in which case the amount not so applied shall be (x) first applied to repay the Canadian Term Loans (or Revolving Loans denominated in Canadian Dollars) and (y) otherwise retained by the Canadian Borrower (and applied as it elects).

(g) Prior to any repayment of any Borrowing under any Facility hereunder, the Canadian Borrower shall select the Borrowing or Borrowings under such Facility to be repaid and shall notify the Administrative Agent in writing of such selection not later than 2:00 p.m., New York City time, (i) in the case of an ABR Borrowing or Canadian Prime Rate Borrowing, one Business Day before the scheduled date of such repayment and (ii) in the case of a Eurodollar Borrowing or BA Borrowing, three Business Days before the scheduled date of such repayment. Each repayment of a Borrowing (x) in the case of the Revolving Facility, shall be applied to the Revolving Facility Loans included in the repaid Borrowing such that each Revolving Facility Lender receives its ratable share of such repayment (based upon the respective Revolving Facility Credit Exposures of the Revolving Facility Lenders at the time of such repayment) and (y) in all other cases, shall be applied ratably to the Loans included in the repaid Borrowing. Notwithstanding anything to the contrary in the immediately preceding sentence, prior to any repayment of a Swingline Borrowing hereunder, the Canadian Borrower shall select the Borrowing or Borrowings to be repaid and shall notify the Administrative Agent in writing of such selection not later than 1:00 p.m., New York City time, on the scheduled date of such repayment. Except as provided in Section 2.14(d), repayments of Borrowings shall be accompanied by accrued interest on the amount repaid. Any repayment of Loans denominated in Canadian Dollars shall be allocated first to Canadian Prime Rate Loans and second to BA Loans in accordance with the provisions of Section 2.06(i).

SECTION 2.12 Prepayments, etc.

(a) The Canadian Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part (other than any BA Borrowing), without premium or penalty (but subject to Section 2.17), in an aggregate principal amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.11(g), provided that such optional prepayments of the Term Loans shall be applied between the Canadian Term Loans, U.S. Term I Loans and U.S. Term II Loans on a pro rata basis to reduce on a pro rata basis the scheduled amortization payments pursuant to Sections 2.11 (a), (b) and (c) above.

(b) In the event and on such occasion that the Revolving Facility Credit Exposure exceeds the total Revolving Facility Commitments, the Canadian Borrower under the Revolving Facility shall prepay Revolving Facility Borrowings and/or Swingline Borrowings (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Administrative Agent pursuant to Section 2.05(j)) made to the Initial Canadian Borrower or the Canadian Borrower, in an aggregate amount equal to the amount by which the Revolving Facility Credit Exposure exceeds the total Revolving Facility Commitments.

(c) Holdings shall cause to be applied all Net Cash Proceeds promptly upon receipt thereof by Holdings or any Restricted Subsidiary to prepay Term Loan Borrowings and/or Revolving Facility Borrowings in accordance with paragraph (e) of Section 2.11.

(d) Not later than 90 days after the end of each Excess Cash Flow Period, Holdings shall calculate Excess Cash Flow for such Excess Cash Flow Period and shall cause to be applied an amount equal to the Required Percentage of such Excess Cash Flow to prepay Term Loan Borrowings and/or Revolving Facility Borrowings in accordance with paragraph (e) of Section 2.11. Not later than the date on which Holdings is required to deliver financial statements with respect to the end of each Excess Cash Flow Period under Section 5.04(a), Holdings will deliver to the Administrative Agent a certificate signed by a Financial Officer of Holdings setting forth the amount, if any, of Excess Cash Flow for such fiscal year and the calculation thereof in reasonable detail.

SECTION 2.13 Fees.

(a) The Canadian Borrower agrees to pay to each Revolving Facility Lender (other than any Defaulting Lender), through the Administrative Agent, 5 Business Days after the last day of March, June, September and December in each year, and three Business Days after the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a commitment fee (a " Revolving Facility Commitment Fee ") in Canadian Dollars on the daily amount of the Available Revolving Unused Commitment of such Lender during the preceding quarter (or other period commencing with the Closing Date or ending with the date on which the last of the Revolving Facility Commitment of such Lender shall be terminated) at a rate equal to (i) 0.50% per annum until and including the date that is the 90 th day after the Closing Date and (ii) following the date that is 90 days after the Closing Date, at the Revolving Commitment Fee Rate indicated in the definition of "Applicable Margin." In addition, Canadian Borrower shall pay to each Lender with (x) an unfunded Revolving Commitment, (y) an unfunded U.S. Term II Loan Commitment or (z) a Canadian Term Loan Commitment a fee, at a rate equal to 1.00% of such commitments on the Closing Date. All Revolving Facility Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. For the purpose of calculating any Lender's Revolving Facility Commitment Fee, the outstanding Swingline Loans during the period for which such Lender's Revolving Facility Commitment Fee is calculated shall be deemed to be zero. The Revolving Facility Commitment Fee due to each Lender shall commence to accrue on the Closing Date and shall cease to accrue on the date on which the last of the Revolving Facility Commitments of such Lender shall be terminated as provided herein.

(b) The Canadian Borrower agrees to pay from time to time (i) to each Revolving Facility Lender (other than any Defaulting Lender), through the Administrative Agent, 10 Business Days after the last day of March, June, September and December of each year and three Business Days after the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a fee (an " L/C Participation Fee ") in Canadian Dollars on such Lender's Revolving Facility Percentage of the daily aggregate Revolving L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements), during the preceding quarter (or shorter period commencing with the Closing Date or ending with the date on which the Revolving Facility Commitments shall be terminated) at the rate per annum

equal to the Applicable Margin for BA Borrowings effective for each day in such period, and (ii) to each Issuing Bank, for its own account, (x) 10 Business Days after the last day of March, June, September and December of each year and three Business Days after the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a fronting fee in Canadian Dollars in respect of each Letter of Credit issued by such Issuing Bank for the period from and including the date of issuance of such Letter of Credit to and including the termination of such Letter of Credit, computed at a rate equal to 1/4 of 1% per annum of the daily stated amount (or, if applicable, the Canadian Dollar Equivalent) of such Letter of Credit) (with the minimum annual fronting fee for each Letter of Credit to be not less than CDN$500) plus (y) in connection with the issuance, amendment or transfer of any such Letter of Credit or any L/C Disbursement thereunder, such Issuing Bank's customary documentary and processing charges (collectively, " Issuing Bank Fees "). All L/C Participation Fees and Issuing Bank Fees that are payable on a per annum basis shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(c) The Canadian Borrower agrees to pay to the Administrative Agent, for the accounts of each Lender making a BA Loan, on the date of such Loan, a fee, in Canadian Dollars, calculated by multiplying the face amount of each BA (or, if applicable, the principal amount of each BA Equivalent Loan before discounting) comprising the BA Loan by the product of (i) the Applicable Margin for such BA Loan and (ii) a fraction, the numerator of which is the number of days in the BA Contract Period applicable to such BA (or BA Equivalent Loan) and the denominator of which is 365 or 366, as applicable (" Acceptance Fees ").

(d) The Canadian Borrower (on behalf of itself and the U.S. Borrower) agrees to pay to the Administrative Agent for the account of each Lender (i) on the date of any U.S. Term II Borrowing, (ii) on the U.S. Term II Availability Termination Date and (iii) 10 Business Days after the last day of March, June, September and December in each year, a commitment fee (a " U.S. Term II Loan Commitment Fee "), which shall accrue at a rate equal to one-half times the Applicable Margin for U.S. Term II Loans maintained as Eurodollar Loans per annum on the average daily unused amount of the U.S. Term II Commitment of such Lender during the U.S. Term II Availability Period. All U.S. Term II Loan Commitment Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(e) The Canadian Borrower agrees to pay to the Administrative Agent, for its own account, the fees set forth in the Fee Letter, as amended, restated, supplemented or otherwise modified from time to time, at the times specified therein (the " Agent Fees ").

(f) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Issuing Bank Fees shall be paid directly to the applicable Issuing Banks. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.14 Interest.

(a) The Loans comprising each ABR Borrowing (including each Swingline Loan and excluding each BA Loan) shall bear interest at the Alternate Base Rate plus the Applicable Margin.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, (A) if any principal of or interest on any Loan or any Fees or other amount payable by the Canadian Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue principal amount shall bear interest, and each such other overdue amount shall, to the extent permitted by law, bear interest, in each case after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section (except, in the case of BA Loans, in which case such overdue principal shall bear interest at the rate of 2% plus the Applicable Margin for BA Loans) or (ii) in the case of any other amount, 2% plus the rate applicable to Revolving Facility Loans that are ABR Revolving Loans as provided in paragraph (a) of this Section or (B) if the Canadian Borrower is subject to any insolvency or bankruptcy proceedings, the Loans shall bear interest at a rate per annum equal to 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section; provided that this paragraph (c) shall not apply to any payment or bankruptcy default that has been waived by the Lenders pursuant to Section 9.08.

(d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan, (ii) in the case of Revolving Facility Loans, upon termination of the Revolving Facility Commitments, (iii) in the case of the Canadian Term Loans, on the Canadian Term Loan Maturity Date and (iv) in the case of U.S. Term Loans, on the U.S. Term Loan Maturity Date; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan or Swingline Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan or prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, BA Discount Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be prima facie evidence thereof.

(f) Criminal Interest Rate/Interest Act (Canada) .

(i) For purposes of the Interest Act (Canada), whenever any interest is calculated on the basis of a period of time other than a year of 365 or 366 days, as applicable, the annual rate of interest to which each rate of interest utilized pursuant to such calculation is equivalent is such rate so utilized multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in such calculation. For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest will not apply to any interest calculation under the Loan Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

(ii) If any provision of this Agreement or any of the other Loan Documents would obligate the Canadian Borrower to make any payment of interest or other amount payable to any Lender under any Loan Documents in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Lender of interest at a criminal rate (as construed under the Criminal Code (Canada)), then notwithstanding that provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by that Lender of interest at a criminal rate, the adjustment to be effected, to the extent necessary, (A) first , by reducing the amount or rate of interest required to be paid to the affected Lender under this Section 2.14 and the amount of discount applicable to BA Loans made under this Agreement and (B) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the Criminal Code (Canada).

(iii) Notwithstanding clause (ii) above, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received an amount in excess of the maximum permitted by the Criminal Code (Canada), then the Canadian Borrower shall be entitled, by notice in writing to the affected Lender, to obtain reimbursement from that Lender in an amount equal to the excess, and pending reimbursement, the amount of the excess shall be deemed to be an amount payable by that Lender to the Canadian Borrower.

(iv) Any amount or rate of interest referred to in this Section 2.14(f) shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term of this Agreement on the assumption that any charges, fees or expenses that fall within the meaning of interest (as defined in the Criminal Code (Canada)) shall be prorated over that period of time and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent shall be conclusive for the purposes of that determination.

SECTION 2.15 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing denominated in any currency:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the LIBO Rate or BA Discount Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Majority Lenders under a Facility that the Adjusted LIBO Rate, the LIBO Rate or BA Discount Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Canadian Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Canadian Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing or BA Borrowing denominated in such currency shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto to an ABR Borrowing.

SECTION 2.16 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or Issuing Bank; or

(ii) impose on any Lender or Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans or BA Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or BA Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), in each case determined to be material by such Lender, then the Canadian Borrower will pay to such Lender or Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy) and determined to be material by such Lender, then from time to time the Canadian Borrower shall pay to such Lender or such Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section (as well as reasonably detailed calculations thereof) shall be delivered to the Canadian Borrower and shall be prima facie evidence of the amounts thereof. The applicable Borrower shall pay such Lender or Issuing Bank, as applicable, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender or any Issuing Bank has determined that it will make a request for increased compensation pursuant to this Section 2.16, such Lender or issuing Bank shall notify the Canadian Borrower thereof. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or Issuing Bank's right to demand such compensation; provided that the Canadian Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or Issuing Bank, as applicable, notifies the Canadian Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or issuing Bank's intention to claim compensation therefor; provided , further , that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.17 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurodollar Loan or BA Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Canadian Borrower pursuant to Section 2.20, then, in any such event, the Canadian Borrower shall compensate each Lender for the loss, cost and expense (but exclusive of lost profit or margin) attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to be the amount reasonably determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue a Eurodollar Loan, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in Euros of a comparable amount and period from other banks in the Eurodollar market. In the case of any BA Loan, such loss, cost or expense to any Lender shall be deemed to be the amount reasonably determined by such Lender to be the excess, if any, of (i) in the case of an event described in clause (c) above, the face amount of the BAs accepted and purchased by such Lender (or, if applicable, the principal amount of the BA Equivalent Loan made) for the purpose of such BA Loan minus the Discount Proceeds of such BAs (or BA Equivalent Loan) and (ii) in the case of an event described in clause (d) above, the face amount of such BAs

(or, if applicable, the principal amount of such BA Equivalent Loan) minus amounts received as a result of such assignment, over the amount of interest that would accrue on such principal amount for such period at the interest rate such Lender would bid were it to bid at the commencement of such period for deposits in Canadian Dollars of a comparable amount and period from other banks in the Canadian interbank market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Canadian Borrower and shall be prima facie evidence of the amounts thereof. The Canadian Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.18 Taxes.

(a) Any and all payments by or on account of any obligation of any Loan Party hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if a Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) any Agent, Lender or Issuing Bank, as applicable, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Each Loan Party shall indemnify the Agents, each Lender and each Issuing Bank, within 20 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by such Agent, Lender or Issuing Bank, as applicable, on or with respect to any payment by or on account of any obligation of such Loan Party hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability (accompanied by official receipts, if available, of the relevant Governmental Authority evidencing payment of Indemnified Taxes or Other Taxes by Lender or Agents), delivered to the applicable Loan Party by a Lender or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as reasonably practicable after any payment of Indemnified Taxes or Other Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, if any, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Lender that is entitled to an exemption from or reduction of withholding Tax under the law of the jurisdiction in which a Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to such

Borrower (with a copy to the Administrative Agent), to the extent such Lender is legally entitled to do so, such properly completed and executed documentation prescribed by applicable law and at such times as may reasonably be requested by such Borrower, in either case to permit such payments to be made without such withholding tax or at a reduced rate; provided that no Lender shall have any obligation under this paragraph (e) with respect to any withholding Tax imposed by any jurisdiction other than the United States or Canada if in the reasonable judgment of such Lender such compliance would subject such Lender to any material unreimbursed cost or expense or to the extent it would otherwise be disadvantageous to such Lender in any material respect.

(f) If an Agent or a Lender determines, in good faith and in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which such Loan Party has paid additional amounts pursuant to this Section 2.18, it shall promptly pay over such refund to such Loan Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 2.18 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of such Agent or such Lender (including any Taxes imposed with respect to such refund) as is determined by the Agent or Lender in good faith and in its sole discretion and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that such Loan Party, upon the request of such Agent or such Lender, agrees to repay as soon as reasonably practicable the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Agent or such Lender in the event such Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require any Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the Loan Parties or any other Person.

(g) Each initial Canadian Lender represents and warrants to the Borrowers that on the Closing Date (a) it is an Eligible Canadian Lender and (b) it has no present intention to withdraw from this Agreement. Upon the written request of the Administrative Agent or the Canadian Borrower acting reasonably, each such Canadian Lender shall use its best efforts to deliver to the Administrative Agent and the Canadian Borrower such certificates, documents or other evidence as may be required from time to time, properly completed and duly executed by such Canadian Lender, to confirm the continuing accuracy of the foregoing representation, or alternatively to provide notice to the Administrative Agent and the Canadian Borrower that such representation is no longer accurate and indicating the circumstances which have resulted in the representation no longer being accurate (including if applicable such Canadian Lender's place of residency outside of Canada for relevant purposes of Part XIII of the *Income Tax Act* (Canada) and any applicable tax treaty). If a Canadian Lender ceases to be or any assignee of a Canadian Lender under Section 9.04(b) or a Loan Participant that acquires a participation from a Canadian Lender under Section 9.04(c) or successor of a Canadian Lender pursuant to Section 2.05(i) is not an Eligible Canadian Lender, such Canadian Lender or assignee or Loan Participant or successor shall promptly deliver a notice to the Administrative Agent and the Canadian Borrower indicating that it is not an Eligible Canadian Lender and confirming its place of residency for relevant purposes of Part XIII of the *Income Tax Act* (Canada) and any applicable tax treaty.

SECTION 2.19 Payments Generally; Pro Rata Treatment; Sharing of Set-Offs.

(a) Unless otherwise specified, each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or in the case of the Canadian Borrower, reimbursement of L/C Disbursements, or of amounts payable under Section 2.16, 2.17 or 2.18, or otherwise) prior to 2:00 p.m., New York City time, on the date when due, in immediately available funds, without condition or deduction for any defense, recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to such Borrower by the Administrative Agent, except payments to be made directly to the applicable Issuing Bank or the applicable Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.16, 2.17, 2.18, and 9.05 shall be made directly to the persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder of (i) principal or interest in respect of any Loan shall be made in the currency in which such Loan is denominated, (ii) the discount and BA Acceptance Fees in respect of any BA Loan shall be made in Canadian Dollars, (iii) reimbursement obligations shall, subject to Sections 2.05(e) and 2.05(j), be made in the currency in which the Letter of Credit in respect of which such reimbursement obligation exists is denominated or (iv) any other amount due hereunder or under another Loan Document shall be made in Dollars. Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) If at any time insufficient funds are received by and available to the Administrative Agent from any Borrower to pay fully all amounts of principal, in the case of the Canadian Borrower, unreimbursed L/C Disbursements, interest and fees then due from such Borrower hereunder, such funds shall be applied (i) first , towards payment of interest and fees then due from such Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second , towards payment of principal and unreimbursed L/C Disbursements then due from the Canadian Borrower hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed L/C Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Term Loans, Revolving Facility Loans or participations in L/C Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be

shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Term Loans, Revolving Facility Loans and participations in L/C Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph (c) shall not be construed to apply to any payment made by a Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in L/C Disbursements to any assignee or participant, other than to Holdings or any of its Subsidiaries thereof (as to which the provisions of this paragraph (c) shall apply).

(d) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the applicable Issuing Bank hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Bank, as applicable, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or the applicable Issuing Bank, as applicable, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at (i) the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (in the case of an amount denominated in Dollars) and (ii) the rate reasonably determined by the Administrative Agent to be the cost to it of funding such amount (in the case of an amount denominated in Canadian Dollars).

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d) or (e), 2.06 (d), 2.07 (b) or 2.19(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.20 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.16, or if a Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the sole good faith judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.16 or 2.18, as applicable, in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.16, or if a Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, or is a Defaulting Lender, then such Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in L/C Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or such Borrower (in the case of all other amounts) and (ii) in the case of any such assignment resulting from a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.18, such assignment will result in a reduction in such compensation or payments. Nothing in this Section 2.20 shall be deemed to prejudice any rights that any Borrower may have against any Lender that is a Defaulting Lender.

(c) If any Lender (such Lender, a " Non-Consenting Lender ") has failed to consent to a proposed amendment, waiver, discharge or termination which pursuant to the terms of Section 9.08 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then provided no Event of Default then exists, the Canadian Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans, and its Commitments hereunder to one or more assignees reasonably acceptable to the Administrative Agent, provided that (a) all Obligations of Borrowers owing to such Non-Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (b) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment the Canadian Borrower, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 9.04.

SECTION 2.21 Increase in Commitments.

(a) Borrower Request . The Canadian Borrower may by written notice to the Administrative Agent elect to request prior to the U.S. Term Loan Maturity Date the establishment of one or more new U.S. Term Loan Commitments (each, an " Incremental Term Loan Commitment ") by an amount not in excess of $250.0 million in the aggregate. Each such notice shall specify (i) the date (each, an " Increase Effective Date ") on which the Canadian Borrower proposes that the increased or new Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent and (ii) the identity of each potential Lender to whom the Canadian Borrower proposes any portion of such increased or new Commitments be allocated and the amounts of such allocations; provided that any existing Lender approached to provide all or a portion of the increased or new Commitments may elect or decline, in its sole discretion, to provide such increased or new Commitment.

(b) Conditions . The increased or new Commitments shall become effective, as of such Increase Effective Date; provided that:

(i) each of the conditions set forth in Section 4.02 shall be satisfied;

(ii) no Default or Event of Default shall have occurred and be continuing or would result from the borrowings to be made on the Increase Effective Date; and

(iii) the Canadian Borrower shall deliver or cause to be delivered any legal opinions or other documents reasonably requested by the Administrative Agent in connection with any such transaction.

(c) Terms of New Loans and Commitments . The terms and provisions of Loans made pursuant to the new Commitments shall be as follows:

(i) terms and provisions of Loans made pursuant to Incremental Term Loan Commitments (" Incremental Term Loans ") shall be, except as otherwise set forth herein or in the Increase Joinder, identical to the U.S. Term Loans (it being understood that Incremental Term Loans may be a part of the U.S. Term Loans);

(ii) the weighted average life to maturity of any Incremental Term Loans shall be no shorter than the weighted average life to maturity of the existing U.S. Term Loans;

(iii) the maturity date of Incremental Term Loans (the " Incremental Term Loan Maturity Date ") shall not be earlier than the U.S. Term Loan Maturity Date;

(iv) the Applicable Margins for the Incremental Term Loans shall be determined by the Canadian Borrower and the Lenders of the Incremental Term Loans and may be different from the Applicable Margins otherwise set forth herein; and

(v) to the extent that the terms and provisions of Incremental Term Loans are not identical to the U.S. Term Loans (except to the extent permitted by clauses (ii), (iii) and (iv) above) they shall be reasonably satisfactory to the Administrative Agent.

The increased or new Commitments shall be effected by a joinder agreement (the " Increase Joinder ") executed by the Canadian Borrower, the Administrative Agent and each Lender making such increased or new Commitment, in form and substance satisfactory to each of them. The Increase Joinder may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.21. In addition, unless otherwise specifically provided herein, all references in Loan Documents to U.S. Term Loans shall be deemed, unless the context otherwise requires, to include references to Incremental Term Loans that are U.S. Term Loans made pursuant to this Agreement.

(d) Making of New Term Loans . On any Increase Effective Date on which new Commitments for U.S. Term Loans are effective, subject to the satisfaction of the foregoing terms and conditions, each Lender of such new Commitment shall make a U.S. Term Loan to the Canadian Borrower in an amount equal to its new Commitment.

(e) Equal and Ratable Benefit . The Loans and Commitments established pursuant to this paragraph shall constitute Loans and Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from the Guarantees and security interests and other Liens created by the Security Documents. The Loan Parties shall take any actions reasonably required by the Administrative Agent to ensure and/or demonstrate that the security interests and other Liens granted by the Security Documents continue to be perfected under the UCC or PPSA or otherwise after giving effect to the establishment of any such Class of Term Loans or any such new Commitments.

SECTION 2.22 Illegality. If any Lender reasonably determines that any change in law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable lending office to make or maintain any Eurodollar Loans or BA Loans, then, on notice thereof by such Lender to the applicable Borrower through the Administrative Agent, any obligations of such Lender to make or continue Eurodollar Loans or BA Loans or to convert ABR Borrowings to Eurodollar Borrowings (if such ABR Borrowings are denominated in Dollars) or BA Loans (if such ABR Borrowings are denominated in Canadian Dollars), as applicable, shall be suspended until such Lender notifies the Administrative Agent and the applicable Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the applicable Borrower shall upon demand from such Lender (with a copy to the Administrative Agent), either (i) for Loans denominated in Canadian Dollars (A) convert all BA Loans of such Lender to ABR Borrowings denominated in Canadian Dollars, either on the last day of the Interest Period therefor, if such Lender may lawfully maintain such BA Borrowings to such day, or immediately, prepay such BA Borrowing in the manner provided for in Section 2.06(i), if such Lender may not lawfully continue to maintain such Loans as BA Borrowing, or (ii) for Loans denominated in Dollars, convert all Eurodollar Borrowings of such Lender to ABR Borrowings, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Borrowings to such day, or immediately, if such Lender may not lawfully continue to maintain such Loans. Upon any such prepayment or conversion, such Borrower shall also pay accrued interest on the amount so prepaid or converted.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to each of the Lenders that:

SECTION 3.01 Organization; Powers. Except as set forth on Schedule 3.01 , each Loan Party and each of their Restricted Subsidiaries (a) is a partnership, limited partnership, limited liability company, exempted company or corporation duly organized and validly existing and, except where the failure to be in good standing could not reasonably be expected to have a Material Adverse Effect, in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in each jurisdiction where such qualification is required, except where the failure so to qualify could not

reasonably be expected to have a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Canadian Borrower or Initial Canadian Borrower, as applicable, to borrow and otherwise obtain credit hereunder.

SECTION 3.02 Authorization. The execution, delivery and performance by each Loan Party of each of the Loan Documents to which it is a party, and the borrowings hereunder (a) have been duly authorized by all corporate, stockholder, shareholder, limited liability company, partnership or limited partnership action required to be obtained by such Loan Party and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation, memorandum of association or other constitutive documents or by-laws or articles of association of such Loan Party, (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (C) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which such Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or to a loss of a material benefit under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3.02, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any material property or assets now owned or hereafter acquired by any Loan Party, other than the Liens created by the Loan Documents.

SECTION 3.03 Enforceability. This Agreement has been duly executed and delivered by each Loan Party and constitutes, and each other Loan Document when executed and delivered by each Loan Party that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against each such Loan Party in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3.04 Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for (a) the filing of UCC and PPSA financing statements and applications for registration in the PMRR, and filings to perfect security interests in intellectual property, (b) recordation of the Mortgages, (c) such consents, approvals, registrations, and filings with or by the FCC, U.S. Department of Justice, Industry Canada (and, if required, the CRTC) or any Governmental Authority outside of the United States of America or Canada as may be required in connection with the exercise of rights under the Security Documents following an Event of Default, (d) such consents, approvals, registrations, and filings with or by the FCC, U.S. Department of Justice, Industry Canada or any Governmental Authority outside of the United States of America or Canada as may be required in the ordinary course of business of Holdings and its Subsidiaries in connection with the use of proceeds of the Loans hereunder, (e) such as

have been made or obtained and are in full force and effect, (f) such actions, consents and approvals the failure to be obtained or made which could not reasonably be expected to have a Material Adverse Effect and (g) filings or other actions listed on Schedule 3.04 .

SECTION 3.05 Financial Statements.

(a) Holdings has heretofore furnished to the Lenders (i) the audited consolidated balance sheets as of December 31, 2006 and 2005 and the related audited consolidated statements of income and cash flows of the Company and its subsidiaries for the fiscal years ended December 31, 2004, December 31, 2005 and December 31, 2006 and the unaudited interim consolidated balance sheet as of June 30, 2007 and the related unaudited interim consolidated statements of income and cash flows of the Company and its subsidiaries for the six-month period ended June 30, 2007 and (ii) the audited consolidated balance sheets as of December 31, 2006 and 2005 and the related audited consolidated statements of income and cash flows of Skynet and its subsidiaries for the fiscal year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004 and the unaudited interim consolidated balance sheet as of June 30, 2007 and the related unaudited interim consolidated statements of income and cash flows of Skynet and its consolidated subsidiaries for the six-month period ended June 30, 2007. The consolidated balance sheets of the Company and its subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006, as audited by Deloitte & Touche LLP, an independent registered public accounting firm, present fairly in all material respects the financial position of the Company and its subsidiaries as of December 31, 2004, 2005 and 2006, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2006 is in conformity with Canadian GAAP (with a reconciliation footnote which indicates differences from U.S. GAAP). The unaudited interim financial statements furnished to the Lenders for the Company and its subsidiaries present fairly in all material respects the financial position of the Company and its subsidiaries as of June 30, 2007 and for the period then ended in accordance with Canadian GAAP (with a reconciliation footnote which indicates differences from U.S. GAAP). The consolidated balance sheets of Skynet and its subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004, as audited by Deloitte & Touche LLP, an independent registered public accounting firm, present fairly in all material respects the financial position of Skynet and its subsidiaries as of December 31, 2005 and 2006, and the results of their operations and cash flows of the year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004 is in conformity with U.S. GAAP. The unaudited interim financial statements furnished to the Lenders for Skynet and its subsidiaries present fairly in all material respects the financial position of Skynet and its subsidiaries as of June 30, 2007 and for the six-month period then ended in accordance with U.S. GAAP.

(b) Holdings has heretofore furnished to the Lenders its unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 and the related unaudited pro forma consolidated statement of income for the fiscal year ended December 31, 2006 and for the six

months ended June 30, 2007. The unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 and the related unaudited pro forma consolidated statement of income for the fiscal year ended December 31, 2006 and for the six months ended June 30, 2007 (i) comply as to form in all material respects with the applicable accounting requirements of Regulations S-X, promulgated under the Securities Act and all other accounting rules and regulations of the SEC promulgated thereunder applicable to a Registration Statement on Form S-1 thereunder and (ii) have been properly computed on the basis described therein; the assumptions used in the preparation of the pro forma financial data and other pro forma financial information are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein. Such pro forma consolidated balance sheets and the related unaudited pro forma consolidated statements of income have been prepared in good faith based on the assumptions believed by Holdings to have been reasonable at the time made and to be reasonable as of the Closing Date (it being understood that such assumptions are based on good faith estimates with respect to certain items and that the actual amounts of such items on the Closing Date is subject to variation).

SECTION 3.06 No Material Adverse Effect. Since September 30, 2006 (but after giving effect to the Transactions) no Material Adverse Effect has occurred.

SECTION 3.07 Title to Properties; Possession Under Leases; Casualty Proceeds.

(a) Each of the Loan Parties and their Restricted Subsidiaries has good and marketable title to all real property and good title to all personal property owned by it and good and marketable title to a leasehold estate in the real and personal property leased by it, free and clear of all liens, charges, encumbrances or restrictions, except (i) as set forth in Schedule 3.07 and (ii) as created or expressly permitted by Section 6.02, except where the failure to have such title could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Each of the Loan Parties and their Restricted Subsidiaries has complied with all obligations under all leases to which it is a party, except where the failure to comply would not have a Material Adverse Effect, and all such leases are in full force and effect, except leases in respect of which the failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect. Each of the Loan Parties and each of their Subsidiaries enjoys peaceful and undisturbed possession under all such leases, other than leases in respect of which the failure to enjoy peaceful and undisturbed possession could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Each of the Loan Parties and their Restricted Subsidiaries owns or possesses, or could obtain ownership or possession of, on terms not materially adverse to it, all patents, trademarks, industrial designs, service marks, trade names, copyrights, licenses and rights with respect thereto necessary for the present conduct of its business, without any known conflict with the rights of others, and free from any burdensome restrictions, except where such conflicts and restrictions could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) As of the Closing Date, none of the Loan Parties or their Restricted Subsidiaries have received any notice of any pending or contemplated condemnation proceeding affecting any of the Mortgaged Properties or any sale or disposition thereof in lieu of condemnation that remains unresolved as of the Closing Date.

(e) None of the Loan Parties and their Restricted Subsidiaries is obligated on the Closing Date under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any Mortgaged Property or any interest therein, except as permitted under Section 6.02 or 6.03.

(f) As of the Closing Date, neither the Company nor any Restricted Subsidiary has received any notice of, nor has any knowledge of, the occurrence or pendency or contemplation of any Casualty Event affecting all or any portion of its property except where such Casualty Event could not reasonably be expected to have a Material Adverse Effect. No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards within the meaning of the National Flood Insurance Act of 1968 unless flood insurance available under such Act has been obtained in accordance with Section 5.02 .

(g) As of the Closing Date, none of the Loan Parties or their Subsidiaries have received any notice of or has any knowledge of any disputes regarding boundary lines, location, encroachments or possession of any portions of the Mortgaged Property owned by it and has no knowledge of any state of facts that may exist which could give rise to any such claims, except in each case where such dispute or claim could not be reasonably likely to have a material adverse effect on the intended use of such Mortgaged Property.

SECTION 3.08 Subsidiaries.

(a) As of the Closing Date, after giving effect to the Transactions the corporate structure of Holdings and its Restricted Subsidiaries is in all material respects as set forth on Schedule 3.08(a) .

(b) Schedule 3.08(b) sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each Material Subsidiary and, as to each such Material Subsidiary, the percentage of each class of Equity Interests owned by Holdings or by any such Material Subsidiary, subject to such changes as are reasonably satisfactory to the Administrative Agent.

(c) As of the Closing Date, there are no outstanding subscriptions, options, warrants, calls, rights or other similar agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Equity Interests of the Loan Parties, the Company or any of their Restricted Subsidiaries, except as set forth on Schedule 3.08(c) .

SECTION 3.09 Litigation; Compliance with Laws.

(a) Except as set forth on Schedule 3.09 , there are no actions, suits, investigations or proceedings at law or in equity or by or on behalf of any Governmental Authority or in

arbitration now pending, or, to the knowledge of Holdings, threatened in writing against or affecting Holdings or any of its Restricted Subsidiaries or any business, property or rights of any such person which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) None of the Loan Parties, the Material Subsidiaries and their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, Environmental Law, ordinance, code or approval or any building permit) or any restriction of record or agreement affecting any Mortgaged Property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.10 Federal Reserve Regulations.

(a) None of the Loan Parties and their Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or Regulation X.

SECTION 3.11 Investment Company Act. None of the Loan Parties and their Subsidiaries is required to register as an "investment company" as defined in the Investment Company Act of 1940, as amended.

SECTION 3.12 Use of Proceeds. After the Closing Date, Borrowers will use the proceeds of Revolving Facility Loans, Swingline Loans and the issuance of Letters of Credit solely for general corporate purposes and, from and after the Closing Date, to the extent the amount of the Term Loan proceeds are less than par, an amount of Revolving Facility Loans and Swingline Loans may be used for the purposes set forth in the next sentence. The Initial Canadian Borrower will use the proceeds of Canadian Term Loans and U.S. Term I Loans incurred on the Closing Date solely to finance, in part, the Acquisition and the Refinancing and to pay fees and expenses incurred in connection with the Transactions. The Initial Canadian Borrower may only incur Canadian Term Loans and U.S. Term I Loans on the Closing Date and the U.S. Borrower shall not incur any borrowings other than in accordance with Section 9.23. The Borrowers will use the proceeds of U.S. Term II Loans to fund Capital Expenditures (and to repay Indebtedness previously incurred to fund Capital Expenditures) relating to the Anik F3, Nimiq 4, Nimiq 5 and T11N satellites and pay fees and expenses incurred in connection therewith. Notwithstanding the foregoing, Borrower may borrow up to CDN$7,500,000 of Swingline Loans and/or Revolving Loans to fund interest payments on BA Rate Loans and for general corporate purposes, respectively.

SECTION 3.13 Tax Returns. Except as set forth on Schedule 3.13 :

(a) each of the Loan Parties (i) has timely filed or caused to be timely filed all U.S. and Canadian federal, state, provincial, local and other non-U.S. Tax returns required to have been filed by it and each such Tax return is true and correct, which returns, if not filed or not true and correct, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect and (ii) has timely paid or caused to be timely paid all Taxes shown thereon to be due and payable by it and all other Taxes or assessments, except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which Holdings, Intermediate Holdco, the Company or any of the Material Subsidiaries (as the case may be) has set aside on its books adequate reserves which Taxes, if not timely paid, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(b) each of Holdings, the Borrowers and the Material Subsidiaries has paid in full or made adequate provision (in accordance with U.S. or Canadian GAAP, as applicable) for the payment of all Taxes due with respect to all periods or portions thereof ending on or before the Closing Date, which Taxes, if not paid or adequately provided for, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and

(c) with respect to each of Holdings, the Borrowers and their Material Subsidiaries, (i) there are no audits, investigations or claims being asserted in writing with respect to any Taxes which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, (ii) no presently effective waivers or extensions of statutes of limitation with respect to Taxes have been given or requested which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect and (iii) no Tax returns are being examined by, and no written notification of intention to examine has been received from, the Internal Revenue Service, Canada Revenue Agency, Quebec Ministry of Revenue or, with respect to any potential Tax liability, any other taxing authority which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.14 No Material Misstatements. (a) All information, other than the projections described below, that has been or is hereafter made available to any Arranger or any of the Lenders by any Loan Party or Subsidiary or any of their respective representatives (or on such Loan Party or Subsidiary's behalf) or to such Loan Party or Subsidiary's knowledge by any of the Company or any of its affiliates or representatives (or on their behalf) in connection with any aspect of the Transactions (the " Information ") is and will be complete and correct in all material respects as of the date such Information was furnished to the Lenders and (in the case of Information delivered prior to the Closing Date) as of the Closing Date and does not and will not, when taken as a whole, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances under which such statements were made and (b) all material financial projections (including the Projections and information delivered pursuant to Section 5.04(f)) concerning the Loan Parties that have been or are hereafter made available to any Joint Lead Arranger or any of the Lenders by any Loan Party or Subsidiary or their respective representatives (or on such Loan Party or Subsidiary's behalf) or to such Loan Party or Subsidiary's knowledge by any of the Company or its affiliates or representatives (or on their behalf) have been or will be prepared in good faith based upon assumptions you believe to be reasonable at the time made.

SECTION 3.15 Employee Benefit Plans.

(a) Except as would not reasonably be expected to have a Material Adverse Effect, each of Holdings, the Restricted Subsidiaries and the ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Employee Benefit Plans and the regulations and published interpretations thereunder and any similar applicable non-U.S. law. No Reportable Event has occurred during the past five years as to which Holdings, any of the Restricted Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC, other than reports that have been filed and reports the failure of which to file could not reasonably be expected to have a Material Adverse Effect. The excess of the present value of all benefit liabilities under each Plan of Holdings, the Subsidiaries and the ERISA Affiliates (based on those assumptions used to fund such Plan), as of the last annual valuation date applicable thereto for which a valuation is available, over the value of the assets of such Plan could not reasonably be expected to have a Material Adverse Effect, and the excess of the present value of all benefit liabilities of all underfunded Plans (based on those assumptions used to fund each such Plan) as of the last annual valuation dates applicable thereto for which valuations are available, over the value of the assets of all such underfunded Plans could not reasonably be expected to have a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events which have occurred or for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. None of Holdings, the Restricted Subsidiaries and the ERISA Affiliates has received any written notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, or has knowledge that any Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, where such reorganization or termination has had or could reasonably be expected to have a Material Adverse Effect.

(b) Except as would not reasonably be expected to have a Material Adverse Effect, each Non-U.S. Pension Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations, orders and published interpretations thereunder and has been maintained, where required, in good standing with applicable regulatory authorities. All contributions required to be made with respect to a Non-U.S. Pension Plan have been timely made. None of Holdings, the Company or any Restricted Subsidiary has incurred any obligation in connection with the termination of, or withdrawal from, any Non-U.S. Pension Plan. The excess, if any, of the present value of the accrued benefit liabilities (whether or not vested) under each Non-U.S. Pension Plan, determined as of the end of the Company's most recently ended fiscal year on the basis of actuarial assumptions, each of which is reasonable, over the current value of the assets of such Non-U.S. Pension Plan allocable to such benefit liabilities could not reasonably be expected to have a Material Adverse Effect.

(c) Except as would not reasonably be expected to have a Material Adverse Effect, (i) all Canadian Plans are duly established, registered, administered and invested in compliance with the terms thereof, any applicable collective agreements and Applicable Canadian Pension Legislation (including the Income Tax Act (Canada)); (ii) no events have occurred and

no action has been taken by any Person which would reasonably be likely to result in the wind-up or termination, in whole or in part, of any Canadian Plan, whether by declaration of any federal or provincial pension regulatory authority or otherwise; (iii) none of the obligors or any of their respective Subsidiaries has withdrawn any assets held in respect of any Canadian Plan except as permitted under the terms thereof and Applicable Canadian Pension Legislation and all reports, returns and filings required to be made thereunder have been made; (iv) no Canadian Plan has a solvency deficiency or going concern unfunded liability that is not funded in accordance with the regular funding requirements under Applicable Canadian Pension Legislation; (v) all contributions, premiums and other payments required to be paid to or in respect of each Canadian Plan have been paid in a timely fashion in accordance with the terms thereof and Applicable Canadian Pension Legislation, and no Taxes, penalties or fees are owing or eligible in respect of any Canadian Plan; (vi) no actions, suits, claims or proceedings are pending or, to the knowledge of the obligors, threatened in respect of any Canadian Plan or its assets, other than routine claims for benefits; and (vii) no Canadian Plan is a multi-employer plan within the meaning of Applicable Canadian Pension Legislation.

SECTION 3.16 Environmental Matters. Except as to matters that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (i) no written notice, request for information, order, complaint or penalty has been received by the Borrowers or any of the Material Subsidiaries relating to Holdings, the Borrowers or any of the Material Subsidiaries, and there are no judicial, administrative or other actions, claims, suits or proceedings relating to Holdings, the Borrowers or any of the Material Subsidiaries pending or, to the knowledge of the Borrowers, threatened which allege a violation of or liability under any Environmental Laws, (ii) each of Holdings, the Borrowers and the Material Subsidiaries has all permits necessary for its current operations to comply with all applicable Environmental Laws and is in compliance with the terms of such permits and with all other applicable Environmental Laws, (iii) there has been no written environmental audit Phase I or Phase II Environmental Assessment conducted since January 1, 2003 by Holdings, the Borrowers or any of the Material Subsidiaries of any property currently owned or leased by Holdings, the Borrowers or any of the Material Subsidiaries which has not been made available to the Administrative Agent prior to the date hereof, (iv) there has been no Release of any Hazardous Materials at, on, under or from any property currently, or to the knowledge of Holdings, the Borrowers or any of the Material Subsidiaries formerly owned or leased by Holdings, the Borrowers or any of the Material Subsidiaries which would reasonably be expected to result in any liability of Holdings, the Borrowers or any of the Material Subsidiaries under any Environmental Law, (v) no Hazardous Material generated, owned or controlled by Holdings, the Borrowers or any of the Material Subsidiaries has been transported to, or treated or disposed of at, any location in a manner that would reasonably be expected to result in any liability of any of them under any Environmental Laws, (vi) neither Holdings, the Borrowers or any of the Material Subsidiaries are currently conducting or financing, either individually or together with other potentially responsible parties, any investigation, response or other corrective action at any location pursuant to any Environmental Law, (vii) neither Holdings, the Borrowers or any of the Material Subsidiaries has contractually assumed or undertaken responsibility for any liability or obligation of any other Person arising under or relating to Environmental Laws.

SECTION 3.17 Security Documents. Each of the Security Documents entered into on the Closing Date is effective to create in favor of the Collateral Agent (for the benefit of the Secured Creditors)

a legal, valid and enforceable security interest or hypothec opposable to third parties, as applicable, in or on the Collateral described therein (subject to any limitations specified therein). In the case of the Pledged Collateral described in any of such Security Documents the security interest in which is perfected by delivery thereof, when certificates or promissory notes, as applicable, representing such Pledged Collateral (and related stock or bond powers) are delivered to the Collateral Agent, and in the case of the other Collateral described in any such Security Document, when financing statements and other filings, recordings or action specified in each Security Document in appropriate form are filed in the offices specified (or action taken as specified) in each such Security Document, the Collateral Agent (for the benefit of the Secured Creditors) shall have a fully perfected Lien on, and security interest in or published hypothec on (as applicable), all right, title and interest of the Loan Parties in such Collateral, as security for the Obligations secured thereby, in each case prior and superior in right to any other person (except, Liens expressly permitted by Section 6.02 and Liens having priority by operation of law).

SECTION 3.18 Location of Real Property and Leased Premises.

(a) Schedule 3.18(a) lists completely and correctly as of the Closing Date all material real property owned by each Loan Party and the addresses thereof. Each Loan Party owns in fee all the real property set forth as being owned by them on such Schedule.

(b) Schedule 3.18(b) lists completely and correctly as of the Closing Date all material real property leased by each Loan Party and the addresses thereof. As of the Closing Date, each Loan Party has valid leases in all the real property set forth as being leased by them on such Schedule.

SECTION 3.19 Solvency.

(a) Immediately after giving effect to the Transactions (1) (i) the fair value of the assets of Holdings and its Restricted Subsidiaries taken as a whole, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of Holdings and its Restricted Subsidiaries taken as a whole; (ii) the present fair saleable value of the property of Holdings and its Restricted Subsidiaries taken as a whole will be greater than the amount that will be required to pay the probable liability of Holdings and its Restricted Subsidiaries taken as a whole on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Holdings and its Restricted Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) Holdings and its Restricted Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date; and (2) (i) the property of Holdings and its Restricted Subsidiaries taken as a whole, if disposed of (as a going concern) at a fairly conducted sale under legal process, would be sufficient to enable payment of all their obligations, due and accruing due, (ii) the property of Holdings and its Restricted Subsidiaries taken as a whole, is, at a fair valuation, sufficient to enable payment of all their obligations, due and accruing due; (iii) none of the Canadian Loan Parties has ceased paying its current obligations in the ordinary course of business as they generally become due; and (iv) Holdings and its Restricted Subsidiaries are able to meet their obligations as they generally become due.

(b) Neither Holdings nor any Borrower intends to, and does not believe that it or any of the Material Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such subsidiary.

SECTION 3.20 Labor Matters. There are no strikes pending or threatened against Holdings, the Borrowers or any of the Material Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The hours worked and payments made to employees of Holdings, the Borrowers and the Material Subsidiaries have not been in violation in any material respect of the Fair Labor Standards Act or any other applicable law dealing with such matters. All material payments due from Holdings, Intermediate Holdco or any of the Material Subsidiaries or for which any claim may be made against Holdings, the Borrowers or any of the Material Subsidiaries, on account of wages and employee health and welfare and employment insurance and other benefits have been paid or accrued as a liability on the books of Holdings, the Borrowers or such Material Subsidiary to the extent required by Canadian GAAP. Except as set forth on Schedule 3.20 , consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Holdings, the Borrowers or any of the Material Subsidiaries (or any predecessor) is a party or by which Holdings, the Borrowers or any of the Material Subsidiaries (or any predecessor) is bound, other than collective bargaining agreements that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.21 Foreign Asset Control Regulations, Anti-Terrorism Laws and Anti-Money Laundering Laws and the Patriot Act.

(a) None of the requesting or borrowing of the Loans, the requesting or issuance, extension or renewal of any Letters of Credit or the use of the proceeds of any thereof will violate any Requirements of Law imposed by the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended) (" TWEA ") or any of the foreign assets control regulations of the United States Treasury Department's Office of Foreign Assets Control (31 C.F.R., Subtitle B, Chapter V, as amended) (" OFAC ") (the "Foreign Assets Control Regulations"), or any Requirement of Law relating to Anti-Terrorism Laws and Anti-Money Laundering Laws, as defined herein, except where such violation is not reasonably likely to expose Lenders to material liability or material detriment, including reputational harm.

(b) To the knowledge of Holdings, neither it nor any of its Subsidiaries nor any other Loan Party or Affiliate or broker or other agent of any Loan Party acting or benefiting in any capacity in connection with the Loans is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Laws and Anti-Money Laundering Laws; or

(iv) a Person that is named on the list of "Specially Designated Nationals and Blocked Persons" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list.

(c) To the knowledge of each Borrower, neither the Borrowers nor any of their Subsidiaries nor any other Loan Party or Affiliate or broker or other agent of any Loan Party engages in transactions, with any Person described in Sections 3.21(b)(i) through (iv), except where such transactions would not be reasonably likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 3.22 FCC Licenses, etc. As of the date hereof, Schedule 3.22 accurately and completely lists for each Satellite (a) all space station licenses for the launch and operation of Satellites with C-band or Ku-band transponders issued by the FCC to Holdings or any Restricted Subsidiary and (b) all licenses and all other approvals, orders or authorizations issued or granted by any Governmental Authority outside of the United States of America (including Industry Canada) to launch and operate any such Satellite. As of the date hereof, the FCC Licenses and the other licenses, approvals or authorizations listed on Schedule 3.22 with respect to any Satellite include all material authorizations, licenses and permits issued by the FCC, U.S. Department of Justice, Industry Canada or any other Governmental Authority that are required or necessary to launch or operate such Satellite, as applicable. Except as could not reasonably be expected to have a Material Adverse Effect, each such license is validly issued and in full force and effect, and Holdings and its Restricted Subsidiaries have fulfilled and performed in all material respects all of their obligations with respect thereto and have full power and authority to operate thereunder.

SECTION 3.23 Satellites. Schedule 3.23 accurately and completely lists as of the date hereof each of the Satellites owned by Holdings and its Restricted Subsidiaries on the date hereof, and sets forth for each such Satellite that is in orbit the orbital slot and number and frequency band of the transponders on such Satellite.

SECTION 3.24 Subordination of Senior Subordinated Indebtedness. The Obligations are "Senior Indebtedness," the Guaranteed Obligations are "Guarantor Senior Indebtedness" and each of the Obligations and Guaranteed Obligations are "Designated Senior Indebtedness," each within the meaning of the Senior Subordinated Bridge Loan Documents and when executed and delivered the Senior Subordinated Exchange Notes (and the indenture governing such notes).

ARTICLE IV

CONDITIONS OF LENDING

The obligations of (a) the Lenders (including the Swingline Lenders) to make Loans and (b) any Issuing Bank to issue Letters of Credit or increase the stated amounts of Letters of Credit hereunder (each, a " Credit Event ") are subject to the satisfaction of the following conditions:

SECTION 4.01 All Credit Events. On the date of the making of each Loan and on the date of each issuance of, or amendment that increases the stated amount of, a Letter of Credit:

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03 (or a Borrowing Request shall have been deemed given in accordance with the last paragraph of Section 2.03) or, in the case of the issuance of a Letter of Credit, the applicable Issuing Bank and the Administrative Agent shall have received a Request to Issue such Letter of Credit as required by Section 2.05(b).

(b) The representations and warranties set forth in Article III hereof (or, in respect of credit events on the Closing Date only, the representations and warranties set forth in Sections 3.01, 3.02, 3.03, 3.10 and 3.11 only) shall be true and correct in all material respects on and as of the date of such Borrowing or issuance or amendment that increases the stated amount of such Letter of Credit, as applicable, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(c) At the time of and immediately after such Borrowing or issuance or amendment that increases the stated amount of such Letter of Credit, as applicable, no Event of Default or Default shall have occurred and be continuing.

(d) All of the conditions specified in Section 4.02 shall have been satisfied or waived on the Closing Date.

(e) With respect to any U.S. Term II Loan Borrowing, no more than 15 borrowings (inclusive of such Borrowing) shall have occurred and the minimum amount of any U.S. Term II Loan Borrowings shall be $10.0 million.

Each Borrowing and each issuance of, or amendment that increases the stated amount of, a Letter of Credit shall be deemed to constitute a representation and warranty by the applicable Borrower on the date of such Borrowing, issuance or amendment as applicable, as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

SECTION 4.02 First Credit Event. On the Closing Date:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself, the Syndication Agent, the Collateral Agent, the Lenders and each Issuing Bank on the Closing

Date, a favorable written opinion of (i) Willkie Farr & Gallagher LLP, special New York counsel for the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent and substantially in the form of Exhibit N attached hereto, (ii) McCarthy Tetrault LLP, Canadian counsel for the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent and substantially in the form of Exhibit O-1 attached hereto, (iii) McCarthy Tetrault LLP, Canadian counsel for the Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent and substantially in the form of Exhibit O-2 attached hereto, (iv) Levene Tadman Gutkin Golub, Manitoba counsel for the Loan Parties in form and substance reasonably satisfactory to the Administrative Agent, (v) Peterson, Stang and Malakoe, Nunavut counsel for the Loan Parties, in form reasonably satisfactory to the Administrative Agent and (vi) Stewart, McKelvey, Stirling & Scales, Nova Scotia counsel for the Loan Parties, in form reasonably satisfactory to the Administrative Agent and covering such other matters relating to the Loan Documents and the Transactions as the Administrative Agent shall reasonably request, and Holdings hereby instructs its counsel to deliver such opinions.

(c) All legal matters incident to this Agreement, the borrowings and extensions of credit hereunder and the other Loan Documents shall be reasonably satisfactory to the Administrative Agent.

(d) The Administrative Agent shall have received in the case of each person that is a Loan Party on the Closing Date each of the items referred to in clauses (ii), (iii), (iv) and (v) below:

(i) a copy of the certificate or articles of incorporation, memorandum and articles of association, partnership agreement or limited liability agreement, including all amendments thereto, of each Loan Party, (x) in the case of a corporation, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing under the jurisdiction of its organization (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Loan Party as of a recent date from such Secretary of State (or other similar official), or (y) in the case of a partnership or limited liability company, certified by the manager, Secretary or Assistant Secretary or other appropriate officer of each such Loan Party;

(ii) a certificate of the manager, director, Secretary or Assistant Secretary or similar officer of each Loan Party dated the Closing Date and certifying

(A) that attached thereto is a true and complete copy of the by-laws (or partnership agreement, limited liability company agreement, articles of association or other equivalent governing documents) of such Loan Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or equivalent governing

body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of Borrowers, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(C) that the certificate or articles of incorporation, memorandum and articles of association, partnership agreement or limited liability agreement of such Loan Party have not been amended since the date of the last amendment thereto disclosed pursuant to clause (i) above, which shall be a date prior to the date of the resolutions described in clause (B) above,

(D) as to the incumbency and specimen signature of each officer or director executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party and

(E) as to the absence of any pending proceeding for the dissolution, winding-up or liquidation of such Loan Party or, to the knowledge of such person, threatening the existence of such Loan Party;

(iii) a certificate of another officer, director or attorney-in-fact as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate pursuant to clause (ii) above; and

(iv) such other documents as the Administrative Agent may reasonably request (including, without limitation, tax identification numbers and addresses).

(e) The Collateral and Guarantee Requirements shall have been satisfied or waived by the Administrative Agent.

(f) The Acquisition Agreement (together with all exhibits and schedules thereto), shall not have been amended or modified in a manner materially adverse to the Lenders without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld). There shall have been delivered to the Administrative Agent true and correct copies certified as such by the Secretary or Assistant Secretary of Holdings of the Acquisition Documents. The Acquisition shall have been consummated (or shall be consummated concurrently with the closing under this Agreement) in accordance in all material respects with the terms and conditions of the Acquisition Agreement (without amendment, modification or waiver thereof which is materially adverse to the Lenders without the prior written consent of the Administrative Agent, which consent will not be unreasonably withheld).

(g) The Equity Financing shall have been consummated.

(h) Initial Canadian Borrower and Canadian Borrower shall have received gross cash proceeds (calculated before underwriting fees) of (i) not less than $692,825,000 from the

Senior Bridge Loans and (ii) not less than $217,175,000 from the Senior Subordinated Bridge Loans. There shall have been delivered to the Administrative Agent true and correct copies certified as such by the Secretary or Assistant Secretary of Holdings of the Senior Loan Documents and Senior Subordinated Loan Documents.

(i) After giving effect to the Transactions and the other transactions contemplated hereby, Holdings and its Subsidiaries shall have outstanding no Indebtedness other than (i) the Loans and other extensions of credit under this Agreement, (ii) the Senior Bridge Loans, (iii) the Senior Subordinated Bridge Loans and (iv) other Indebtedness permitted pursuant to Section 6.01.

(j) The Skynet Contribution shall have been consummated (or shall be consummated on the Closing Date) in accordance in all material respects with the terms and conditions of the Skynet Contribution Documents (without amendment, modification or waiver thereof which is materially adverse to the Lenders (as reasonably determined by the Administrative Agent) without the prior written consent of the Administrative Agent) and all applicable laws.

(k) The Refinancing shall have been consummated (or shall be consummated concurrently with the closing under this Agreement or, in the case of the redemption of the preferred stock of Skynet, funds sufficient to pay the redemption price in full shall have been irrevocably deposited in trust for such purpose with Mellon Investor Services LLC, or, in the case of the letters of credit issued under the Bank of Montreal credit agreement arrangements to cash collateralize such letters of credit shall have been made). The lien securing the Skynet Bonds shall have been released and the Canadian Borrower shall have delivered evidence thereof to the Administrative Agent (and the Administrative Agent shall have acknowledged receipt thereof). The Company shall have given irrevocable notice of redemption of the Telesat Notes (or made arrangements with the trustee in respect thereof to provide such notice) and shall have deposited funds in a segregated account with The Bank of Nova Scotia sufficient to pay the redemption price. Payoff letters in respect of the existing credit facility between the Company and Bank of Montreal and loan agreement between Skynet and Valley National Bank, each in form and substance reasonably satisfactory to the Administrative Agent, shall have been delivered.

(l) The Lenders shall have received the financial statements referred to in Sections 3.05(a) and (b).

(m) The Lenders shall have received the Projections.

(n) No provision of any applicable law or regulation and no judgment or order shall prohibit the consummation of the Transactions except for laws, regulations, judgments or orders which do not and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All material actions by or in respect of or material filings with any Governmental Authority required to permit the consummation of the Transactions shall have been taken, made or obtained, except for any such actions or filings the failure of which to take, make or obtain would not and would not be

reasonably expected to have, individually or in the aggregate, a Material Adverse Effect or are not required pursuant to Agreed Security Principles. For purposes of this clause (n), the term Transactions shall not include the Acquisition.

(o) The Administrative Agent shall have received all fees payable to it, the Arrangers or any other Lender on or prior to the Closing Date and, to the extent invoiced, all other amounts due and payable pursuant to the Loan Documents on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of Cahill Gordon & Reindel llp and Osler, Hoskin & Harcourt LLP) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document.

(p) The Lenders shall have received, sufficiently in advance of the Closing Date, all documentation and other information that may be required by the Lenders in order to enable compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the United States PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the " Patriot Act ") including the information described in Section 9.19, provided such information shall have been requested at least 5 Business Days in advance of the Closing Date.

(q) There shall not have occurred, following September 30, 2006 and prior to the Closing Date, a Material Adverse Effect (as such term is defined in the Acquisition Agreement) with respect to Company and its Subsidiaries as determined by the Lenders who hold a majority of the commitments with respect to the Facilities.

(r) The Administrative Agent shall have received a solvency certificate in the form of Exhibit G , dated the Closing Date and signed by the chief financial officer of Holdings.

(s) The Administrative Agent shall have received an officer's certificate in the Form of Exhibit L , dated the Closing Date and signed by an officer of Holdings certifying that all the conditions in Sections 4.01(b), (c) and (d) have been met.

ARTICLE V

AFFIRMATIVE COVENANTS

Each of Holdings and the Loan Parties covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, each Loan Party will, and (other than Sections 5.04 and 5.05) will cause each of the Restricted Subsidiaries to:

SECTION 5.01 Existence; Businesses and Properties.

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.03, and except for the liquidation or dissolution of Subsidiaries if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by Holdings or a Wholly Owned Subsidiary of Holdings in such liquidation or dissolution; provided that, except as otherwise permitted under Section 6.03, Subsidiary Loan Parties may not be liquidated into Non-Subsidiary Loan Parties unless the liquidation is treated as an Investment and permitted by Section 6.05 or such liquidation is set forth on Schedule 6.03.

(b) Except where the failure is not reasonably likely to have a Material Adverse Effect, do or cause to be done all things reasonably necessary to (i) obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, patents, industrial designs, trademarks, service marks, trade names, copyrights, licenses and rights with respect thereto necessary to the normal conduct of its business, (ii) comply in all respects with all applicable laws, rules, regulations (including any zoning, building, ordinance, code or approval or any building permits or any restrictions of record or agreements affecting the Mortgaged Properties) and judgments, writs, injunctions, decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, (iii) at all times maintain and preserve all property necessary to the normal conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case except as expressly permitted by this Agreement) and (iv) subject to Permitted Liens, keep in effect all rights and appurtenances to or that constitute a part of the Mortgaged Property and protect, preserve and defend all its right, title and interest in the Mortgaged Property and title thereto.

(c) Notify the Administrative Agent promptly upon obtaining knowledge of the pendency of any proceedings for the eviction of the any of the Loan Parties and their Subsidiaries from the Mortgaged Property owned or leased by it or any part thereof by paramount title. The Administrative Agent may participate in such proceedings and Holdings will deliver or cause to be delivered to the Administrative Agent all instruments requested by the Administrative Agent to permit such participation. In any such proceedings, the Administrative Agent may be represented by counsel satisfactory to it at the reasonable expense of Holdings. If, upon the resolution of such proceedings, the Loan Party owning or leasing such Mortgaged Property shall suffer a loss of the Mortgaged Property or any part thereof or interest therein and title insurance proceeds shall be payable in connection therewith, such proceeds are hereby assigned to and shall be treated as Net Cash Proceeds from a condemnation event and the Net Cash Proceeds thereof shall be applied in accordance with the provisions herein.

SECTION 5.02 Insurance.

(a) Generally . Holdings will, and will cause each of the Restricted Subsidiaries to, at all times maintain in full force and effect, with insurance companies that the Canadian Borrower believes (in the good faith judgment of the management of the Canadian Borrower) are financially sound and responsible at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as are

usually insured against in the same general area by companies engaged in the same or a similar business; and will furnish to the Lenders, upon written request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried.

(b) Covered Satellites . Holdings will, and will cause each of its Restricted Subsidiaries to, maintain insurance with respect to Satellites as follows:

(i) All Risks Insurance . Holdings will procure or will cause each Satellite Manufacturer to procure at its own expense and maintain in full force and effect, at all times prior to the Launch of any satellite purchased by Holdings or any of its Restricted Subsidiaries pursuant to the terms of a Satellite Purchase Agreement, All Risks Insurance with such terms as are reasonably commercially available and customary in the industry with respect to such satellite, it being understood that if a Satellite Manufacturer procures All Risks Insurance for satellites in accordance with the requirements of the applicable Satellite Purchase Agreement, Holdings' obligations under this clause (i) with respect to such satellites shall be satisfied. In no event shall Holdings be required to, or be required to cause any Satellite Manufacturer to, procure or maintain All Risks Insurance to insure risks that may be required to be insured by, or that covers the same risks or the same period of coverage as, Launch Insurance.

(ii) Launch Insurance . Holdings will, or will cause the relevant Satellite Manufacturer to, obtain, maintain and keep in full force and effect with respect to each Covered Satellite that is to be launched, Launch Insurance (it being understood that if a Satellite Manufacturer procures Launch Insurance for Covered Satellites in accordance with the terms of this clause (ii), Holdings' obligations under this clause (ii) with respect to such Covered Satellites shall be satisfied), to be procured prior to the launch of such Covered Satellite, which insurance shall attach not later than at Launch and continue in full force and effect until no sooner than the completion of initial in-orbit testing, provided that Holdings shall have no obligation to obtain or maintain Launch Insurance for any satellite for which there is neither risk of loss to Holdings or a Restricted Subsidiary nor an obligation by Holdings or a Restricted Subsidiary to make any payments to the Satellite Manufacturer that exceed $5 million in the aggregate prior to risk of loss passing to Holdings or Restricted Subsidiary. The Launch Insurance for each Covered Satellite:

(A) shall provide coverage for all of the risks of loss of and damage to such Covered Satellite (other than any risks borne by the relevant Launch Services Provider pursuant to any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer in accordance with the terms of the applicable Satellite Purchase Agreement), including for partial loss, constructive total loss and total loss, subject to (x) Acceptable Exclusions and (y) such other exclusions, deductibles or limitations of coverage as are then customary in the satellite insurance market and as are prudent, as reasonably determined by the Company;

(B) shall be in an amount not less than the aggregate of the purchase price of such Covered Satellite, the purchase price of launch services therefor (other than for risks borne by the relevant Launch Services Provider pursuant to

any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer in accordance with the terms of the applicable Satellite Purchase Agreement) and the premium payable for such insurance;

(C) shall name the applicable Satellite Purchaser as the named insured and the Collateral Agent as additional insured and loss payee as its interests may appear (except that, in the case of Covered Satellites that are financed with Indebtedness permitted by Section 6.01, such Launch Insurance shall name the respective holder of such Indebtedness, together with the Collateral Agent, as loss payees as their interests may appear), provided that (x) in the case of any such endorsement as additional insured to be delivered by the Closing Date, the Collateral Agent may consent to such endorsement being delivered at such later date as it deems appropriate in the circumstances (y) in the case of any Covered Satellite that is not owned by a Borrower or any Guarantor or that is subject to a Lien permitted by Section 6.02(c), (f), (e)(to the extent permitted by Section 6.02(c), (f) and (g)) or (g) and the terms of the Indebtedness secured by such Lien prohibit the assignment of, or granting of a security interest in such Covered Satellite, the Administrative Agent shall not be named as a loss payee with respect to such Covered Satellite;

(D) shall provide that it will not be cancelled or reduced, amended or allowed to lapse without renewal, except after not less than 15 days' prior notice to the Collateral Agent; provided that if such policy notice provisions are not available on commercially reasonable terms such notice shall be provided to the Collateral Agent by the Canadian Borrower not less than 15 days in advance, if such cancellation, reduction, amendment or lapse without renewal is initiated by the Canadian Borrower and otherwise at such time as the Canadian Borrower becomes aware of, or receives notice of any cancellation, reduction, amendment, or lapse without renewal; and

(E) shall, in the case of a Satellite a portion of which is owned by Holdings or any of its Restricted Subsidiaries and the balance of which is owned by any Person that is not an Affiliate of either Holdings or any of its Restricted Subsidiaries (other than solely by reason of Holdings or any Restricted Subsidiary holding a non-Controlling equity interest in such Person), only be required with respect to that portion of such Satellite that is owned by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

(iii) In-Orbit Risk Management . Other than with respect to (A) Excluded Satellites and (B) the C-band payload of any Covered Satellite that is not a Named Satellite protected by In-Orbit Spare Capacity, Holdings will, and will cause its Restricted Subsidiaries to, obtain, maintain and keep in full force and effect, with respect to each Covered Satellite, In-Orbit Insurance with respect to each Covered Satellite.

(A) Attachment of In-Orbit Insurance . Any In-Orbit Insurance procured with respect to such Covered Satellite shall attach (A) upon the expiration of the Launch Insurance or any In-Orbit Insurance then in effect, as the case may be or (B) upon the withdrawal of the protection provided by In-Orbit Spare Capacity to such Covered Satellite, and in each such case shall continue in full force and effect until the Commitments shall have been terminated and all amounts owing hereunder shall have been paid in full or until such Covered Satellite is again protected by In-Orbit Spare Capacity.

(B) Terms of In-Orbit Insurance . Any In-Orbit Insurance procured with respect to such Covered Satellite:

(1) shall provide coverage for all of the risks of loss of and damage to such Covered Satellite (other than the risks borne by the relevant Launch Services Provider pursuant to any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer pursuant to the terms of the applicable Satellite Purchase Agreement), including for partial loss, constructive total loss and total loss, subject to (x) Acceptable Exclusions and (y) such other exclusions, deductibles or limitations of coverage with respect to Covered Satellites that would otherwise be Excluded Satellites under paragraph (e) of the definition of "Excluded Satellites" but for the commercially reasonable efforts by Holdings and its Restricted Subsidiaries to minimize the exclusions and insurance deductibles;

(2) with respect to Covered Satellites, In-Orbit Insurance shall be in an amount not less than 75% of the Aggregate In-Orbit Insurance Amount (with the allocation of such insurance among such Covered Satellites being in the Canadian Borrower's discretion; provided that, with respect to each Named Satellite, In-Orbit Insurance shall be in an amount not less than 50% of such Named Satellite's net book value), it being understood that (i) any Covered Satellite protected by In-Orbit Spare Capacity shall be deemed to be insured for 100% of the net book value of the C-band payload portion of such Covered Satellite, (ii) any Excluded Satellite with one year or less of in-orbit life remaining shall be deemed to be insured for 100% of its net book value (it being understood and agreed that such Excluded Satellite shall be deemed to have "in-orbit life" only for so long as it is maintained in station kept orbit) and (iii) any Excluded Satellite for which Holdings and its Restricted Subsidiaries have procured and maintain In-Orbit Insurance in accordance with Section 5.02(b)(iii)(B)(1) shall be deemed to be insured for the amount of such insurance procured and maintained; in the event any loss, damage or failure affecting a Covered Satellite or the expiration and non-renewal of an insurance policy for a Covered Satellite resulting from a claim of loss under such policy that causes a failure to comply with this clause (2), Holdings and its Restricted Subsidiaries shall be deemed to be in compliance with this clause (2) for the 120 days immediately following such loss, damage or failure or policy

expiration, provided that Holdings procures such insurance or provides In-Orbit Spare Capacity as necessary to comply with this clause (2) within such 120 day period;

(3) shall name the applicable Satellite Purchaser as the named insured and the Collateral Agent as additional insured and loss payee as its interests may appear (except that, in the case of Covered Satellites that are financed with Indebtedness permitted by Section 6.01, such In-Orbit Insurance shall name the respective holder of such Indebtedness, together with the Collateral Agent, as loss payees as their interests may appear), provided that (x) in the case of any such endorsement as additional insured to be delivered by the Closing Date, the Administrative Agent may consent to such endorsement being delivered at such later date as it deems appropriate in the circumstances (y) in the case of any Covered Satellite that is not owned by a Borrower or any Guarantor or that is subject to a Lien permitted by Section 6.02 (c), (f), (e) (only to the extent permitted by Section 6.02 (c), (f) and (g)) or (g) and the terms of the Indebtedness secured by such Lien prohibit the assignment of, or granting of a security interest in such Covered Satellite, the Collateral Agent shall not be named as a loss payee with respect to such Covered Satellite;

(4) shall provide that it will not be cancelled or reduced, amended or allowed to lapse without renewal, except after not less than 15 days' prior notice to the Collateral Agent; provided that if such policy notice provisions are not available on commercially reasonable terms such notice shall be provided to the Collateral Agent by the Canadian Borrower not less than 15 days in advance, if such cancellation, reduction, amendment or lapse without renewal is initiated by the Canadian Borrower and otherwise at such time as the Canadian Borrower becomes aware of, or receives notice of any cancellation, reduction, amendment, or lapse without renewal; and

(5) shall, in the case of a Satellite a portion of which is owned by Holdings or any of its Restricted Subsidiaries and the balance of which is owned by any Person that is not an Affiliate of either Holdings or any of its Restricted Subsidiaries (other than solely by reason of Holdings or any Restricted Subsidiary holding a non-Controlling equity interest in such Person), only be required with respect to that portion of the Satellite that is owned by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

(iv) Third Party Launch Liability Insurance . Holdings will cause each Launch Services Provider to procure and maintain Third Party Launch Liability Insurance in full force and effect for the period required under the relevant Launch Services Agreement and to name the Administrative Agent, Collateral Agent and the Lenders as additional insureds thereunder.

(v) Delivery of Insurance Policies . The Canadian Borrower shall use commercially reasonable efforts to deliver to the Administrative Agent not later than 30 days before the then-scheduled launch of any Covered Satellite and, with respect to In-Orbit Insurance procured, not later than 15 days before the expiration of the relevant Launch Insurance, a preliminary draft of the Launch Insurance policy and the In-Orbit Insurance policy, as the case may be, with respect thereto, and not later than ten (10) business days after the date on which such insurance is required to be procured as provided in clause (ii) or clause (iii) above, as the case may be, shall deliver to the Administrative Agent the final agreed form of such policy together with certificates of insurance with respect thereto, confirming (A) that such insurance is in full force and effect as of such date, (B) the names and percentages of the relevant insurance companies, (C) the amount and expiration dates of such policy, (D) that all premiums and other amounts currently due for such insurance have been paid in full, and (E) that the Collateral Agent (and, in the case of Third Party Launch Liability Insurance policies, the Administrative Agent and the Lenders) is named as additional insured and the Collateral Agent is named as loss payee thereunder as its interests may appear, to the extent required hereby.

(c) Procurement of Insurance by Administrative Agent . Without limiting the obligations of Holdings or any Restricted Subsidiary under this Section 5.02, in the event the Canadian Borrower or any Restricted Subsidiary shall fail to maintain in full force and effect insurance as required by this Section 5.02, then the Administrative Agent may, but shall have no obligation to, upon reasonable prior notice to the Canadian Borrower of its intention to do so, procure insurance covering the interests of the Lenders and the Administrative Agent in such amounts and against such risks as are required hereby, and the Canadian Borrower shall reimburse the Administrative Agent in respect of any premiums paid by the Administrative Agent in respect thereof.

(d) In the event of the unavailability of In-Orbit Spare Capacity for any reason, Holdings shall within 120 days of such loss or unavailability, be required to have in effect In-Orbit Insurance complying with clauses (b)(ii) or (b)(iii) of this Section 5.02, as applicable, with respect to all Satellites that the In-Orbit Spare Capacity was intended to protect so long as In-Orbit Spare Capacity is unavailable, provided that Holdings and its Restricted Subsidiaries shall be considered in compliance with this Section 5.02 for the 120 days immediately following such loss or unavailability as the case may be.

(e) In the event that Holdings or its Subsidiaries receive proceeds from any Satellite insurance covering any Satellite owned by Holdings or any of its Subsidiaries, or in the event that Holdings or any of its Subsidiaries receives proceeds from any insurance maintained for it by a Satellite Manufacturer or any Launch Services Provider covering any of such Satellites as a result of a Casualty Event, all Net Cash Proceeds in respect of such Casualty Event shall be applied in the manner provided for in Section 2.11(e).

(f) Without prejudice to the other provisions of this Section 5.02, Holdings will, and will cause each of the Restricted Subsidiaries to, at all times maintain insurance on and in relation to its Mortgaged Properties with reputable underwriters or insurance companies of such type, to such extent, against such risks and in such amounts as are customarily insured against by companies in a similar business such as that carried on by the relevant Loan Party.

(g) Holdings will, and will cause each of the Restricted Subsidiaries to, notify the Administrative Agent and the Collateral Agent promptly whenever any separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 5.02 is taken out by Holdings or any of the Restricted Subsidiaries; and promptly deliver to the Administrative Agent and the Collateral Agent a duplicate original copy of such policy or policies, or an insurance certificate with respect thereto.

(h) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) none of the Agents, the Lenders, the Issuing Bank and their respective agents or employees shall be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 5.02, it being understood that (A) the Borrowers and the other Loan Parties shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Agents, the Lenders, any Issuing Bank or their agents or employees (it being understood and agreed that the Borrowers shall only be required to use commercially reasonable efforts to seek such waiver of subrogation rights against such parties, but in no event shall such efforts require the making of payments or material concessions in exchange for such consent). If, however, the insurance policies do not provide waiver of subrogation rights against such parties, as required above, then each of Holdings and the Canadian Borrower hereby agree, to the extent permitted by law, to waive, and to cause each of their Restricted Subsidiaries to waive, its right of recovery, if any, against the Agents, the Lenders, any Issuing Bank and their agents and employees;

(ii) the designation of any form, type or amount of insurance coverage by the Administrative Agent, the Collateral Agent under this Section 5.02 shall in no event be deemed a representation, warranty or advice by the Administrative Agent, the Collateral Agent or the Lenders that such insurance is adequate for the purposes of the business of Holdings and the Restricted Subsidiaries or the protection of their properties; and

(iii) all references to book value set forth herein shall be measured with respect to the entity which owns or leases the applicable Satellite, provided that if the entity leases the applicable Satellite from an Affiliate then such references shall be to the book value of the Affiliate.

(i) Flood Insurance . With respect to each Mortgaged Property located in the United States, Holdings will, and will cause each of the Restricted Subsidiaries to, at all times obtain flood insurance in such total amount as the Administrative Agent or the Required Lenders may from time to time require, if at any time the area in which any improvements located on any Mortgaged Property is designated a “flood hazard area” in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as amended from time to time.

SECTION 5.03 Taxes. Pay and discharge promptly when due all material Taxes, assessments and governmental charges or levies imposed upon it or upon its income, profits or capital or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided , however , that such payment and discharge shall not be required with respect to any such Tax, assessment, charge, levy or claim so long as either (x) the validity or amount thereof shall be contested in good faith by appropriate proceedings, and Holdings or the affected Restricted Subsidiary, as applicable, shall have set aside on its books reserves in accordance with Canadian GAAP with respect thereto or (y) the nonpayment of the same could not reasonably be likely to have a Material Adverse Effect.

SECTION 5.04 Financial Statements, Reports, etc. Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 90 days after the end of each fiscal year (120 days for the year ended December 31, 2007), (i) a consolidated balance sheet and related consolidated statements of operations, cash flows and owners' equity showing the financial position of Holdings and the Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year, with all consolidated statements audited by independent public accountants of recognized national standing reasonably acceptable to the Administrative Agent and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with Canadian GAAP and (ii) a management report setting forth (A) Consolidated EBITDA of Holdings for such fiscal year, showing variance, by dollar amount and percentage, from amounts for the previous fiscal year (provided that no such comparison need be provided with respect to financial statements delivered for the year ended December 31, 2007), (B) such key operational information as the Company and Administrative Agent may agree to, and (C) a management discussion and analysis of the financial condition and results of operations of Holdings for such fiscal year, as compared to amounts for the previous fiscal year (provided that no such comparison need be provided with respect to financial statements delivered for the year ended December 31, 2007), (it being understood that the delivery by Holdings of (i) financial information for such fiscal year that would be required to be contained in a filing with the SEC on Form 10-K if Holdings were required to file such forms, (ii) whether or not required by the forms referred to in clause (i) above, a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (iii) the opinion of accountants referred to above, shall satisfy the requirements of this Section 5.04(a));

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year (75 days for the fiscal quarter ending September 30, 2007 and 60 days for the fiscal quarter ending March 31, 2008) commencing with the fiscal quarter ending September 30, 2007, (i) a consolidated balance sheet and related consolidated statements of operations and cash flows showing the financial position of Holdings and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year (cash flow is for

cumulative period only), all certified by a Financial Officer of Holdings, on behalf of Holdings, as fairly presenting, in all material respect, the financial position and results of operations of Holdings and its Subsidiaries on a consolidated basis in accordance with Canadian GAAP (subject to normal year-end adjustments and the absence of footnotes) and (ii) a management report setting forth (A) Consolidated EBITDA of Holdings for such fiscal quarter and for the then elapsed portion of the fiscal year, showing variance, by dollar amount and percentage, from amounts for the comparable periods in the previous fiscal year, (B) such key operational information as the Company and the Administrative Agent may agree to, and (C) a management discussion and analysis of the financial condition and results of operations for such fiscal quarter as compared to the comparable period in the previous fiscal year (provided that financial statements for (1) the quarter ending September 30, 2007 will consist of unaudited historical financial statements presented separately for (x) Telesat Canada and its consolidated subsidiaries as of such quarter end, on the one hand and (y) Skynet and its consolidated subsidiaries of such quarter end, and need not contain a report setting forth the items in clauses (A), (B) and (C) above and (2) no comparison to the comparable fiscal quarter for the prior fiscal year shall be required for any fiscal quarter prior to the fiscal quarter ending December 31, 2008 (it being understood that the delivery by Holdings of (i) financial information for such period that would be required to be contained in a filing with the SEC on Form 10-Q if Holdings were required to file such forms, (ii) whether or not required by the forms referred to above, a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (iii) the officer's certificate referred to above, shall satisfy the requirements of this Section 5.04(b));

(c) to the extent prepared and available generally to third parties other than direct and indirect equity holders of the Canadian Borrower (it being understood there is no obligation to otherwise create such financial statements), within 30 days after the end of each month commencing with the month ending September, 2007 a consolidated balance sheet and related consolidated statements of operations and cash flows showing the financial position of Holdings and its Subsidiaries as of the close of such month and the consolidated results of their operations during such month and the then-elapsed portion of the fiscal year, all certified by a Financial Officer of Holdings, on behalf of Holdings, as fairly presenting, in all material respects, the financial position and results of operations of Holdings and its Subsidiaries on a consolidated basis (it being understood that the delivery by Holdings of the officer's certificate referred to above shall satisfy the requirements of this Section 5.04(c));

(d) (x) concurrently with any delivery of financial statements under (a) or (b) above, a certificate of a Financial Officer of Holdings on behalf of Holdings (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) commencing with the fiscal period ending December 31, 2007, setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Sections 6.09, 6.10 and 6.11 and (iii) setting forth computations in reasonable detail satisfactory to the Administrative Agent of the Applicable Amounts then available, (y) concurrently with any delivery of financial statements under (a) above, if the accounting firm is

not restricted from providing such a certificate by the policies of its national office, a certificate of the accounting firm opining on or certifying such statements stating whether they obtained knowledge during the course of their examination of such statements of any noncompliance with the financial covenants contained in Sections 6.09 and 6.10 of this Agreement (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations) and (z) the related consolidating financial information reflecting the adjustments necessary in detail reasonably acceptable to the Administrative Agent to eliminate the accounts of Unrestricted Subsidiaries, taken as a whole, from the relevant line items of such consolidated financial information for purposes of calculating the financial covenants set forth in Sections 6.09, 6.10 and 6.11;

(e) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings or any of its Subsidiaries with the SEC, or after an initial public offering, distributed to its stockholders generally, as applicable;

(f) within 90 days after the beginning of each fiscal year, an annual summary operating and capital expenditure budget, in form reasonably satisfactory to the Administrative Agent prepared by Holdings for such fiscal year prepared in reasonable detail, of Holdings and the Subsidiaries, accompanied by the statement of a Financial Officer of Holdings to the effect that such budget has been reviewed by Holdings' board of directors;

(g) upon the reasonable request of the Administrative Agent (which request shall not be made more than once in any 12-month period unless specifically provided otherwise in any of the Security Documents), deliver updated information reflecting all changes since the date of the information most recently received pursuant to Section 5.10(e);

(h) promptly, a copy of all reports submitted to the board of directors (or any committee thereof) of any of Holdings or any Restricted Subsidiary in connection with any interim or special audit that is material made by independent accountants of the books of Holdings or any Restricted Subsidiary;

(i) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings, Intermediate Holdco or any of the Subsidiaries, or compliance with the terms of any Loan Document, as in each case the Administrative Agent may reasonably request; and

(j) promptly upon request by the Administrative Agent, copies of: (i) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed with the Employee Benefits Security Administration with respect to a Plan; (ii) the most recent actuarial valuation report for any Plan; (iii) all notices received from a Multiemployer Plan sponsor or any governmental agency concerning an ERISA Event; and (iv) such other documents or governmental reports or filings relating to any Non-U.S. Pension Plan, Canadian Plan or Multiemployer Plan as the Administrative Agent shall reasonably request.

Documents required to be delivered pursuant to Section 5.04(a), (b) or (e) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) to the extent any such documents are included in materials otherwise filed with the SEC on which the Canadian Borrower posts such documents, or provides a link thereto on the Canadian Borrower's website on the Internet at the website address listed on Schedule 5.04 ; or (ii) on which such documents are posted on the Canadian Borrower's behalf on IntraLinks/IntraAgency/SyndTrak or another relevant website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third party website or whether sponsored by the Administrative Agent); provided that: (i) upon written request by the Administrative Agent, the Canadian Borrower shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Canadian Borrower shall immediately notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Canadian Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 5.04(d) to the Administrative Agent.

SECTION 5.05 Litigation and Other Notices. Furnish to the Administrative Agent written notice of the following promptly after any Responsible Officer of Holdings or any Borrower obtains actual knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Holdings or any of the Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(c) any other development specific to Holdings or any of the Subsidiaries that is not a matter of general public knowledge and that has had, or could reasonably be expected to have, a Material Adverse Effect;

(d) the occurrence of any ERISA Event, that together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect; and

(e) the occurrence of any Canadian Pension Event, that together with all other Canadian Pension Events that have occurred, could reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority (including without limitation the Telesat Canada Reorganization and Divestiture Act as in effect from time to time) applicable to it or its property, except where the

failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; provided that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.09, or to laws related to Taxes, which are the subject of Section 5.03.

SECTION 5.07 Maintaining Records; Access to Properties and Inspections. Maintain all financial records in accordance with U.S. GAAP or Canadian GAAP, as applicable, and permit any persons designated by the Agents or, upon the occurrence and during the continuance of an Event of Default, any Lender, subject to reasonable security and safety restrictions, to visit and inspect the financial records and the properties of Holdings or any of the Subsidiaries at reasonable times, upon reasonable prior notice to Holdings or any Borrower, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Agents or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Holdings or any Borrower to discuss the affairs, finances and condition of Holdings or any of the Subsidiaries with the officers thereof and (subject to a senior officer of the respective company or a parent thereof being present) independent accountants therefor (subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract).

SECTION 5.08 Use of Proceeds. Use the proceeds of Loans and request issuances of Letters of Credit only in compliance with the representation contained in Section 3.12.

SECTION 5.09 Compliance with Environmental Laws. Comply, and make commercially reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all Environmental Laws applicable to its operations, properties and facilities, and obtain and renew all authorizations and permits required pursuant to Environmental Law for its operations, properties and facilities, in each case in accordance with Environmental Laws, except, in each case with respect to this Section 5.09, to the extent the failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 5.10 Further Assurances; Additional Mortgages. Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, Mortgages and other documents and recordings of Liens in stock registries), that may be required under any applicable law or that the Administrative Agent may reasonably request, to cause the Collateral and Guarantee Requirements to be and remain satisfied, all at the expense of the Loan Parties and provide to the Administrative Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(a) If any asset (including any real property (other than real property covered by Section 5.10(c) below) or improvements thereto or any interest therein) that has an individual fair market value (as reasonably determined by the Canadian Borrower in good faith) in an amount greater than $7.5 million is acquired by any Loan Party after the Closing Date or owned by an entity at the time it first becomes a Loan Party (in each case other than assets constituting Collateral under a Security Document that become subject to the Lien of such Security Document upon acquisition thereof), cause such asset to be subjected to a Lien securing the Obligations

and take, and cause the Loan Parties to take, such actions as shall be necessary or reasonably requested by the Administrative Agent to grant and perfect such Liens, including actions described in paragraph (a) of this Section, all at the expense of the Loan Parties, subject to paragraph (f) below.

(b) To the extent acquired after the Closing Date, (i) in the case of owned real property having a fair market value (as determined in good faith by Holdings) at the time of acquisition in excess of $7.5 million, grant, and cause each of the Loan Parties to grant, within 60 days to the Collateral Agent (or such longer period as may be consented to by the Administrative Agent, in its sole discretion), Mortgages in and charges on such owned real property of any Loan Parties as are not covered by the original Mortgages and (ii) in the case of each leased property in respect of which the annual rent (as determined in good faith by Holdings) for the lease thereof is at least $5 million below market and such lease has more than five years remaining on its term, use commercially reasonable efforts (it being understood that in no event shall such efforts require the making of payments or material concessions in exchange for such consent) to obtain from the applicable landlord consent to grant a leasehold Mortgage in such lease, and if such consent is obtained, to grant, and cause the Loan Party to grant, within 60 days after such consent is received (or such longer period as may be consented to by the Administrative Agent, in its sole discretion), to the Collateral Agent, leasehold Mortgages in and charges on such leased real property of any Loan Party as are not covered by the original Mortgages, in each case pursuant to documentation substantially in the form of the Mortgages delivered to the Collateral Agent on the Closing Date or in such other form as is reasonably satisfactory to the Collateral Agent (each, an " Additional Mortgage ") and constituting valid and enforceable perfected Liens superior to and prior to the rights of all third persons subject to no other Liens except as are permitted by Section 6.02 or arising by operation of law, at the time of perfection thereof, record or file, and cause each such Subsidiary to record or file, the Additional Mortgage or instruments related thereto in such manner and in such places as is required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent required to be granted pursuant to the Additional Mortgages and pay, and cause each such Subsidiary to pay, in full, all Taxes, fees and other charges payable in connection therewith, in each case subject to paragraph (g) below and otherwise comply with the Collateral and Guarantee Requirements.

(c) (i) If any additional direct or indirect Material Subsidiary of Holdings is formed or acquired after the Closing Date and if such Material Subsidiary is a Subsidiary Loan Party, or if any Material Subsidiary becomes a Subsidiary Loan Party after the Closing Date, within 10 Business Days after the date such Subsidiary is formed or acquired or becomes a Subsidiary Loan Party, notify the Administrative Agent and the Lenders thereof and, within 45 Business Days (or such longer period as may be permitted by the Administrative Agent, in its sole discretion) (or, in the case of any Mortgages required to be granted, 90 days (or such longer period as may be permitted by the Administrative Agent, in its sole discretion)) after the date such Subsidiary is formed or acquired or becomes a Subsidiary Loan Party, cause the Collateral and Guarantee Requirements to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party, and (ii) notwithstanding the Agreed Security Principles or any other provision hereof, if the portion of consolidated Total Assets or revenues attributable to the Loan Parties (excluding any subsidiaries thereof that are not Guarantors) as of and for the Test Period ended on the last day of the most recently ended fiscal quarter of Holdings is less than 90% of consolidated Total Assets

or revenues of Holdings and its Subsidiaries as of and for the Test Period most recently ended (as set forth in such pro forma calculation), cause the Collateral and Guarantee Requirements to be satisfied with respect to one or more Restricted Subsidiaries selected by the Canadian Borrower that are not then Loan Parties, as promptly as reasonably practicable, such that the portion of consolidated Total Assets and revenues (as of and for the period of four fiscal quarters most recently ended) attributable to the Loan Parties (excluding any subsidiaries thereof that are not Guarantors) is equal to or greater than 90% of consolidated Total Assets and revenues of Holdings and its Subsidiaries (as of and for the period of four fiscal quarters most recently ended).

(d) In the case of the Canadian Borrower, (i) furnish to the Collateral Agent prompt written notice of any change (A) in any Loan Party's corporate or organization name, (B) in any Loan Party's identity or organizational structure, (C) in any Loan Party's organizational identification number or (D) in the location of the chief executive office, principal place of business, registered office (pursuant to its constating documents) or (but only if actions are required to perfect the security interest therein as a result of such change) tangible Collateral (other than inventory in transit) valued in excess of $10,000,000; provided that Canadian Borrower shall not effect or permit any such change unless (subject to Section 5.10(f) hereof) all filings have been made, or will have been made within any statutory period, under the UCC, PPSA or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in or other applicable Lien on all the Collateral for the benefit of the Secured Creditors and (ii) promptly notify the Administrative Agent if any material portion of the Collateral is damaged or destroyed and otherwise provide notifications required by the applicable Security Documents.

(e) The Collateral and Guarantee Requirements and the other provisions of this Section 5.10 need not be satisfied with respect to: (i) any assets of Skynet's network services business located outside of the United States and Canada (to the extent such assets are not material and non-essential for the operations of Skynet and its Subsidiaries), (ii) any grant of Liens over assets (or, if applicable, perfection of liens) if to do so would contravene the Agreed Security Principles, (iii) any contracts and licenses that by its terms would be violated, breached or terminated by a pledge thereof as Collateral under the Security Documents (other than to the extent that such terms prohibiting such security interest in any such contracts and licenses would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC or any successor provision or provisions or similar provisions of any applicable law), provided that for satellite purchase contracts and other contracts material to the operation of the Loan Parties and their Restricted Subsidiaries taken as a whole, upon the request of Collateral Agent, Grantor shall use commercially reasonable efforts to obtain such consent, provided , further , that under no circumstances shall Holdings or any Restricted Subsidiary be obligated to seek consent to pledge customer agreements; (iv) real estate leasehold interests (including all office leases) other than as specified in Section 5.10(c)(ii), (v) vehicles and other goods for which possession of a certificate of title or ownership is required for perfection of a security interest therein, (vi) any Collateral excluded with the consent of the Administrative Agent (such consent not to be unreasonably withheld) after taking into account the value of such assets and the burden (including tax, administrative or otherwise) of creating and perfecting liens on such assets, (vii) any application for registration of a Trademark filed with the United States Patent and Trademark Office on an intent-to-use basis until such time (if any) as a Statement of Use or Amendment to Allege Use is filed, at which time such Trademark shall automatically become part of the Collateral and subject

to the security interest pledged, (viii) any property to the extent that such grant of a security interest is prohibited by the law of a Governmental Authority, or requires a consent not obtained of any Governmental Authority pursuant to such law other than to the extent that such terms prohibiting such security interest in any such Collateral would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC or any successor provision or provisions or similar provisions of any applicable law, (ix) property not otherwise excluded from the Collateral and Guarantee Requirements that is subject to a Lien permitted under Section 6.02(c), (d), (f) or (e) (only to the extent permitted by Sections 6.02(c), (d), and (f)) and the inclusion of the subject assets as Collateral for the Secured Obligations would violate the agreements governing such Lien, (x) Excluded Collateral (as defined in the Security Agreement) owned by Holdings or any Restricted Subsidiary, (xi) Letter of Credit Rights (as defined in the UCC) for a specified purpose to the extent Holdings or any Restricted Subsidiary is required by applicable law to apply the proceeds of such Letter of Credit Rights for a specified purpose, (xii) any telecommunications licenses to the extent (but only to the extent) that at such time the Collateral Agent may not validly possess a security interest therein pursuant to the laws, and the regulations promulgated by any Government Authority, as in effect at such time, but Collateral shall include, to the maximum extent permitted by law, all rights incident or appurtenant to the telecommunications licenses and the right to receive all proceeds derived from or in connection with the sale, assignment or transfer of the telecommunications licenses, (xiii) a lien on the ownership interest with respect to the APT Transponders or APT's interest in the "Common Elements" as defined in the Amended and Restated Satellite Agreement dated as of August 26, 2003, as amended as of November 16, 2003 (the "APT Satellite Agreement") between APT Satellite Company Limited (including its successors, assigns and transferees, "APT"), and Loral Orion, Inc., that are on Telstar 18 (collectively, the "Excluded APT Elements") so long as such prohibition exists in the APT Satellite Agreement, any other agreement with APT or the APT Security Agreement (or any replacement or successor agreement), it being understood that subject to the foregoing, a lien on the Satellite (as defined in the APT Satellite Agreement) is permitted so long as the lien thereon (which the Collateral Agent shall be permitted to release at any time in its sole discretion) is subject to the rights of APT under the APT Satellite Agreement and the other Transaction Documents (as defined therein) and does not encompass the Excluded APT Elements; (xiv) Excluded Accounts (as defined in the Security Agreement), (xv) Equity Interests of Unrestricted Subsidiaries that have permitted project finance Indebtedness that prohibits such a pledge, (xvi) Equity Interests owned by any Loan Party in Mabuhay Space Holdings Limited unless consent to the such pledge is obtained (there being no obligation to seek such consent), (xvii) any Equity Interests acquired after the Closing Date in accordance with this Agreement if, and to the extent that, and for so long as (A) doing so would violate applicable law or a contractual obligation binding on such Equity Interests and (B) such law or obligation existed at the time of the acquisition thereof and was not created or made binding on such Equity Interests in contemplation of or in connection with the acquisition of such Subsidiary (provided that the foregoing clause (B) shall not apply in the case of a joint venture, including a Joint Venture that is a Subsidiary), (xviii) any assets acquired after the Closing Date, to the extent that, and for so long as, taking such actions would violate a contractual obligation binding on such assets that existed at the time of the acquisition thereof and was not created or made binding on such assets in contemplation of or in connection with the acquisition of such assets (except in the case of assets acquired with Indebtedness permitted pursuant to Section 6.01 that is secured by a Lien permitted pursuant to Section 6.02), it being understood, in each case, that the applicable Loan Party shall use its commercially

reasonable efforts to obtain consent from the relevant counterparty to any such Contractual Obligation (but shall not be required to make any payment or material concession in exchange for such consent), (xix) any Subsidiary or real estate interest that is being dissolved or sold within one year of the date hereof and set forth on Schedule 5.10(f) , such time to be extended in Administrative Agent's sole discretion (notwithstanding the foregoing there shall be no deadline for dissolutions or sales occurring under the laws of India) and (xx) Satellites not subject to the lien created by the Security Documents and subject to agreements entered into after the Closing Date described in clause (u) of the definition of Permitted Liens and which the Collateral Agent (in its sole discretion) has not entered into a non-disturbance agreement as further described therein. Notwithstanding the Collateral and Guarantee Requirements or the other provisions of this Section 5.10, (i) any Person organized under the laws of Canada or the United States (or any political subdivision thereof) shall not be required to take any actions outside of the United States and Canada to perfect the security interest in any assets of any such Person (including registered intellectual property) located outside of the United States and Canada to the extent such assets are not essential or material for the operations of the Loan Parties and their Restricted Subsidiaries taken as a whole, (ii) each Loan Party (other than any Loan Party organized under the laws of Canada or the United States (or any political subdivision thereof)) shall not be required to take any actions outside of its jurisdiction of organization to perfect the security interest in any assets of such Person (including registered intellectual property) located outside of such Person's jurisdiction of organization to the extent such assets are not essential or material for the operations the Loan Parties and their Restricted Subsidiaries taken as a whole, and (iii) other than the Loan Parties' pledge of their equity interest in their Subsidiaries organized in Hong Kong, Isle of Man and Brazil (to the extent required), if a Subsidiary organized outside of the United States and Canada is excluded from being a Guarantor because it is not a Material Subsidiary (" Excluded Foreign Subsidiary "), the Loan Parties shall not be required to grant or perfect their pledge of such equity interest in the Excluded Foreign Subsidiary under any law other than the laws of the United States or Canada. The Collateral Agent agrees that its lien (which the Collateral Agent shall be permitted to release at any time in its sole discretion) on the Satellite (as defined in the APT Satellite Agreement) is subject to the rights of APT under the APT Satellite Agreement and the other Transaction Documents (as defined therein) and does not encompass the Excluded APT Elements.

SECTION 5.11 Interest Rate Protection Agreements. In the case of the Canadian Borrower, as promptly as practicable and in any event within 120 days after the Closing Date enter into, and for a period of not less than three years after the Closing Date maintain in effect, one or more Swap Agreements, the effect of which is that at least 50% of Funded Debt (excluding the US Term II Loan to the extent not drawn) of Holdings and its Subsidiaries will bear interest at a fixed or capped rate or the interest cost in respect of which will be fixed or capped, in each case on terms and conditions and with a counterparty reasonably acceptable, taking into account current market conditions, to the Administrative Agent. Revolving Facility Loans shall be excluded from all computations made under this Section 5.11.

SECTION 5.12 Post-Closing Matters. To the extent not executed and delivered on the Closing Date, unless otherwise agreed by the Administrative Agent in its sole discretion, execute and deliver the documents and complete the tasks set forth on Schedule 5.12 , in each case within the time limits specified on such schedule (or such later time as the Administrative Agent shall agree in its sole discretion).

SECTION 5.13 Steps Memorandum . The Loan Parties shall complete the actions set forth on the Steps Memorandum set forth of Schedule 6.12 attached hereto, in all material respects (other than name changes on Schedule 1 relating to entities not organized in the United States or Canada or a state, province or territory thereof), on the Closing Date.

ARTICLE VI

NEGATIVE COVENANTS

The Loan Parties hereby covenant and agree that on the Closing Date and thereafter, until the Commitments and each Letter of Credit have terminated and the Loans, together with interest, Fees and all other Obligations incurred hereunder, are paid in full:

SECTION 6.01 Limitation on Indebtedness. (A) Holdings will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness arising under the Loan Documents;

(b) Indebtedness of (i) any Loan Party to another Loan Party, (ii) of any Non-Subsidiary Loan Party to any other Non-Subsidiary Loan Party and (iii) subject to Section 6.05(g), Indebtedness of any Non-Subsidiary Loan Party to any Loan Party;

(c) Indebtedness in respect of any bankers' acceptance (other than a bankers' acceptance issued in respect of borrowed money), letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business;

(d) except as provided in clauses (j) and (k) below, subject to compliance with Section 6.05(g), Guarantee Obligations incurred by (i) Restricted Subsidiaries in respect of Indebtedness of Holdings or other Restricted Subsidiaries that is permitted to be incurred under this Agreement and (ii) Holdings in respect of Indebtedness of the Restricted Subsidiaries that is permitted to be incurred under this Agreement, provided that there shall be no Guarantee (a) by any Restricted Subsidiary that is not a Guarantor of any Indebtedness of a Borrower or any Guarantor and (b) in respect of Indebtedness under the Senior Bridge Loan Facility, the Senior Subordinated Bridge Loan Facility or Permitted Additional Notes, unless such Guarantee is made by a Guarantor and such Guarantee is unsecured and subordinated to the Loans, provided, further that in the event such Guarantee Obligations are incurred in respect of Subordinated Indebtedness, then such Guarantee Obligation shall be subordinated to the right of payment of the Obligations at least to the same extent;

(e) Guarantee Obligations incurred in the ordinary course of business in respect of obligations of suppliers, customers, franchisees, lessors and licensees;

(f) (i) Indebtedness (including Indebtedness arising under Capital Leases) incurred within 270 days before or after the acquisition, construction or improvement of fixed or capital assets to finance the acquisition, construction or improvement of such fixed or capital assets or otherwise incurred in respect of Capital Expenditures (it being

understood that the Canadian Borrower may determine in good faith the purpose for which Indebtedness was incurred), (ii) Indebtedness arising under Capital Leases and (iii) any refinancing, refunding, renewal or extension of any Indebtedness under this clause (f), provided that (i) the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension, except to the extent otherwise permitted hereunder; provided that the aggregate amount of Indebtedness incurred pursuant to this clause (f) shall not exceed $100.0 million at any time outstanding;

(g) Indebtedness outstanding on the date hereof and listed on Schedule 6.01 and any refinancing, refunding, renewal or extension thereof, provided that (i) the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension, except to the extent otherwise permitted hereunder and (ii) the direct and contingent obligors with respect to such Indebtedness are not changed;

(h) Indebtedness in respect of Swap Agreements entered into for bona fide (non-speculative) business purposes;

(i) (i)(a) Indebtedness in respect of the Senior Bridge Loan Facility (including for the avoidance of doubt Senior Rollover Loans and Senior Exchange Notes) in an aggregate principal amount not to exceed (together with amounts pursuant to clause (ii) below) $692,825,000 (or such lesser aggregate principal amount as may be incurred on the Closing Date) and (b) Indebtedness in respect of the Senior Subordinated Bridge Loan Facility (including for the avoidance of doubt Senior Subordinated Rollover Loans and Senior Subordinated Exchange Notes) in an aggregate principal amount not to exceed (together with amounts pursuant to clause (ii) below) $217,175,000 (or such lesser aggregate principal amount as may be incurred on the Closing Date) and (ii) any Permitted Bridge Refinancings thereof;

(j) (i) Indebtedness of a Person or Indebtedness attaching to assets of a Person that, in either case, becomes a Restricted Subsidiary or Indebtedness attaching to assets that are acquired by Holdings or any Restricted Subsidiary, in each case after the Closing Date as the result of a Permitted Acquisition in an aggregate amount (together with amounts pursuant to clause (ii) below) not to exceed $200.0 million at any time outstanding, provided that (w) such Indebtedness existed at the time such Person became a Restricted Subsidiary or at the time such assets were acquired and, in each case, was not created in anticipation thereof, (x) such Indebtedness is not guaranteed in any respect by Holdings or any Restricted Subsidiary (other than by any such person that so becomes a Restricted Subsidiary) and (y)(A) the capital stock of such Person is pledged to the Administrative Agent, as applicable, to the extent required under Section 5.10 and (B) such Person executes a supplement to each of the Guarantee, the Security Agreements and the Pledge Agreements (or alternative guarantee and security arrangements in relation to the Obligations reasonably acceptable to the Administrative Agent, as applicable) to the extent required under Section 5.10, provided that the requirements of this subclause (y)

shall not apply to an aggregate amount at any time outstanding of up to (and including) the Guarantee and Collateral Exception Amount at such time of the aggregate of (1) such Indebtedness and (2) all Indebtedness as to which the proviso to clause (k)(i)(y) below then applies, and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that, except to the extent otherwise permitted hereunder, (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed;

(k) (i) Indebtedness of Holdings or any Restricted Subsidiary (including any Permitted Additional Notes) incurred to finance a Permitted Acquisition in an aggregate principal amount (together with amounts pursuant to clause (ii) below) not to exceed $200.0 million at any time outstanding, provided that (x) except in the case of Permitted Additional Notes, such Indebtedness is not guaranteed in any respect by any Restricted Subsidiary (other than any Person acquired (the " acquired Person ") as a result of such Permitted Acquisition or the Restricted Subsidiary so incurring such Indebtedness) or, in the case of Indebtedness of any Restricted Subsidiary, subject to compliance with Section 6.05(i), by Holdings, and (y)(A) Holdings pledges the capital stock of such acquired Person to the Administrative Agent to the extent required under Section 5.10 and (B) such acquired Person executes a supplement to this Agreement and any applicable Security Documents (or alternative guarantee and security arrangements in relation to the Obligations reasonably acceptable to the Administrative Agent) to the extent required under Section 5.10, provided that the requirements of this subclause (y) shall not apply to an aggregate amount at any time outstanding of up to (and including) the amount of the Guarantee and Collateral Exception Amount at such time of the aggregate of (1) such Indebtedness and (2) all Indebtedness as to which the proviso to clause (j)(i)(y) above then applies, and (ii) any refinancing, refunding, renewal or extension of any such Indebtedness, provided that (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed, except to the extent otherwise permitted hereunder;

(l) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety, environmental and regulatory obligations in the ordinary course of business;

(m) (i) Indebtedness incurred in connection with any Permitted Sale Leaseback (provided that the Net Cash Proceeds (other than Net Cash Proceeds from the T10R Sale Leaseback) thereof are promptly applied to the extent required by Section 2.11(e)) and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that, except to the extent otherwise permitted hereunder, (x) the principal amount of any such Indebtedness is not increased above the principal

amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed;

(n) additional Indebtedness; provided that the aggregate amount of Indebtedness incurred and remaining outstanding pursuant to this clause (n) shall not at any time exceed $200.0 million at any time outstanding;

(o) Indebtedness in respect of Permitted Additional Notes to the extent that the Net Cash Proceeds therefrom are, immediately after the receipt thereof, applied to the prepayment of Term Loans in accordance with Section 2.11(e);

(p) Indebtedness in respect of the Telesat Notes so long as such Indebtedness is redeemed within 45 days after the Closing Date and the Canadian Borrower retains prior to such time sufficient funds in a segregated account to pay the redemption price therefor;

(q) Indebtedness consisting of Mezzanine Securities issued pursuant to Section 6.12(h)(a); and

(r) (i) up to $500.0 million (together with amounts pursuant to clause (ii) below (other than reasonable prepayment premiums, fees, costs and expenses)) of Indebtedness incurred to construct or acquire up to four Satellites (including transponders and including replacement Satellites constructed or acquired to replace Satellites, including existing Satellites), any of which may be pursuant to a condosat transaction, and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension;

(B) The Loan Parties will not issue any Disqualified Capital Stock except to the extent it is treated as Indebtedness and otherwise permitted under this Section 6.01.

SECTION 6.02 Limitation on Liens. Holdings will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of Holdings or any Restricted Subsidiary, whether now owned or hereafter acquired, except:

(a) Liens arising under the Loan Documents, including Liens which secure the Secured Obligations;

(b) Permitted Liens;

(c) Liens securing Indebtedness permitted pursuant to Section 6.01(A)(f) and Liens securing Indebtedness permitted pursuant to Section 6.01(A)(r), provided that such Liens attach at all times only to the assets so financed (including insurance proceeds with respect to Section 6.01(A)(f);

(d) Liens existing on the date hereof and listed on Schedule 6.02 ;

(e) the replacement, extension or renewal of any Lien permitted by clauses (a) through (d) above and clauses (f) or (g) of this Section 6.02 upon or in the same assets theretofore subject to such Lien or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor except to the extent otherwise permitted hereunder) of the Indebtedness secured thereby;

(f) Liens existing on the assets of any Person that becomes a Restricted Subsidiary, or existing on assets acquired, pursuant to a Permitted Acquisition to the extent the Liens on such assets secure Indebtedness permitted by Section 6.01(A)(j), provided that such Liens attach at all times only to the same assets that such Liens attached to, and secure only the same Indebtedness that such Liens secured, immediately prior to such Permitted Acquisition;

(g) (i) Liens placed upon the capital stock of any Restricted Subsidiary acquired pursuant to a Permitted Acquisition to secure Indebtedness of Holdings or any other Restricted Subsidiary in an aggregate amount at any time outstanding not to exceed the Guarantee and Collateral Exception Amount incurred pursuant to Section 6.01(A)(k) in connection with such Permitted Acquisition and (ii) Liens placed upon the assets of such Restricted Subsidiary to secure a guarantee by such Restricted Subsidiary of any such Indebtedness of Holdings or any other Restricted Subsidiary in an aggregate amount at any time outstanding not to exceed the Guarantee and Collateral Exception Amount; and

(h) additional Liens so long as the aggregate principal amount of the obligations so secured does not exceed $50.0 million at any time outstanding; provided that any such Liens incurred in connection with Indebtedness for borrowed money cannot encumber the Collateral.

SECTION 6.03 Limitation on Fundamental Changes. Except as expressly permitted by Section 6.04 or 6.05 and except as described in the recitals hereof, Holdings will not, and will not permit any of the Restricted Subsidiaries to, enter into any merger, consolidation or amalgamation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all its business units, assets or other properties, except that:

(a) Holdings, Initial Canadian Borrower or any Subsidiary of the Borrowers or any other Person may be merged, amalgamated or consolidated with or into the Canadian Borrower, provided that (i) the Canadian Borrower shall be the continuing or surviving corporation or the Person formed by or surviving any such merger, amalgamation or consolidation (if other than the Canadian Borrower) shall be a corporation organized or existing under the laws of Canada, any province or territory thereof, the United States, any state thereof, the District of Columbia or any territory thereof (the Canadian Borrower

or such Person, as the case may be, being herein referred to as the " Successor Borrower "), (ii) the Successor Borrower (if other than the Canadian Borrower) shall expressly assume all the obligations of the Canadian Borrower under this Agreement and the other Loan Documents pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent, (iii) no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation, (iv) the Successor Borrower shall be in compliance, on a pro forma basis after giving effect to such merger, amalgamation or consolidation, with the covenants set forth in Sections 6.09 and 6.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Section as if such merger, amalgamation or consolidation had occurred on the first day of such Test Period, (v) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have by a supplement to the Guarantee confirmed that its Guarantee shall apply to the Successor Borrower's obligations under this Agreement, (vi) Holdings, Initial Canadian Borrower and each Subsidiary Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have by a supplement to the applicable Security Documents, confirmed that its obligations thereunder shall apply to the Successor Borrower's obligations under this Agreement, (vii) each mortgagor of a Mortgaged Property, unless it is the other party to such merger, amalgamation or consolidation, shall have by an amendment to or restatement of the applicable Mortgage confirmed that its obligations thereunder shall apply to the Successor Borrower's obligations under this Agreement, and (viii) the Canadian Borrower shall have delivered to the Administrative Agent an officer's certificate and an opinion of counsel, each stating that such merger, amalgamation or consolidation and such supplement to this Agreement or any Security Document comply with this Agreement; provided , further , that if the foregoing are satisfied, the Successor Borrower (if other than the Canadian Borrower) will succeed to, and be substituted for, the Canadian Borrower under this Agreement;

(b) Holdings, Initial Canadian Borrower or any Subsidiary of the Borrowers or any other Person may be merged, amalgamated or consolidated with or into Holdings, Initial Canadian Borrower or any one or more Subsidiaries of the Borrowers, provided that (i) in the case of any merger, amalgamation or consolidation involving Holdings, Initial Canadian Borrower or one or more Restricted Subsidiaries, (A) Holdings, Initial Canadian Borrower or a Restricted Subsidiary shall be the continuing or surviving corporation or (B) the Canadian Borrower shall take all steps necessary to cause the Person formed by or surviving any such merger, amalgamation or consolidation (if other than Holdings, Initial Canadian Borrower or a Restricted Subsidiary) to become a Restricted Subsidiary (other than in the case of a merger, consolidation or amalgamation where Holdings or Initial Canadian Borrower is the surviving entity), (ii) in the case of any merger, amalgamation or consolidation involving one or more Guarantors, a Guarantor shall be the continuing or surviving corporation or the Person formed by or surviving any such merger, amalgamation or consolidation (if other than a Guarantor) shall execute a supplement to the Security Documents and any applicable Mortgage in form and substance reasonably satisfactory to the Administrative Agent in order to become a Guarantor and pledgor, mortgagor and grantor of Collateral for the benefit of the Secured Parties, (iii) no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation, (iv) Holdings shall be in compliance, on a pro

forma basis after giving effect to such merger, amalgamation or consolidation, with the covenants set forth in Sections 6.09 and 6.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Section as if such merger, amalgamation or consolidation had occurred on the first day of such Test Period, and (v) the Canadian Borrower shall have delivered to the Administrative Agent an officers' certificate stating that such merger, amalgamation or consolidation and such supplements to any Security Document comply with this Agreement;

(c) any Restricted Subsidiary that is not a Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Canadian Borrower, a Guarantor or any other Restricted Subsidiary of the Canadian Borrower;

(d) any Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Canadian Borrower or any other Guarantor;

(e) any Restricted Subsidiary may liquidate or dissolve if (x) the Canadian Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Canadian Borrower and is not materially disadvantageous to the Lenders and (y) to the extent such Restricted Subsidiary is a Loan Party, any assets or business not otherwise disposed of or transferred in accordance with Section 6.04 or 6.05, or, in the case of any such business, discontinued, shall be transferred to, or otherwise owned or conducted by, another Loan Party after giving effect to such liquidation or dissolution; and

(f) the transactions set forth in Schedule 6.03.

SECTION 6.04 Limitation on Sale of Assets. Holdings will not, and will not permit any of the Restricted Subsidiaries to, (i) convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including receivables and leasehold interests), whether now owned or hereafter acquired (other than any such sale, transfer, assignment or other disposition resulting from any casualty or condemnation, of any assets of Holdings or the Restricted Subsidiaries) or (ii) sell to any Person (other than a Borrower or a Guarantor) any shares owned by it of any Restricted Subsidiary's capital stock or issue to any Person (other than any Borrower or Guarantor) any shares of any Restricted Subsidiary's capital stock, other than the issuance of additional Equity Interests of non-Wholly Owned Subsidiaries to a third party (provided that after giving effect to the issuance thereof, Holdings directly or indirectly owns not less than the percentage of equity in such entity that it owned immediately prior to such issuance) (collectively, a " disposition "), except that:

(a) Holdings and the Restricted Subsidiaries may sell, transfer or otherwise dispose of (i) immaterial assets in the ordinary course of business so long as the aggregate fair market value does not exceed $1.0 million and (ii) used or surplus equipment, vehicles, inventory and other assets in the ordinary course of business;

(b) Holdings and the Restricted Subsidiaries may sell, transfer or otherwise dispose of assets (other than Satellite Assets) for fair value, provided that (i) the total non-cash consideration received since the Closing Date in respect of sales, transfers and dispositions for which less than 75% of such consideration consisted of cash shall not exceed $50.0 million (it being agreed that there is no such limitation on the amount of non-cash consideration received in respect of any such sale, transfer or other disposition made pursuant to this subclause (b) if at least 75% of the consideration in respect thereof consists of cash consideration or Permitted Investments and that the cash consideration and Permitted Investments in a sale, transfer or other disposition may be less than 75% so long as the deficiency is less than the then unused portion of such $50.0 million amount), (ii) with respect to any such sale, transfer or disposition (or series of related sales, transfers or dispositions), Holdings shall be in compliance, on a pro forma basis after giving effect to such sale, transfer or disposition, with the covenants set forth in Sections 6.09 and 6.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Sections as if such sale, transfer or disposition had occurred on the first day of such Test Period, (iii) to the extent applicable, the Net Cash Proceeds thereof to Holdings and its Restricted Subsidiaries are promptly applied to the prepayment and/or commitment reductions as provided for in Section 2.11(e), and (iv) after giving effect to any such sale, transfer or disposition, no Default or Event of Default shall have occurred and be continuing;

(c) Holdings and the Restricted Subsidiaries may make sales of assets to Holdings or to any Restricted Subsidiary (except that Satellite Assets may not be sold or transferred to any non-Guarantor pursuant to this clause (c)), provided that with respect to any such sales to Restricted Subsidiaries that are not Guarantors either (1) (i) such sale, transfer or disposition shall be for fair value, (ii) with respect to any such sale, transfer or disposition (or series of related sales, transfers or dispositions), Holdings shall be in compliance, on a pro forma basis after giving effect to such sale, transfer or disposition, with the covenants set forth in Sections 6.09 and 6.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Sections as if such sale, transfer or disposition had occurred on the first day of such Test Period and (iii) the total non-cash consideration received since the Closing Date in respect of such sales, transfers and dispositions for which less than 50% of such consideration consisted of cash shall not exceed $75.0 million (it being agreed that there is no such limitation on the amount of non-cash consideration received in respect of any such sale, transfer or other disposition made pursuant to this subclause (c) if at least 50% of the consideration in respect thereof consists of cash consideration or Permitted Investments and that the cash consideration and Permitted Investments in a sale, transfer or other disposition may be less than 50% so long as the deficiency is less than the then unused portion of such $75.0 million amount) or (2) such sale, transfer or disposition is permitted by Section 6.05(g)(ii);

(d) any Restricted Subsidiary may effect any transaction permitted by Section 6.03, including the T10R Sale Leaseback;

(e) Holdings and its Restricted Subsidiaries may lease, or sublease, any real property or personal property in the ordinary course of business;

(f) Holdings and its Restricted Subsidiaries may sell or transfer or otherwise dispose of Satellite Assets or consummate a Permitted Sale Leaseback; provided that (i) the fair market value of the proceeds of all such transactions does not exceed (a) $400.0 million plus (b) if, after giving pro forma effect to any such disposition, the Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings is (A) less than 7.00 to 1.00 and (B) less than the Consolidated Total Debt to Consolidated EBITDA Ratio immediately prior to such disposition, $600.0 million, (ii) such Net Cash Proceeds are promptly applied to the prepayment and/or commitment reductions as provided for in Section 2.11, (iii) with respect to any such sale, transfer or disposition (or series of related sales, transfers or dispositions), Holdings shall be in compliance, on a pro forma basis after giving effect to such sale, transfer or disposition, with the covenants set forth in Sections 6.09 and 6.10, as such covenants are recomputed as at the last day of the most recently ended Test Period under such Sections as if such sale, transfer or disposition had occurred on the first day of such Test Period and (iv) at least 90% of the consideration received pursuant to this clause (f) must consist of cash or Permitted Investments;

(g) dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property and (ii) the proceeds of any such disposition are promptly applied to the purchase price of such replacement property;

(h) dispositions of Permitted Investments;

(i) dispositions of accounts receivable in connection with the collection or compromise thereof in the ordinary course of business;

(j) dispositions of assets listed on Schedule 6.04 ;

(k) dispositions of Investments in joint ventures to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(l) dispositions of property subject to Casualty Events upon receipt of the Net Cash Proceeds of such Casualty Event;

(m) dispositions consisting of leasing transponders in the ordinary course of business (including end of life leases); and

(n) other dispositions of property for consideration in any single transaction or related series of transactions, not in excess of $10.0 million from any individual transaction and the aggregate consideration for all dispositions pursuant to this Section 6.04(n) shall not exceed $25.0 million.

For purposes of clauses (b), (c) and (f), the following consideration shall be deemed to be cash consideration: (A) any liabilities (as shown on Holdings' or such Restricted Subsidiary's most recent balance sheet provided hereunder or in the footnotes thereto) of Holdings or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the in cash of the Obligations, that are assumed by the transferee with respect to the applicable

disposition and for which Holdings and all of the Restricted Subsidiaries shall have been validly released by all applicable creditors in writing, and (B) any securities received by Holdings or such Restricted Subsidiary from such transferee that are converted by Holdings or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of the applicable disposition.

SECTION 6.05 Limitation on Investments. Holdings will not, and will not permit any of the Restricted Subsidiaries to, make any advance, loan, extensions of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets of, or make any other Investment in, any Person, except:

(a) extensions of trade credit and asset purchases, including purchases of transponders, orbital slots and ground equipment, in the ordinary course of business;

(b) Permitted Investments;

(c) loans and advances to officers, directors and employees of Holdings or any of its Subsidiaries in an aggregate principal amount at any time outstanding under this clause (c) not exceeding $10.0 million;

(d) Investments existing on the date hereof and listed on Schedule 6.05 and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (d) is not increased at any time above the amount of such Investments existing on the date hereof;

(e) Investments received in connection with the bankruptcy or reorganization of suppliers or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business;

(f) Investments to the extent that payment for such Investments is made solely with capital stock of Holdings;

(g) Investments in (i) any Guarantor (provided that such entity was a Guarantor or Wholly-Owned Subsidiary immediately prior to such Investment) or the Canadian Borrower and (ii) in Restricted Subsidiaries that are not Guarantors (provided that such entity was a Subsidiary immediately prior to such Investment), in the case of this clause (g)(ii), in an aggregate amount not to exceed the greater of $175.0 million and 3.0% of Total Assets of Holdings and its Subsidiaries;

(h) Investments of up to $500.0 million at any one time outstanding to the extent such investments relate to the construction or acquisition of up to four satellites (including Satellites constructed or acquired to replace Satellites, including existing Satellites), any of which can be pursuant to a condosat transaction;

(i) Investments constituting Permitted Acquisitions not to exceed (x) $500.0 million since the Closing Date plus (y) up to an additional $500.0 million to the extent funded with the cash proceeds from the issuance of Qualified Capital Stock issued by Holdings (other than the Equity Financing and other than Permitted Cure Securities and provided that such amounts do not increase the Applicable Amount);

(j) (i) Investments (including Investments in Minority Investments and Unrestricted Subsidiaries) and (ii) Investments in joint ventures or similar entities that do not constitute Restricted Subsidiaries, in each case, as valued at the fair market value of such Investment at the time each such Investment is made, (A) in an amount that, at the time such Investment is made, would not exceed the sum of (x) the Applicable Amount at such time plus (without duplication) (y) an amount equal to any repayments, interest, returns, profits, distributions, income and similar amounts actually received in cash in respect of any such Investment (which amount shall not exceed the amount of such Investment valued at the fair market value of such Investment at the time such Investment was made) and/or (B) in the case of clause (ii) only, in any amount that, at the time such Investment is made, would be permitted to be expended as a Capital Expenditure under Section 6.11, to the extent that (x) such joint venture owns an interest in assets the addition of which would have been a Capital Expenditure if acquired or constructed, and owned, directly by the Canadian Borrower or a Restricted Subsidiary, (y) the ability of the Canadian Borrower and/or one or more Restricted Subsidiaries to receive cash flows attributable to its interest therein substantially as they would if they directly owned such asset or portion thereof is not prohibited by contract, applicable law or otherwise and (z) the permitted amount of Capital Expenditures in Section 6.11 is reduced by the amount of such investment;

(k) Investments constituting non-cash proceeds of sales, transfers and other dispositions of assets to the extent permitted by Section 6.04(b) or (c);

(l) Investments made to repurchase or retire common stock of the Canadian Borrower (or to make payments to Holdings to enable it to retire common stock of Holdings) owned by any present, future or former employee, officer, director or consultant pursuant to any employee stock ownership plan, key employee stock ownership plan, director benefit plan, consulting agreement or employment agreement of Holdings or any Restricted Subsidiary when taken together with dividends made in accordance with Section 6.06(b), does not exceed $15.0 million;

(m) Investments permitted under Section 6.06;

(n) Swap Agreements entered into for bona fide (non-speculative) business purposes;

(o) Investments which are guarantees permitted under Section 6.01;

(p) Investments in Subsidiaries of Holdings existing on the Closing Date in Brazil and the Isle of Man not to exceed $30.0 million in the aggregate pending such Subsidiaries becoming Guarantors in accordance with Section 5.12 or a determination being made that such Subsidiaries will not become Guarantors; and

(q) Investments in Subsidiaries of Holdings in Hong Kong existing on the Closing Date not to exceed $275.0 million plus any Third Party Indemnity Payment in

the aggregate at any time outstanding for the purpose of enabling such Subsidiaries to acquire, construct, launch and insure the replacement satellite to the satellite known as Telstar 10 and to operate Telstar 10 and such replacement and to pay taxes, provided that while such Investments are outstanding such Subsidiaries shall not incur or permit to exist any Indebtedness other than the T10R Sale Leaseback and any Capitalized Lease Obligations relating to Telstar 10 or such replacement satellite.

SECTION 6.06 Limitation on Dividends. Holdings will not declare or pay any dividends (other than dividends payable solely in its capital stock) or return any capital to its stockholders or make any other distribution, payment or delivery of property or cash to its stockholders in their capacity as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any class of its capital stock or the capital stock of any direct or indirect parent now or hereafter outstanding (or any options or warrants or stock appreciation rights issued with respect to any of its capital stock), or set aside any funds for any of the foregoing purposes, or permit any of the Restricted Subsidiaries to purchase or otherwise acquire for consideration (other than in connection with an Investment permitted by Section 6.05) any shares of any class of the capital stock of Holdings, Initial Canadian Borrower or the Canadian Borrower, now or hereafter outstanding (or any options or warrants or stock appreciation rights issued with respect to any of its capital stock) (all of the foregoing " dividends "), provided that, so long as no Default or Event of Default exists or would exist after giving effect thereto:

(a) Holdings may redeem in whole or in part any of its capital stock or preferred stock for another class of capital stock or preferred stock, as the case may be, or rights to acquire its capital stock or preferred stock or with proceeds from substantially concurrent equity contributions or issuances of new shares of its capital stock (other than Permitted Cure Securities or the Equity Financing) or preferred stock, as the case may be, provided that such other class of capital stock or preferred stock is not Disqualified Capital Stock and contains terms and provisions at least as advantageous to the Lenders in all respects material to their interests as those contained in the capital stock or preferred stock, as the case may be, redeemed thereby, and provided further that such new issuance of capital stock does not increase the Applicable Amount;

(b) Holdings may repurchase shares of its Qualified Capital Stock (or any options or warrants or stock appreciation rights issued with respect to any of its Qualified Capital Stock) held by past, present or future officers, directors and employees of or consultants to Holdings and its Subsidiaries in an amount, when taken together with Investments made in accordance with Section 6.05(l), does not exceed $15.0 million, so long as such repurchase is pursuant to, and in accordance with the terms of, management and/or employee stock plans, stock subscription agreements or shareholder agreements, employment agreements or consulting agreements;

(c) Holdings may engage in actions otherwise prohibited by this Section 6.06, provided that the amount of payments made therein under all such actions does not exceed an amount equal to the Applicable Amount at such time;

(d) Holdings may declare and pay dividends and/or distributions in accordance with Section 6.12(d) or (h);

(e) Holdings may pay dividends and/or make distributions (including repurchases of Qualified Capital Stock) (a) to the holders of preferred Equity Interests to the extent of any cash contribution in Holdings or from the cash proceeds of Qualified Capital Stock (other than Permitted Cure Securities or the Equity Financing and provided that such new equity does not increase the Applicable Amount), and (b) to the holders of Holdings PIK Securities to the extent permitted by the first sentence of Section 6.07(c); and

(f) Holdings may make tax distributions in accordance with Section 3.7 of the Ancillary Agreement as in effect on the Closing Date not in excess of $2.0 million per calendar year.

SECTION 6.07 Limitations on Debt and Holdings PIK Securities Payments and Amendments; Unpaid Refinancing Amount.

(a) Holdings will not, and will not permit any Restricted Subsidiary to, prepay, repurchase or redeem or otherwise retire or defease any Subordinated Indebtedness (including Indebtedness in respect of the Senior Subordinated Bridge Loan Facility or any Permitted Refinancing thereof (if constituting Subordinated Indebtedness); provided , however , that so long as no Default or Event of Default has occurred and is continuing, Holdings or any Restricted Subsidiary may prepay, repurchase or redeem Subordinated Indebtedness (x) for an aggregate price not in excess of the Applicable Amount at the time of such prepayment, repurchase or redemption, or (y) with the proceeds of Subordinated Indebtedness that (1) is permitted by Section 6.01 (other than Section 6.01(A)(o)) and (2) has terms material to the interests of the Lenders not materially less advantageous to the Lenders than those of such Subordinated Indebtedness being refinanced; provided that this Section 6.07(a) shall not prohibit Permitted Bridge Refinancings permitted by Section 6.01(A)(i).

(b) Holdings and its Restricted Subsidiaries will not amend or modify any Subordinated Indebtedness (including the subordination provisions thereof) to the extent that any such amendment or modification would be adverse to the Lenders in any material respect; provided that this Section 6.07(b) shall not prohibit Permitted Bridge Refinancings permitted by Section 6.01(A)(i).

(c) Holdings will not, and will not permit any Restricted Subsidiary to, prepay, repurchase or redeem or otherwise retire or defease, or make any payment with respect to (including any payment upon a change of control as defined in the Holdings PIK Securities), any Holdings PIK Securities; provided that (x) Holdings may make distributions of pay-in-kind dividends in accordance with the terms of the Holdings PIK Securities as in effect on the Closing Date and (y) if the Consolidated Total Debt to Consolidated EBITDA Ratio is less than 5.50 to 1.00, and Holdings may (i) make cash dividend payments or other cash distributions in respect thereof and (ii) repay or repurchase Holdings PIK Securities which were issued as pay-in-kind dividend on the Holdings PIK Securities after the Closing Date; provided that Holdings may at any time refinance the Holdings PIK Securities through the issuance of Qualified Capital Stock of Holdings in replacement thereof issued to Persons other than Holdings or its Restricted Subsidiaries. For the avoidance of doubt, the repayment, repurchase, redemption or retirement of Holdings PIK Securities with cash or other assets (other than the issuance of Qualified Capital Stock of Holdings) shall be deemed to be a dividend and be subject to Section 6.06.

SECTION 6.08 Limitations on Sale Leasebacks. Holdings will not, and will not permit any of the Restricted Subsidiaries to, enter into or effect any Sale Leasebacks, other than Permitted Sale Leasebacks of up to $325.0 million of assets sold (other than intercompany Sale Leasebacks between Loan Parties) while any Obligations are outstanding and such sales shall all be subject to the provisions of Section 6.04(f).

SECTION 6.09 Consolidated Total Debt to Consolidated EBITDA Ratio. Holdings will not permit the Consolidated Total Debt to Consolidated EBITDA Ratio for any Test Period ending during any period set forth below to be greater than the ratio set forth below opposite such period:

Period	Ratio
January 1, 2008 to March 31, 2008	9.50 to 1.00
April 1, 2008 to June 30, 2008	9.50 to 1.00
July 1, 2008 to September 30, 2008	9.50 to 1.00
October 1, 2008 to December 31, 2008	9.50 to 1.00
January 1, 2009 to March 31, 2009	9.25 to 1.00
April 1, 2009 to June 30, 2009	9.00 to 1.00
July 1, 2009 to September 30, 2009	8.50 to 1.00
October 1, 2009 to December 31, 2009	8.25 to 1.00
January 1, 2010 to March 31, 2010	8.00 to 1.00
April 1, 2010 to June 30, 2010	7.50 to 1.00
July 1, 2010 to September 30, 2010	7.00 to 1.00
October 1, 2010 to December 31, 2010	6.50 to 1.00
January 1, 2011 to March 31, 2011	6.50 to 1.00
April 1, 2011 to June 30, 2011	6.50 to 1.00
July 1, 2011 to September 30, 2011	6.25 to 1.00
October 1, 2011 to December 31, 2011	6.25 to 1.00
January 1, 2012 to March 31, 2012	6.25 to 1.00
April 1, 2012 to June 30, 2012	6.25 to 1.00
July 1, 2012 to September 30, 2012	6.00 to 1.00
October 1, 2012 to December 31, 2012	6.00 to 1.00
January 1, 2013 to March 31, 2013	6.00 to 1.00
April 1, 2013 to June 30, 2013	5.75 to 1.00
July 1, 2013 to September 30, 2013	5.75 to 1.00
October 1, 2013 to December 31, 2013	5.50 to 1.00
January 1, 2014 to March 31, 2014	5.50 to 1.00
April 1, 2014 to June 30, 2014	5.50 to 1.00
July 1, 2014 and thereafter	5.50 to 1.00

SECTION 6.10 Consolidated EBITDA to Consolidated Interest Expense Ratio. Holdings will not permit the Consolidated EBITDA to Consolidated Interest Expense Ratio for any Test Period ending during any period set forth below to be less than the ratio set forth below opposite such period:

Period	Ratio
January 1, 2008 to March 31, 2008	1.20 to 1.00
April 1, 2008 to June 30, 2008	1.20 to 1.00
July 1, 2008 to September 30, 2008	1.20 to 1.00
October 1, 2008 to December 31, 2008	1.20 to 1.00
January 1, 2009 to March 31, 2009	1.20 to 1.00
April 1, 2009 to June 30, 2009	1.25 to 1.00
July 1, 2009 to September 30, 2009	1.25 to 1.00
October 1, 2009 to December 31, 2009	1.30 to 1.00
January 1, 2010 to March 31, 2010	1.35 to 1.00
April 1, 2010 to June 30, 2010	1.35 to 1.00
July 1, 2010 to September 30, 2010	1.45 to 1.00
October 1, 2010 to December 31, 2010	1.60 to 1.00
January 1, 2011 to March 31, 2011	1.60 to 1.00
April 1, 2011 to June 30, 2011	1.65 to 1.00
July 1, 2011 to September 30, 2011	1.65 to 1.00
October 1, 2011 to December 31, 2011	1.70 to 1.00
January 1, 2012 to March 31, 2012	1.70 to 1.00
April 1, 2012 to June 30, 2012	1.70 to 1.00
July 1, 2012 to September 30, 2012	1.75 to 1.00
October 1, 2012 to December 31, 2012	1.75 to 1.00
January 1, 2013 to March 31, 2013	1.75 to 1.00
April 1, 2013 to June 30, 2013	1.80 to 1.00
July 1, 2013 to September 30, 2013	1.80 to 1.00
October 1, 2013 to December 31, 2013	1.85 to 1.00
January 1, 2014 to March 31, 2014	1.85 to 1.00
April 1, 2014 to June 30, 2014	1.90 to 1.00
July 1, 2014 and thereafter	1.95 to 1.00

SECTION 6.11 Capital Expenditures. Holdings will not, and will not permit any of the Restricted Subsidiaries to, make any Capital Expenditures (other than Permitted Acquisitions that constitute Capital Expenditures), that would cause the aggregate amount of such Capital Expenditures made by Holdings and the Restricted Subsidiaries in any fiscal year of Holdings (including the whole fiscal year of 2007) set forth below to exceed the sum of (x) the Acquired CapEx Amount plus (y) the amount set forth in the table below opposite such fiscal year (such amount, together with the carry-forward amount (as defined below) for such fiscal year and subject to the last paragraph of this Section 6.11, the " Permitted Capital Expenditure Amount "):

Period	Amount
January 1, 2007 to December 31, 2007	$310,000,000
January 1, 2008 to December 31, 2008	$325,000,000
January 1, 2009 to December 31, 2009	$140,000,000
January 1, 2010 to December 31, 2010	$100,000,000
January 1, 2011 to December 31, 2011	$150,000,000
January 1, 2012 to December 31, 2012	$ 40,000,000
January 1, 2013 to December 31, 2013	$200,000,000
January 1, 2014 to December 31, 2014	$165,000,000

; provided that, notwithstanding the above, Holdings and the Restricted Subsidiaries may make Capital Expenditures (i) to construct or acquire up to four Satellites (including Satellites constructed or acquired to replace Satellites, including existing Satellites) in an amount not to exceed $500 million, any of which may be a condosat transaction, and (ii) with the then Applicable Amount. For purposes of this Section 6.11, the "Acquired CapEx Amount," with respect to any Acquired Entity, shall equal the amount of Capital Expenditures budgeted in good faith by the Acquired Entity; provided that such budget is adopted in good faith by the Canadian Borrower, plus, for Acquired Entities who make capital expenditures on satellites the amount required to acquire or construct one Satellite for the Acquired Entity's business; provided that any such amounts shall be spent on such Acquired Entity's Capital Expenditures.

To the extent that Capital Expenditures (other than Permitted Acquisitions that constitute Capital Expenditures) made by Holdings and the Restricted Subsidiaries during any fiscal year are less than the Permitted Capital Expenditure Amount for such fiscal year, 50% of such unused amount (100% of Capital Expenditure Amount with respect to committed satellites as of the Closing Date in the case of the first two fiscal years following the Closing Date) may be carried forward to the immediately succeeding fiscal year and utilized to make such Capital Expenditures in such immediately succeeding fiscal year (each such amount described above, a "carry forward amount"). Amounts expended in any year shall be deemed expended first from any carry-forward amount and then from the Permitted Capital Expenditures for such fiscal year. Amounts in any fiscal year may also be increased by up to 50% of the Permitted Capital Expenditure Amount for the next subsequent fiscal year.

In addition, (a) to the extent that Capital Expenditures (other than Permitted Acquisitions that constitute Capital Expenditures) made by Holdings and the Restricted Subsidiaries during any fiscal year are more than the Permitted Capital Expenditure Amount for such fiscal year, 50% of the unused amount for the immediately succeeding fiscal year may be carried back to the immediately preceding fiscal year and utilized to make such Capital Expenditures in such immediately preceding fiscal year, (b) to the extent that Capital Expenditures (other than Permitted Acquisitions that constitute Capital Expenditures) made by Holdings and the Restricted Subsidiaries during any fiscal year made with respect to replacement satellites are more than the Permitted Capital Expenditure Amount for such fiscal year, $250.0 million of Permitted Capital Expenditure Amount for the subsequent fiscal year which was budgeted for replacement satellites for Satellites which are identified in the Projections provided on the Closing Date to the Lenders may be carried back to one or more preceding fiscal years and utilized to make such Capital Expenditures in such fiscal years; provided such carry back must be made prior to any carryback pursuant to clause (a) above and (c) this Section shall not include as Capital Expenditures any amount payable under the Skynet Acquisition Documents.

Notwithstanding the foregoing, the Permitted Capital Expenditure Amount for any fiscal year shall be reduced at the time of and in the amount of any Investment made pursuant to clause (B) of Section 6.05(i) during such fiscal year.

SECTION 6.12 Transactions with Affiliates. Holdings will not, and will not permit any of the Restricted Subsidiaries to conduct any transactions with any of its Affiliates (other than Holdings or its Restricted Subsidiaries) on terms that are not substantially as favorable to Holdings or such Restricted Subsidiary as it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate, provided that the foregoing restrictions shall not apply to:

(a) customary fees paid to members of the board of directors of Holdings and the Subsidiaries;

(b) transactions permitted by Section 6.05(c) or (k) or (p) or Section 6.06 or 6.07;

(c) purchases of satellites from SSL; provided that the Canadian Borrower must deliver to the Administrative Agent a letter from or a resolution adopted by its board of directors stating that the board of directors has determined in good faith that such purchase (A) is on terms that are no less favorable to Holdings or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate and (B) has been approved by a majority of the directors of Holdings (including a majority of the directors not appointed by Loral);

(d) payment of fees and expenses relating to the Transactions and amounts under the Ancillary Agreement (other than as set forth in Section 6.12(h)); provided that any payments pursuant to Sections 1.1, 1.2, and 3.1 through 3.6 of the Ancillary Agreement as in effect on the Closing Date shall not exceed in the aggregate the lesser of $50.0 million and the amount by which the Equity Financing exceeds $525.0 million;

(e) employment and severance agreements entered into the ordinary course of business;

(f) payment of customary fees and reasonable out-of-pocket expenses to, and indemnities provided on behalf of directors, officers and employees of Holdings and its Restricted Subsidiaries in the ordinary course of business;

(g) transactions pursuant to agreements in existence on the Closing Date and set forth on Schedule 6.12 (subject in the case of the Ancillary Agreement, to the provisions of clause (d) above) or any amendment thereto to the extent such amendment is not adverse to the Lenders in any material respect;

(h) (a) payments to Loral of fees under the Consulting Agreement not to exceed $5.0 million per year which fee (x) shall be payable in Mezzanine Securities (provided that no cash interest may be payable on such Mezzanine Securities unless the

provisions of clause (y) below have been met) or (y) may be paid in cash or Mezzanine Securities if the Consolidated Total Debt to Consolidated EBITDA is less than 5.0:1.00 for the most recent Test Period ending prior to the date of the payment for which financial statements are delivered to the Lenders pursuant to Section 5.04, (b) reimbursement payments under the Consulting Agreement for payments to third parties incurred by Loral, PSP or other affiliates on behalf of Holdings or its Restricted Subsidiaries not to exceed $1.0 million in the aggregate per year, (c) payment for services rendered under the Consulting Agreement as in effect on the Closing Date not to exceed $4.0 million per year and approved by a majority of the disinterested directors of Holdings in accordance with the provisions of the Consulting Agreement as in effect on the Closing Date;

(i) transactions approved by a majority of the disinterested members (who are not an officer, employee, director or appointee of Loral and its Affiliates) of Holdings' board of directors in which Holdings or any Restricted Subsidiary delivers to the Administrative Agent a letter from a nationally recognized investment banking, appraisal or accounting firm stating that such transaction is fair to Holdings or such Restricted Subsidiary from a financial point of view and was made on an arms-length basis; and

(j) transactions involving aggregate payments or consideration or fair market value of not more than $1,000,000 in the aggregate.

SECTION 6.13 Modifications of Organizational Documents and Other Documents, etc. Holdings will not, and will not permit any of the Restricted Subsidiaries to:

(a) amend or modify, or permit the amendment or modification of, any provision of any Transactions Document or any document governing any Material Indebtedness (provided that nothing in this Section 6.13(a) shall prohibit any Permitted Bridge Refinancings permitted by Section 6.01(A)(i)) or documents governing the Holdings PIK Securities, in each case, in any manner that is adverse in any material respect to the interests of the Lenders; or

(b) modify any of its Organizational Documents by the filing or modification of any certificate of designation or by making any election to treat any Pledged Securities (as defined in the Security Agreement) as a "security" under Section 8-103 of the UCC or the equivalent PPSA rule other than concurrently with the delivery of certificates representing such Pledged Securities to the Collateral Agent) or any agreement to which it is a party with respect to its Equity Interests (including any stockholders' agreement).

SECTION 6.14 Limitation on Creation of Subsidiaries. Holdings will not, and will not permit any of the Restricted Subsidiaries to establish, create or acquire any additional Subsidiaries without the prior written consent of the Required Lenders; provided that, without such consent, the Canadian Borrower and its Restricted Subsidiaries may (i) establish or create or acquire one or more Wholly Owned Subsidiaries of the Canadian Borrower, (ii) establish, create or acquire one or more Subsidiaries in connection with an Investment made pursuant to Section 6.05 or Schedule 6.14 and (iii) acquire one or more Subsidiaries in connection with a Permitted Acquisition, so long as, in each case, Section 5.10 shall be complied with.

SECTION 6.15 Limitation on Accounting Changes. Holdings will not, and will not permit any of the Restricted Subsidiaries to make or permit any change in accounting policies or reporting practices, without the consent of the Required Lenders, which consent shall not be unreasonably withheld, except subject to Section 1.02 changes that are required or permitted by Canadian GAAP.

SECTION 6.16 Fiscal Year. Holdings will not, and will not permit any of the Restricted Subsidiaries to change its fiscal year-end to a date other than December 31.

SECTION 6.17 No Further Negative Pledge. Holdings will not, and will not permit any of the Restricted Subsidiaries to enter into any agreement, instrument, deed or lease which prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of their respective properties or revenues, whether now owned or hereafter acquired, or which requires the grant of any security for an obligation if security is granted for another obligation, except the following: (1) this Agreement and the other Loan Documents; (2) covenants in documents creating Liens permitted by Section 6.02 prohibiting further Liens on the properties encumbered thereby; (3) the Senior Loan Documents and Senior Subordinated Loan Documents as in effect on the Closing Date; (4) any other agreement that does not restrict in any manner (directly or indirectly) Liens created pursuant to the Loan Documents on any Collateral securing the Secured Obligations and does not require the direct or indirect granting of any Lien securing any Indebtedness or other obligation by virtue of the granting of Liens on or pledge of property of any Loan Party to secure the Obligations; and (5) any prohibition or limitation that (a) exists pursuant to applicable Requirements of Law, (b) consists of customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 6.04 pending the consummation of such sale, (c) restricts subletting or assignment of leasehold interests contained in any Lease governing a leasehold interest of Holdings or a Subsidiary, (d) exists in any agreement in effect at the time such Subsidiary becomes a Subsidiary of Holdings, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary or (e) is imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clause (3) or (5)(d); provided that such amendments and refinancings are no more materially restrictive with respect to such prohibitions and limitations than those prior to such amendment or refinancing.

SECTION 6.18 Anti-Terrorism Laws and Anti-Money Laundering Laws. Holdings will not, and will not permit any of its Subsidiaries to:

(a) Directly or indirectly, (i) knowingly conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in Sections 3.21(b)(i) through (iv), (ii) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or Anti-Money Laundering Law except where such conduct is not reasonably likely to expose Lenders to material liability or material detriment, including reputational harm (and the Loan Parties shall deliver to the Lenders any certification or other evidence requested from time to time by any Lender in its reasonable discretion, confirming the Loan Parties' compliance with this Section 6.18).

(b) Cause or permit any of the funds of such Loan Party that are used to repay the Loans or to reimburse L/C Disbursements to be derived from any unlawful activity with the result that the making of the Loans or issuance of Letters of Credit would be in violation of any Requirement of Law, except where such repayment would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 6.19 Embargoed Person. To the extent consistent with Canadian law, Holdings will not, and will not permit any of its Subsidiaries to cause or permit:

(a) any of the funds or properties of the Loan Parties that are used to repay the Loans to constitute property of, or be beneficially owned directly or indirectly by, any Person subject to sanctions or trade restrictions under United States law that is identified on (i) the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 *et seq* . and TWEA, or any executive order or Requirement of Law promulgated thereunder (" Embargoed Person " or " Embargoed Persons ") or (ii) the Executive Order and any related enabling legislation or implementing regulations except where this would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm; or

(b) any Embargoed Person to have any direct or indirect interest or benefit of any nature whatsoever in the Loan Parties except where this would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 6.20 Change in Business. Holdings will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than the Permitted Business.

SECTION 6.21 Mortgaged Property. Except to comply with any applicable Requirement of Law, each of the Loan Parties and their Subsidiaries shall not initiate, join in or consent to any material change in the zoning or any other permitted use classification of the Mortgaged Property owned by it without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01 Events of Default. In case of the happening of any of the following events (" Events of Default "):

(a) any representation or warranty made or deemed made by Holdings or any other Loan Party in any Loan Document, or any representation, warranty or material statement contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished by Holdings or any other Loan Party;

(b) default shall be made in the payment of any principal of any Loan or the reimbursement with respect to any L/C Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or on any L/C Disbursement or in the payment of any Fee (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by Holdings, Intermediate Holdco or any of the Restricted Subsidiaries of any covenant, condition or agreement contained in Section 5.01(a) (with respect to Holdings, Intermediate Holdco or the Borrowers), 5.05(a), 5.08, 5.10(d) or in Article VI (subject to the cure rights contained in Section 7.02);

(e) default shall be made in the due observance or performance by Holdings, Intermediate Holdco or any of the Restricted Subsidiaries of any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraphs (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days after written notice thereof from the Administrative Agent to the Canadian Borrower;

(f) (i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or (ii) Holdings, Intermediate Holdco or any of the Restricted Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided that this clause (f) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;

(g) there shall have occurred a Change of Control;

(h) an involuntary proceeding shall be commenced or an involuntary petition or application shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, any Borrower or any of the Material Subsidiaries, or of a substantial part of the property or assets of Holdings, any Borrower, Intermediate Holdco or any Material

Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or Canadian, provincial or other foreign bankruptcy, liquidation, insolvency, receivership or similar law, including the BIA, CCAA, and WURA, (ii) the appointment of a receiver, trustee, monitor, liquidator, custodian, sequestrator, conservator or similar official for Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or (iii) the winding-up, dissolution or liquidation of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary (except, in the case of any Material Subsidiary (other than any Borrower), in a transaction permitted by Section 6.03); and such proceeding or petition or application shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition or application seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or Canadian, provincial or other foreign bankruptcy, insolvency, receivership or similar law, including the BIA, CCAA, and WURA, (ii) seek, or consent to, the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition or application described in paragraph (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, monitor, liquidator, sequestrator, conservator or similar official for Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary, (iv) file an answer or response admitting the material allegations of a petition or application filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary to pay one or more final judgments (not covered by insurance) aggregating in excess of $50.0 million, which judgments are not discharged, vacated or effectively waived or stayed for a period of 30 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon any material assets or properties of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary to enforce any such judgment;

(k) (i) An ERISA Event shall have occurred that, when taken together with all other ERISA Events and similar events with respect to Non-U.S. Pension Plans that have occurred, could reasonably be expected to result in liability of Holdings or any Restricted Subsidiary which is reasonably likely to have a Material Adverse Effect; (ii) a Reportable Event or Reportable Events shall have occurred with respect to any Plan or a trustee shall be appointed by a United States district court to administer any Plan, (iii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iv) Holdings, Intermediate Holdco or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred or will be assessed Withdrawal Liability to such Multiemployer Plan and such person does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting

such Withdrawal Liability in a timely and appropriate manner, (v) Holdings, Intermediate Holdco or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, (vi) Holdings, Intermediate Holdco or any Subsidiary or any ERISA Affiliate shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (vii) any other similar event or condition shall occur or exist with respect to a Plan, a Non-U.S. Pension Plan or a Multiemployer Plan or (viii) a Canadian Pension Event shall have occurred with respect to a Canadian Plan; and in each case in clauses (i) through (viii) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect;

(l) (i) any Loan Document shall for any reason be asserted in writing by Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party not to be a legal, valid and binding obligation of any party thereto, (ii) any security interest or other Lien purported to be created by any Security Document and to extend to assets that are not immaterial to Holdings, Intermediate Holdco, any Borrower and the Subsidiaries on a consolidated basis shall cease to be, or shall be asserted in writing by any Borrower or any other Loan Party not to be, a valid and perfected security interest or Lien, respectively, (having the priority required by this Agreement or the relevant Security Document) in the securities, assets or properties covered thereby, except to the extent that any such loss of perfection or priority results from the failure of the Collateral Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Security Documents or to file UCC continuation statements or PPSA financing charge and except to the extent that such loss is covered by a lender's title insurance policy and the Administrative Agent shall be reasonably satisfied with the credit of such insurer, (iii) the Guarantees pursuant to the Loan Documents by Holdings, Intermediate Holdco, any Borrower or the Subsidiary Loan Parties of any of the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations or (iv) the Obligations of the Borrowers or the Guarantees thereof by Holdings, Intermediate Holdco and the Subsidiary Loan Parties pursuant to the Loan Documents shall cease to constitute senior indebtedness under the subordination provisions of any Subordinated Indebtedness or such subordination provisions shall be invalidated or otherwise cease, or shall be asserted in writing by Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party to be invalid or to cease, to be legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms;

then, subject to Section 7.02, and in every such event (other than an event with respect to the Canadian Borrower or the U.S. Borrower described in paragraph (h) or (i) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Canadian Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans (including the face amount of all BAs outstanding) so declared to be due and

payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding, (iii) demand cash collateral pursuant to Section 2.05(j) and (iv) exercise, or direct the Collateral Agent to exercise, any or all rights and remedies under the Security Documents (provided that so long the Telesat Notes are outstanding the Lenders will vote ratably with the holders of the Telesat Notes in connection with any enforcement on the Collateral as described in the Supplemental Indenture); and, in any event, with respect to the Canadian Borrower or the U.S. Borrower described in paragraph (h) or (i) above, the Commitments shall automatically terminate, the principal of the Loans then outstanding (including the face amount of all BAs outstanding), together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable and the Administrative Agent shall be deemed to have made a demand for cash collateral to the full extent permitted under Section 2.05(j), without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding.

SECTION 7.02 Holdings' Right to Cure.

(a) Financial Performance Covenants . Notwithstanding anything to the contrary contained in Section 7.01, in the event that Holdings fails to comply with the requirements of any Financial Performance Covenant, until the expiration of the 10th day subsequent to the date the certificate calculating such Financial Performance Covenant is required to be delivered pursuant to Section 5.04(c), Holdings shall have the right to issue Permitted Cure Securities for cash or otherwise receive cash contributions to the capital of Holdings, and, in each case, to contribute any such cash to the capital of the Canadian Borrower (collectively, the " Cure Right "), and upon the receipt by the Canadian Borrower of such cash (the " Cure Amount ") pursuant to the exercise by Holdings of such Cure Right and request to the Administrative Agent to effect such recalculation, such Financial Performance Covenant shall be recalculated giving effect to the following pro forma adjustments:

(i) Consolidated EBITDA shall be increased, solely for the purpose of measuring the Financial Performance Covenants and not for any other purpose under this Agreement, by an amount equal to the Cure Amount; and

(ii) if, after giving effect to the foregoing recalculations, Holdings shall then be in compliance with the requirements of all Financial Performance Covenants, Holdings shall be deemed to have satisfied the requirements of the Financial Performance Covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable breach or default of the Financial Performance Covenants that had occurred shall be deemed cured for the purposes of the Agreement.

(b) Limitation on Exercise of Cure Right . Notwithstanding anything herein to the contrary, (a) in each four-fiscal-quarter period there shall be at least two fiscal quarters in which the Cure Right is not exercised and (b) the Cure Amount shall be no greater than the amount required for purposes of complying with the Financial Performance Covenants.

ARTICLE VIII

THE AGENTS

SECTION 8.01 Appointment.

(a) In order to expedite the transactions contemplated by this Agreement, (i) MSSF is hereby appointed to act as Administrative Agent (with each reference in this Article to Administrative Agent to include MSSF in its capacity as Collateral Agent) and (ii) UBSS is hereby appointed to act as Syndication Agent. Each of the Lenders and each assignee of any such Lender hereby irrevocably authorizes each Agent to take such actions on behalf of such Lender or assignee and to exercise such powers as are specifically delegated to such Agent by the terms and provisions hereof and of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto (including, without limitation, the entering into of a Supplemental Indenture and confirming that they will be equally and ratably secured with the Loans). The Administrative Agent is hereby expressly authorized by the Lenders and each Issuing Bank, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders and such Issuing Bank all payments of principal of and interest on the Loans, all payments in respect of L/C Disbursements and all other amounts due to the Lenders and such Issuing Bank hereunder, and promptly to distribute to each Lender or such Issuing Bank its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with the performance of its duties as Administrative Agent hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by the Canadian Borrower pursuant to this Agreement as received by the Administrative Agent. Without limiting the generality of the foregoing, the Administrative Agent is hereby expressly authorized to execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Creditors with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the Security Documents. In the event that any party other than the Lenders and the Agents shall participate in all or any portion of the Collateral pursuant to the Security Documents, all rights and remedies in respect of such Collateral shall be controlled by the Administrative Agent. No Joint Lead Arranger, Senior Lead Arranger or documentation agent shall have any duties or responsibilities under this Agreement or any other Loan Document.

(b) Without limiting the foregoing, each Lender, acting for itself and on behalf of all other present and future Secured Parties, hereby irrevocably appoints and authorizes the Collateral Agent (and any successor acting as Collateral Agent) to act as the person holding the power of attorney (*fondé de pouvoir*) (within the meaning of Article 2692 of the Civil Code of Québec) (in such capacity the " Attorney ") in order to hold any hypothec granted under the laws of the Province of Quebec as security for any debenture, bond or other title of indebtedness that may be issued and secured pursuant to a deed of hypothec and to exercise such rights and duties as are conferred upon a *fondé de pouvoir* under any such deed of hypothec and applicable laws (with the power to delegate any such rights or duties). Moreover, without prejudice to such

appointment and authorization to act as the person holding such power of attorney, each Lender, for itself and for all other present and future Secured Parties, hereby irrevocably appoints and authorizes the Collateral Agent (and any successor acting as Collateral Agent) (in such capacity, the " Custodian ") to act as agent and custodian for and on behalf of the Lenders and the other Secured Parties to hold and to be the sole registered holder of any bond, debenture or other title of indebtedness which may be issued under or secured by any deed of hypothec, the whole notwithstanding Section 32 of the *Act respecting the special powers of legal persons (Quebec)* or any other applicable law. In this respect: (i) the Custodian shall keep a record indicating the names and addresses of, and the pro rata portion of the obligations and indebtedness secured by any pledge of any such bond, debenture or other title of indebtedness and owing to each Lender and each other Secured Party, and (ii) each Lender and each other Secured Party will be entitled to the benefits of any charged property covered by any deed of hypothec and will participate in the proceeds of realization of any such charged property, the whole in accordance with the terms hereof. The execution prior to the date hereof by the Collateral Agent, as *fondé de pouvoir* of any deed of hypothec or other security documents made pursuant to the laws of the Province of Quebec, is hereby ratified and confirmed.

Each of the Attorney and the Custodian shall: (a) have the sole and exclusive right and authority to exercise, except as may be otherwise specifically restricted by the terms hereof, all rights and remedies given to the Attorney and the Custodian (as applicable) pursuant to any deed of hypothec, pledge agreement, applicable laws or otherwise, (b) benefit from and be subject to all provisions hereof with respect to the Collateral Agent, including, without limitation, all such provisions with respect to the liability or responsibility to and indemnification by the Lenders, and (c) be entitled to delegate from time to time any of its powers or duties under any deed of hypothec or pledge agreement on such terms and conditions as it may determine from time to time. Any person who becomes a Secured Party shall be deemed to have consented to and confirmed: (i) the Attorney as the person holding the power of attorney as aforesaid and to have ratified, as of the date it becomes a Secured Party, all actions taken by the Attorney in such capacity, and (ii) the Custodian as the agent and custodian as aforesaid and to have ratified, as of the date it becomes a Secured Party, all actions taken by the Custodian in such capacity.

(c) Neither the Agents nor any of their respective directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrowers or any other Loan Party of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Agents shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Loan Documents or other instruments or agreements. The Agents shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. Each Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Agents nor any of their respective directors, officers, employees or agents shall have any responsibility to any Borrower or any other Loan Party or any other

party hereto on account of the failure, delay in performance or breach by, or as a result of information provided by, any Lender or Issuing Bank of any of its obligations hereunder or to any Lender or Issuing Bank on account of the failure of or delay in performance or breach by any other Lender or Issuing Bank or any Borrower or any other Loan Party of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. Each Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

(d) It is the purpose of this Agreement and the other Loan Documents that there shall be no violation of any law of any jurisdiction denying or restricting the right of Persons to transact business as agent or mortgagee in such jurisdiction. It is recognized that, in case of litigation under this Agreement or any other Loan Document and, in particular, in case of the enforcement of any Loan Document, or in case the Administrative Agent deems that by reason of any present or future law of any jurisdiction an Agent may not exercise any of the rights, powers or remedies granted herein or in any of the other Loan Documents or take any other action which may be desirable or necessary in connection therewith, the Administrative Agent is hereby authorized to appoint an additional individual or institution selected by the Administrative Agent in its sole discretion as a separate administrative agent, collateral agent, administrative sub-agent, administrative co-agent, collateral sub-agent or collateral co-agent (any such additional individual or institution being referred to herein, individually, as a " Supplemental Agent " and, collectively, as " Supplemental Agents ").

(e) In the event that the Administrative Agent appoints a Supplemental Agent with respect to any Collateral (i) each and every right, power, privilege or duty expressed or intended by this Agreement or any other Loan Document to be exercised by or vested in or conveyed to the Administrative Agent or the Collateral Agent, as applicable, with respect to such Collateral shall be exercisable by and vest in such Supplemental Agent to the extent, and only to the extent, necessary to enable such Supplemental Agent to exercise such rights, powers and privileges with respect to such Collateral, and to perform such duties with respect to such Collateral, and every covenant and obligation contained in the Loan Documents and necessary to the exercise or performance thereof by such Supplemental Agent shall run to and be enforceable by the Administrative Agent or the Collateral Agent, as applicable, or the applicable Supplemental Agent, and (ii) the provisions of this Article VIII and of Section 9.05 that refer to the Administrative Agent or the Collateral Agent or the Agents shall inure to the benefit of such Supplemental Agent (s) and all references therein to the Administrative Agent or the Collateral Agent or the Agents shall be deemed to be references to the Administrative Agent and/or the Collateral Agent, as applicable, and/or such Supplemental Agent(s), as the context may require.

(f) Should any instrument in writing from any Loan Party be required by any Supplemental Agent so appointed by the Administrative Agent for more fully and certainly vesting in and confirming to him or it such rights, powers, privileges and duties, the Canadian Borrower shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Administrative Agent. In case any Supplemental Agent, or a successor thereto, shall die, become incapable of acting, resign or be removed, all the rights, powers, privileges and duties of such Supplemental Agent, to the extent permitted by law, shall vest in and be exercised by the Administrative Agent or the Collateral Agent, as applicable, until the appointment of a new Supplemental Agent.

SECTION 8.02 Nature of Duties. The Lenders hereby acknowledge that no Agent shall be under any duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders. The Lenders further acknowledge and agree that so long as an Agent shall make any determination to be made by it hereunder or under any other Loan Document in good faith, such Agent shall have no liability in respect of such determination to any person. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into the Loan Documents or otherwise exist against any Agent.

SECTION 8.03 Resignation by the Agents.

(a) Subject to the appointment and acceptance of a successor Administrative Agent, as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Canadian Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor with the consent of the Canadian Borrower (not to be unreasonably withheld or delayed). If no successor shall have been so appointed by the Required Lenders and approved by the Canadian Borrower and shall have accepted such appointment within 45 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders with the consent of the Canadian Borrower (not to be unreasonably withheld or delayed), appoint a successor Administrative Agent which shall be a bank with an office in New York, New York and, if requested by the Canadian Borrower, an office in Toronto, Canada (or a bank having an Affiliate with such an office) having a combined capital and surplus having a Dollar Equivalent that is not less than $500.0 million or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder.

(b) The Syndication Agent may resign at any time by notifying the Lenders and the Canadian Borrower.

(c) After the resignation by the Administrative Agent or the Syndication Agent hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent or Syndication Agent, as the case may be.

SECTION 8.04 The Agents in Their Individual Capacity. With respect to the Loans made by it hereunder, each Agent in its individual capacity and not as Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not an Agent, and each Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings or any of the Subsidiaries or other Affiliates thereof as if it were not an Agent.

SECTION 8.05 Indemnification. Each Lender agrees (a) to reimburse each Agent, on demand, in the amount of its pro rata share (based on its Commitments hereunder (or if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of its applicable outstanding Loans or participations in L/C Disbursements, as applicable)) of any reasonable expenses incurred for the benefit of the Lenders by such Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers or any other Loan Party and (b) to indemnify and hold harmless each Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, Taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrowers or any other Loan Party, provided that no Lender shall be liable to an Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of such Agent or any of its directors, officers, employees or agents.

SECTION 8.06 Lack of Reliance on Agents. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder. Each of the Syndication Agent and the Co-Documentation Agents shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, the Syndication Agent and the Co-Documentation Agents shall not have or be deemed to have a fiduciary relationship with any Lender.

SECTION 8.07 Designation of Affiliates for Loans Denominated in Canadian Dollars. The Administrative Agent shall be permitted from time to time to designate one of its Affiliates to perform the duties to be performed by the Administrative Agent hereunder with respect to Loans, Borrowings and Letters of Credit denominated in Canadian Dollars. The provisions of this Article VIII shall apply to any such Affiliate, mutatis mutandis .

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Notices.

(a) Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to any Loan Party, to it, c/o Telesat Canada, 1601 Telesat Court, Ottawa, Ontario, K1B 5P4, Fax: 613-748-8784, Attention: Vice President, General Counsel and Corporate Secretary (j.lecour@telesat.ca), with a copy to: (a) Chief Financial Officer (same address, fax, t.ignacy@telesat.ca) and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, N.Y. 10019, attention: William Hiller, Esq. (telecopy: (212) 728-9228) (e-mail: whiller@willkie.com);

(ii) if to the Administrative Agent, the Collateral Agent or Morgan Stanley Senior Funding, Nova Scotia in its capacity as Swingline Lender, to Morgan Stanley, One Pierrepont Plaza, 7th Floor, Brooklyn, New York 11201, attention: Xiao Wu/Roberto Ochoa(telecopy: (212)507-6680))(e-mail:Xiao_Wu@morganstanley.com/ Roberto.Ochoa@morganstanley.com), with a copy to (a) Edward Henley, One Pierrepont Plaza, 7th Floor, Brooklyn, New York 11201 (telecopy: (718) 754-7285) (e-mail: Edward.Henley@morganstanley.com) and (b) Cahill Gordon & Reindel LLP, 80 Pine Street, New York, New York 10005, attention: Daniel J. Zubkoff, Esq. (telecopy: (212) 378-2383) (e-mail: dzubkoff@cahill.com); and

(iii) if to an Issuing Bank or a Swingline Lender, to it at the address or telecopy number set forth separately in writing.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent, the Collateral Agent and each Borrower (on behalf of itself and the Subsidiary Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided , further , that approval of such procedures may be limited to particular notices or communications.

(c) All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service, sent by telecopy or (to the extent permitted by paragraph (b) above) electronic means or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

(d) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02 Survival of Agreement. All covenants, agreements, representations and warranties made by the Loan Parties herein, in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other

Loan Document shall be considered to have been relied upon by the Lenders and each Issuing Bank and shall survive the making by the Lenders of the Loans, the execution and delivery of the Loan Documents and the issuance of the Letters of Credit, regardless of any investigation made by such persons or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or L/C Disbursement or any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not been terminated. Without prejudice to the survival of any other agreements contained herein, indemnification and reimbursement obligations contained herein (including pursuant to Sections 2.16, 2.17, 2.18 and 9.05) shall survive the payment in full of the principal and interest hereunder, the expiration of the Letters of Credit and the termination of the Commitments or this Agreement.

SECTION 9.03 Binding Effect. This Agreement shall become effective when it shall have been executed by each of the Loan Parties and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the applicable Loan Party, each Issuing Bank, the Administrative Agent and each Lender and their respective permitted successors and assigns.

SECTION 9.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that (i) other than pursuant to a merger permitted by Section 6.03 or the Assumption, no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents, each Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (other than Holdings and its Subsidiaries) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and/or the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Canadian Borrower; provided that no consent of the Canadian Borrower shall be required for an assignment to (x) a Lender or an Affiliate of a Lender or an Approved Fund (y) during the primary syndication of the Commitments and/or Loans to institutions previously identified to Canadian Borrower in writing or, if an Event of Default has occurred and is continuing, any other assignee (provided that any liability of the

Borrowers to an assignee that is an Approved Fund or Affiliate of the assigning Lender under Section 2.16, 2.17 or 2.18 shall be limited to the amount, if any, that would have been payable hereunder by such Borrower in the absence of such assignment); and

(B) the Administrative Agent; provided that no consent of the Administrative Agent shall be required for an assignment of (i) a Revolving Facility Commitment and/or Revolving Facility Loan to an assignee that is a Lender with a Revolving Facility Commitment and/or Revolving Facility Loan immediately prior to giving effect to such assignment, or (ii) a Term Loan to a Lender, an Affiliate of a Lender or Approved Fund immediately prior to giving effect to such assignment or (iii) of Loans to Affiliates of Holdings (it being understood that Affiliates of Holdings will not be entitled to participate in any Lenders' meetings); and

(C) in the case of an assignment of Revolving Loans and/or Commitments, the Issuing Bank; provided that no consent of the Issuing Bank shall be required for an assignment of (i) a Revolving Facility Commitment and/or Revolving Facility Loan to an assignee that is a Lender with a Revolving Facility Commitment and/or Revolving Facility Loan, immediately prior to giving effect to such assignment, or (ii) of Loans to Affiliates of Holdings which are financial institutions with a net worth in excess of $100,000,000.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than (x) CND$5.0 million (or the Dollar Equivalent in the case of Revolving Facility Loans denominated in Dollars), in the case of Revolving Facility Commitments and Revolving Facility Loans, (y) CND$1.0 million, in the case of Canadian Term Loans and Canadian Term Loan Commitments and (z) $1.0 million in the case of U.S. Term Loans and U.S. Term Loan Commitments, unless each of the Canadian Borrower and the Administrative Agent otherwise consent; provided that multiple contemporaneous assignments by Approved Funds may be aggregated for the purpose of compliance with clauses (x) and (y) above; and further provided that no such consent of the Canadian Borrower shall be required if an Event of Default under paragraph (b), (c), (h) or (i) of Section 7.01 has occurred and is continuing; and

(B) each partial assignment shall be made as an assignment of a proportionate part of the assigning Lender's rights and obligations being so assigned under this Agreement; and

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance.

(iii) Subject to acceptance and recording thereof pursuant to paragraphs (b)(i) and (b)(iv) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender hereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 9.05). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and L/C Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the " Register "). The entries in the Register shall be conclusive, and the Borrowers, the Agents, each Issuing Bank and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent acting for itself and, in any situation wherein the consent of the Canadian Borrower is not required, the Canadian Borrower shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Canadian Borrower, the Administrative Agent, any Issuing Bank or any Swingline Lender, sell participations to one or more banks or other entities (a " Loan Participant ") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided, that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Agents, each Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument (oral or written) pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided that (x) such agreement or instrument may provide that such Lender will not, without the consent of the Loan Participant, agree to any amendment, modification or waiver described in Section 9.04(a)(i) or clauses (i), (ii), (iii), (iv), (v) or (vi) of the first proviso

to Section 9.08(b) that affects such Loan Participant and (y) no other agreement (oral or written) with respect to such participation may exist between such Lender and such Loan Participant. Subject to paragraph (c)(ii) of this Section, each of the Borrowers agree that each Loan Participant shall be entitled to the benefits of Sections 2.16, 2.17 and 2.18 (subject to the requirements and limitations therein) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Loan Participant and the principal and interest amounts of each Loan Participant's interest in the Loans held by it (the " Participant Register "). The entries in the Participant Register shall be conclusive, absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such Loan or other obligation hereunder for all purposes of this Agreement notwithstanding any notice to the contrary. To the extent permitted by law, each Loan Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender, provided such Loan Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) A Loan Participant shall not be entitled to receive any greater payment under Section 2.16, 2.17 or 2.18 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Loan Participant, except to the extent that the entitlement to any greater payment results from any Change in Law after the Person becomes a Loan Participant, unless the sale of the participation to such Loan Participant is made with the Canadian Borrower's prior written consent.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including (i) any pledge or assignment to secure obligations to a Federal Reserve Bank and (ii) in the case of any Lender that is an Approved Fund, any pledge or assignment to any holders of obligations owed, or securities issued, by such Lender including to any trustee for, or any other representative of, such holders, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Expenses; Indemnity.

(a) The Canadian Borrower agrees to pay all reasonable out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents or the administration of this Agreement and by the Initial Lenders in connection with the syndication of the Commitments (including expenses incurred prior to the Closing Date in connection with due diligence and the reasonable fees, disbursements and the charges for no more than one counsel in each jurisdiction where Collateral is located) or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the Transactions hereby contemplated shall be consummated) or incurred by the Agents or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made or the Letters of Credit issued hereunder, including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel llp, counsel for the Administrative

Agent and the Joint Lead Arrangers, and Osler, Hoskin & Harcourt LLP, special Canadian counsel to the Administrative Agent and the Joint Lead Arrangers, and, in connection with any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel (including the reasonable allocated costs of internal counsel if a Lender elects to use internal counsel in lieu of outside counsel) for the Agents, the Joint Lead Arrangers, any Issuing Bank or all Lenders (but no more than one such counsel for all Lenders).

(b) Each Borrower agrees to indemnify the Agents, the Joint Lead Arrangers, each Issuing Bank, each Lender and each of their respective affiliates, directors, trustees, officers, employees, advisors and agents (each such person being called an " Indemnitee ") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) the use of the proceeds of the Loans or the use of any Letter of Credit or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses result primarily from the gross negligence or willful misconduct (as determined in a final and non-appealable judgment of a court of competent jurisdiction) of such Indemnitee (treating, for this purpose only, any Agent, any Joint Lead Arranger, any Issuing Bank, any Lender and any of their respective Related Parties as a single Indemnitee). Subject to and without limiting the generality of the foregoing sentence, each Borrower agrees to indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel or consultant fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (A) any Environmental Claim related in any way to Holdings or any of the Subsidiaries, or (B) any actual or alleged presence, Release or threatened Release of Hazardous Materials at, under, on or from any Mortgaged Property or any property owned, leased or operated by any predecessor of Holdings or any of the Subsidiaries, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or any of its Related Parties. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of any Agent, any Issuing Bank or any Lender. All amounts due under this Section 9.05 shall be payable on written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Unless an Event of Default shall have occurred and be continuing, each Borrower shall be entitled to assume the defense of any action for which indemnification is sought hereunder with counsel of its choice at its expense (in which case any Borrower shall not

thereafter be responsible for the fees and expenses of any separate counsel retained by an Indemnitee except as set forth below); provided , however , that such counsel shall be reasonably satisfactory to each such Indemnitee. Notwithstanding a Borrower's election to assume the defense of such action, each Indemnitee shall have the right to employ separate counsel and to participate in the defense of such action, and each Borrower shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the use of counsel chosen by a Borrower to represent such Indemnitee would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both any Borrower and such Indemnitee and such Indemnitee shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to a Borrower (in which case a Borrower shall not have the right to assume the defense or such action on behalf of such Indemnitee); (iii) either Borrower shall not have employed counsel reasonably satisfactory to such Indemnitee to represent it within a reasonable time after notice of the institution of such action; or (iv) a Borrower shall authorize in writing such Indemnitee to employ separate counsel at such Borrower's expense. The Borrowers will not be liable under this Agreement for any amount paid by an Indemnitee to settle any claims or actions if the settlement is entered into without such Borrower's consent, which consent may not be withheld or delayed unless such settlement is unreasonable in light of such claims or actions against, and defenses available to, such Indemnitee.

(d) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.18, this Section 9.05 shall not apply to Taxes.

SECTION 9.06 Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender and each Issuing Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness (including Swap Obligations) at any time owing by such Lender or such Issuing Bank to or for the credit or the account of Holdings or any Subsidiary against any of and all the obligations of Holdings or any Subsidiary now or hereafter existing under this Agreement or any other Loan Document held by such Lender or such Issuing Bank, irrespective of whether or not such Lender or such Issuing Bank shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured. The rights of each Lender and each Issuing Bank under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender or such Issuing Bank may have.

SECTION 9.07 Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN LETTERS OF CREDIT AND AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.08 Waivers; Amendment.

(a) No failure or delay of the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further

exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, each Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, Intermediate Holdco, any Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, Intermediate Holdco, any Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders and (y) in the case of any other Loan Document, pursuant to an agreement or agreements as provided for therein; provided , however , that no such agreement shall

(c) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan or any L/C Disbursement, without the prior written consent of each Lender directly affected thereby; provided that any amendment to the financial covenant definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (i),

(ii) increase or extend the Commitment of any Lender or decrease the Fees or other fees of any Lender without the prior written consent of such Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the aggregate Commitments shall not constitute an increase of the Commitments of any Lender),

(iii) extend or waive any Installment Date or extend any date on which payment of interest on any Loan or any L/C Disbursement is due, without the prior written consent of each Lender adversely affected thereby,

(iv) amend or modify the provisions of Section 2.19(c) in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender adversely affected thereby,

(v) amend or modify the provisions of this Section or the definition of the terms “Required Lenders,” “Majority Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender adversely affected thereby (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date),

(vi) release all or substantially all value of the Collateral or release Holdings, Intermediate Holdco or all or substantially all of the Subsidiary Loan Parties from its Guarantee under the applicable Security Document, unless, in the case of a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party is sold or otherwise disposed of in a transaction permitted by this Agreement, without the prior written consent of each Lender adversely affected thereby,

(vii) effect any waiver, amendment or modification that by its terms directly adversely affects the rights in respect of payments or collateral of Lenders participating in any Facility differently from those of Lenders participating in other Facilities, without the consent of the Majority Lenders participating in the adversely affected Facility (it being agreed that the Required Lenders may waive, in whole or in part, any prepayment or Commitment reduction required by Section 2.12 so long as the application of any prepayment or Commitment reduction still required to be made is not changed), or

(viii) change or impose any restriction on the ability of any Lender to assign any of its rights or obligations other than as provided for in Section 9.04;

provided , further , that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or an Issuing Bank hereunder without the prior written consent of the Administrative Agent or such Issuing Bank acting as such at the effective date of such agreement, as applicable. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any assignee of such Lender. This Agreement and all other Loan Documents may be amended or modified without the consent or signature of the Loan Parties (other than the Borrowers) and, after giving effect to each such amendment and modification, all Loan Documents shall continue in full force and effect except no such amendment, waiver or modification to Article X of this Agreement or any other Loan Document to which such Loan Party is a party may be effective without the consent of such Loan Party.

(c) Without the consent of any Joint Lead Arranger or any Lender, the Loan Parties and the Administrative Agent and/or Collateral Agent may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment, modification or waiver of any Loan Document, or enter into any new agreement or instrument, to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Creditors, or as required by local law to give effect to, or protect any security interest for the benefit of the Secured Creditors, in any property or so that the security interests therein comply with applicable law.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings and the Borrowers (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Facility Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

(e) In addition, notwithstanding the foregoing, this Agreement may be amended with the written consent of the Administrative Agent, Holdings, the Borrowers and the Lenders providing the relevant Replacement Term Loans (as defined below) to permit the refinancing of all outstanding Term Loans (" Refinanced Term Loans ") with replacement term loan tranches hereunder which shall be Loans hereunder (" Replacement Term Loans "); provided that (a) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans, (b) the Applicable Margin for such Replacement Term Loans shall not be higher than the Applicable Margin for such Refinanced Term Loans, (c) the weighted average life to maturity of such Replacement Term Loans shall not be shorter than the weighted average life to maturity of such Refinanced Term Loans at the time of such refinancing and (d) all other terms applicable to such Replacement Term Loans shall be substantially identical to, or less favorable to the Lenders providing such Replacement Term Loans than, those applicable to such Refinanced Term Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the latest final maturity of the Term Loans in effect immediately prior to such refinancing.

SECTION 9.09 Interest Rate Limitation. Notwithstanding anything herein to the contrary, and without limiting Sections 2.14(f)(ii) through (iv), if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the " Charges "), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender or any Issuing Bank, shall exceed the maximum lawful rate (the " Maximum Rate ") that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender or such Issuing Bank, shall be limited to the Maximum Rate, provided that such excess amount shall be paid to such Lender or such Issuing Bank on subsequent payment dates to the extent not exceeding the legal limitation.

SECTION 9.10 Entire Agreement. This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents except as expressly set forth in such agreement. Notwithstanding the foregoing, the Fee Letter shall survive the execution and delivery of this Agreement and remain in full force and effect. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 9.11 WAIVER OF JURY TRIAL. **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY**

HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

SECTION 9.12 Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed original.

SECTION 9.14 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15 Jurisdiction; Consent to Service of Process.

(a) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender or any Issuing Bank may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against Holdings or any Loan Party or their properties in the courts of any jurisdiction.

(b) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each Loan Party party hereto irrevocably and unconditionally appoints Skynet Satellite Holdings Corporation, with an office on the date hereof at 600 Third Avenue, New York, New York 10016, and its successors hereunder (the " Process Agent "), as its agent to receive on behalf of each such Loan Party and its property all writs, claims, process, and summonses in any action or proceeding brought against it in the State of New York. Such service may be made by mailing or delivering a copy of such process to the respective Loan Party in care of the Process Agent at the address specified above for the Process Agent, and such Loan Party irrevocably authorizes and directs the Process Agent to accept such service on its behalf. Failure by the Process Agent to give notice to the respective Loan Party, or failure of the respective Loan Party, to receive notice of such service of process shall not impair or affect the validity of such service on the Process Agent or any such Loan Party, or of any judgment based thereon. Each Loan Party party hereto covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of the Process Agent above in full force and effect, and to cause the Process Agent to act as such. Each Loan Party hereto further covenants and agrees to maintain at all times an agent with offices in New York City to act as its Process Agent. Nothing herein shall in any way be deemed to limit the ability to serve any such writs, process or summonses in any other manner permitted by applicable law. Skynet Satellite Holdings Corporation consents to serve as such agent.

SECTION 9.16 Confidentiality. Each of the Lenders, each Issuing Bank and the Administrative Agent agrees that it shall maintain in confidence any information relating to Holdings and the other Loan Parties furnished to it by or on behalf of Holdings or the other Loan Parties (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender, such Issuing Bank or the Administrative Agent without violating this Section 9.16 or (c) was available to such Lender, such Issuing Bank or the Administrative Agent from a third party having, to such person's knowledge, no obligations of confidentiality to Holdings or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know or to any person that approves or administers the Loans on behalf of such Lender (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, the National Association of Insurance Commissioners or of any securities exchange on which securities of the disclosing party or any Affiliate of the disclosing party are listed or traded, (B) as part of normal reporting or review procedures to, or as requested in connection with the exercise of its regulatory authority by, any Governmental Authorities or the National Association of Insurance Commissioners, (C) to its parent companies, Affiliates or auditors (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (D) in order to enforce its rights under any Loan Document in a legal proceeding, (E) to any prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16) and (F) to any direct or indirect contractual counterparty in Swap Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section).

SECTION 9.17 Conversion of Currencies.

(a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of each Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the " Applicable Creditor ") shall, notwithstanding any judgment in a currency (the " Judgment Currency ") other than the currency in which such sum is stated to be due hereunder (the " Agreement Currency "), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 9.17 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

SECTION 9.18 Release of Liens and Guarantees. In the event that any Loan Party conveys, sells, leases, assigns, transfers or otherwise disposes of all or any portion of any of its assets (including the Equity Interests of any Loan Party) to a person that is not (and is not required to become) a Loan Party in a transaction not prohibited by Section 6.03, the Administrative Agent shall promptly (and the Lenders hereby authorize the Administrative Agent to) take such action and execute any such documents as may be reasonably requested by Holdings or the Borrowers and at the Canadian Borrower's expense to release any Liens created by any Loan Document in respect of such assets or Equity Interests, and, in the case of a disposition of the Equity Interests of any Subsidiary Loan Party in a transaction permitted by Section 6.03 and as a result of which such Subsidiary Loan Party would cease to be a Subsidiary, terminate such Subsidiary Loan Party's obligations under its Guarantee. In addition, the Administrative Agent and the Collateral Agent agree to take such actions as are reasonably requested by Holdings or the Borrowers and at the Canadian Borrower's expense (a) to terminate the Liens and security interests created by the Loan Documents when all the Secured Obligations (other than contingent indemnification obligations not yet accrued and payable) are paid in full and all Commitments are terminated and all Letters of Credit are either terminated or cash collateralized in full, (b) to release or subordinate any Lien on any property to or held by the Collateral Agent under any Loan Document to the holder of any Lien on such property that is permitted under Section 6.02(u), including the agreement dated the Closing Date among the Collateral Agent, the Company and Cancom Alta Holdings Inc. (the "Cancom Agreement"), agreements to implement recognize the Lien permitted under clause (u) of the definition of Permitted Lien) and (c) to release any Guarantor from its

obligations under the Loan Documents if such Person ceases to be a Restricted Subsidiary as a result of a transaction or designation permitted hereunder. The Collateral Agent shall be entitled to release its Lien on any Satellite subject to any Lien permitted under clause (u) of the definition of Permitted Lien, the non-disturbance agreement with ExpressVu related to the Nimiq 1 and Nimiq 2 or the Cancom Agreement if a Governmental Authority requires it or the Lenders to perform any obligations under the relevant non-disturbance or condosat agreement. Any representation, warranty or covenant contained in any Loan Document relating to any such Equity Interests, asset or subsidiary of Holdings shall no longer be deemed to be made once such Equity Interests or asset is so conveyed, sold, leased, assigned, transferred or disposed of.

SECTION 9.19 Patriot Act. Each Lender subject to the Patriot Act or PCTFA hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act or PCTFA, as applicable, it is required to obtain, verify and record information that identifies the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the Act or PCTFA, as applicable.

SECTION 9.20 Regulatory Matters. The Lenders and the Collateral Agent hereby agree that they will not take action pursuant to the Security Documents which would constitute or result in an assignment or a change of control of the FCC Licenses, Industry Canada Authorizations or other governmental permits, licenses, or other authorizations now held by or to be issued to the Canadian Borrower or any of its subsidiaries, that would require prior notice to or approval from a Governmental Authority, without first providing such notice or obtaining such prior approval. The Lenders, the Administrative Agent and the Collateral Agent hereby further agree that they will not take any action under any Loan Document which would cause the Canadian Borrower to breach the "Canadian ownership and control rules" established under Section 16 of the Telecommunications Act (Canada), as amended from time to time. The Canadian Borrower agrees to take any action which any Lender may reasonably request in order to obtain from the FCC, U.S. Department of Justice, Industry Canada, CRTC or any other relevant Governmental Authority such approval as may be necessary to enable the Lenders to exercise the full rights and benefits granted to the Lenders pursuant to this Agreement, including the use of the Canadian Borrower's best efforts to assist in obtaining the approval of the FCC, U.S. Department of Justice, Industry Canada, CRTC or any other relevant Governmental Authority for any action or transaction contemplated by the Security Documents for which such approval is required by law and specifically, without limitation, upon request, to prepare, sign and file with the FCC, U.S. Department of Justice, Industry Canada, CRTC or any other relevant Governmental Authority the assignor's or transferor's and licensee's portions of any application or applications for consent to the assignment or transfer of control of any FCC, U.S. Department of Justice, Industry Canada, CRTC or other governmental construction permit, license or other authorization that may be necessary or appropriate under the rules of the FCC, U.S. Department of Justice, Industry Canada, CRTC or such other Governmental Authority for approval of any sale or transfer of control of the Collateral pursuant to the exercise of the Collateral Agent's and the Lenders' rights and remedies under the Security Documents. The Canadian Borrower further consents, subject to obtaining any necessary approvals, to the assignment or transfer of control of any FCC, U.S. Department of Justice, CRTC, Industry Canada Authorizations or other governmental construction permit, license, or other authorization to operate to a receiver, trustee, or similar official or to any purchaser of the Collateral pursuant to any public or private sale, judicial sale, foreclosure, or exercise of other remedies available to the Collateral Agent or Lenders as permitted by applicable law.

Notwithstanding anything herein or in any of the Loan Documents to the contrary, prior to the occurrence of an Event of Default and the consent of the FCC, U.S. Department of Justice, Industry Canada, CRTC and of any other applicable Governmental Authority to the assignment or transfer of control of FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses, or other authorizations, this Agreement, the Security Documents and the transactions contemplated hereby and thereby do not and will not constitute, create, or have the effect of constituting or creating directly or indirectly, actual or practical ownership of any FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses or other authorizations by the Secured Creditors, the Collateral Agents or the Administrative Agent or control, affirmative or negative, direct or indirect, by Lenders, the Secured Creditors, the Collateral Agent or the Administrative Agent over the management or any other aspect of the operation of any FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses, or other authorizations.

The exercise of rights by the Lenders under the Security Documents is subject to the provisions of Schedule 1.01(d).

SECTION 9.21 Application of Proceeds.

(a) All moneys collected by the Collateral Agent upon any sale or other disposition of any Collateral, together with all other moneys received by the Collateral Agent under any Security Document, shall be applied as follows:

(i) first , to the payment of all amounts owing the Collateral Agent for (x) any and all sums advanced by the Collateral Agent in order to preserve the Collateral or preserve its security interest and other Liens in the Collateral, (y) the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Collateral Agent of its rights under this Agreement or any Security Document, together with reasonable attorneys' fees and court costs, in each case, in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of Holdings or its Subsidiaries and after an Event of Default shall have occurred and be continuing and (z) all amounts paid by the Collateral Agent for which the Collateral Agent is indemnified by Holdings or any of its Subsidiaries and for which the Collateral Agent is entitled to reimbursement pursuant to Section 9.05 or the indemnification provisions contained in the Security Documents;

(ii) second , to the extent proceeds remain after the application pursuant to the preceding clause (i), to the payment of all amounts owing to any Agent for (x) all amounts paid by such Agent for which such Agent is indemnified by Holdings or any of its Subsidiaries and for which such Agent is entitled to reimbursement pursuant to Section 9.05 or the indemnification provisions contained in the Security Documents and (y) all amounts owing to any Agent pursuant to any of the Loan Documents in its capacity as such;

(iii) third , to the extent proceeds remain after the application pursuant to the preceding clauses (i) and (ii), an amount equal to the outstanding Primary Obligations shall be paid to the Secured Creditors as provided in Section 9.21(d), with each Secured Creditor receiving an amount equal to its outstanding Primary Obligations or, if the proceeds are insufficient to pay in full all such Primary Obligations, its Pro Rata Share of the amount remaining to be distributed;

(iv) fourth , to the extent proceeds remain after the application pursuant to the preceding clauses (i) through (iii), inclusive, an amount equal to the outstanding Secondary Obligations shall be paid to the Secured Creditors as provided in Section 9.21(d), with each Secured Creditor receiving an amount equal to its outstanding Secondary Obligations or, if the proceeds are insufficient to pay in full all such Secondary Obligations, its Pro Rata Share of the amount remaining to be distributed; and

(v) fifth , to the extent proceeds remain after the application pursuant to the preceding clauses (i) through (iv), inclusive, and following the termination of this Agreement and the Security Documents, to Holdings or its relevant Subsidiary or to whomever may be lawfully entitled to receive such surplus.

(b) When payments to Secured Creditors are based upon their respective Pro Rata Shares, the amounts received by such Secured Creditors shall be applied (for purposes of making determinations under this Section 9.21 only) (i) first, to their Primary Obligations and (ii) second, to their Secondary Obligations. If any payment to any Secured Creditor of its Pro Rata Share of any distribution would result in overpayment to such Secured Creditor, such excess amount shall instead be distributed in respect of the unpaid Primary Obligations or Secondary Obligations, as the case may be, of the other Secured Creditors, with each Secured Creditor whose Primary Obligations or Secondary Obligations, as the case may be, have not been paid in full to receive an amount equal to such excess amount multiplied by a fraction the numerator of which is the unpaid Primary Obligations or Secondary Obligations, as the case may be, of such Secured Creditor and the denominator of which is the unpaid Primary Obligations or Secondary Obligations, as the case may be, of all Secured Creditors entitled to such distribution.

(c) Each of the Secured Creditors, by their acceptance of the benefits of the Security Documents, agrees and acknowledges that if the Lenders receive a distribution on account of undrawn amounts with respect to Letters of Credit issued under this Agreement (which shall only occur after all outstanding Revolving Facility Loans and unreimbursed L/C Disbursements have been paid in full), such amounts shall be paid to the Administrative Agent and held by it, for the equal and ratable benefit of the Lenders, as cash security for the repayment of all obligations owing to the Lenders as such. If any amounts are held as cash security pursuant to the immediately preceding sentence, then upon the termination of all outstanding Letters of Credit, and after the application of all such cash security to the repayment of all obligations owing to the Lenders after giving effect to the termination of all such Letters of Credit, if there remains any excess cash, such excess cash shall be returned by the Administrative Agent to the Collateral Agent for distribution in accordance with Section 9.21(a).

(d) All payments required to be made hereunder shall be made (x) if to the Lenders, to the Administrative Agent for the account of the Lenders and (y) if to the Swap Counterparties,

to the trustee, paying agent or other similar representative (each, a " Representative ") for the Swap Counterparties or, in the absence of such a Representative, directly to the Swap Counterparties, and (z) if to the holders of the Telesat Notes, to the trustee, paying agent or other similar representative for the holders of the Telesat Notes (each, a " Telesat Noteholder Representative "), such Telesat Noteholder Representative on the date hereof (the Telesat Noteholder Representative on the date hereof being BNY The Trust Company of Canada).

(e) For purposes of applying payments received in accordance with this Section 9.21, the Collateral Agent shall be entitled to rely upon (i) the Administrative Agent and (ii) the Representative or, in the absence of such a Representative, upon the Swap Counterparties for a determination (which the Administrative Agent, each Representative and the Swap Counterparties agree (or shall agree) to provide upon request of the Collateral Agent) of the outstanding Primary Obligations and Secondary Obligations owed to the Secured Parties. Unless it has received written notice from a Lender or a Swap Counterparty to the contrary, the Administrative Agent and each Representative, in furnishing information pursuant to the preceding sentence, and the Collateral Agent, in acting hereunder, shall be entitled to assume that no Secondary Obligations are outstanding.

(f) It is understood that Holdings and the other Loan Parties shall remain jointly and severally liable to the extent of any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the Secured Obligations.

SECTION 9.22 Withholding Tax.

(a) To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the forms or other documentation required by Section 2.18(e) are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to any Lender not providing such forms or other documentation, a maximum amount of the applicable withholding tax.

(b) If the Internal Revenue Service, Canada Revenue Agency or any authority of the United States of America, Canada or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

(c) If any Lender sells, assigns, grants a participation in, or otherwise transfers its rights under this Agreement, the purchaser, assignee, participant or transferee, as applicable, shall comply and be bound by the terms of Sections 2.18(e) and this Section 9.22; provided that with respect to any Loan Participant, as set forth in Section 9.04(c), such Loan Participant shall only be required to comply with the requirements of Section 2.18(e) if such Loan Participant seeks to obtain the benefits of Section 2.18.

SECTION 9.23 Obligations of the Borrowers Joint and Several. With respect to the U.S. Term Loans made hereunder, from and after the Assumption each of the Canadian Borrower and the U.S. Borrower hereby acknowledges that such Loans are made for the benefit of each of the Canadian Borrower and the U.S. Borrower and, in consideration thereof, agrees to be jointly and severally liable with each other for such Loans and the Obligations related thereto.

ARTICLE X

GUARANTEE

SECTION 10.01 The Guarantee. Holdings, Intermediate Holdco (before and until the Assumption), U.S. Borrower (other than with respect to U.S. Term Loans and from and after the Assumption) and each Subsidiary Guarantor (it being understood that any entity signing this Credit Agreement whose signature is shown to be effective only upon completion of the transactions described in the Steps Memorandum shall not be a Subsidiary Guarantor until such completion) and Initial Canadian Borrower (from and after the Assumption, the " Guarantors ") hereby, jointly and severally guarantee, as a primary obligor and not as a surety to each Secured Party and their respective successors and assigns, the prompt payment in full when due (whether at stated maturity, by required prepayment, declaration, demand, by acceleration or otherwise) of the principal of and interest (including any interest, fees, costs or charges that would accrue but for the provisions of the Title 11 of the United States Code or other applicable bankruptcy or insolvency legislation after any bankruptcy or insolvency petition under Title 11 of the United States Code, the BIA, the CCAA, the WURA or other applicable bankruptcy or insolvency legislation) on the Loans made by the Lenders to, and the promissory notes held by each Lender of, the Borrowers, all Secured Obligations of the Borrowers and the other Loan Parties under Permitted Swap Agreements and all other Secured Obligations from time to time owing to the Secured Parties by any Loan Party under any Loan Document or pursuant to any agreement as described in clause (d) of the definition of "Secured Obligations," in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the " Guaranteed Obligations "). The Guarantors hereby jointly and severally agree that if the Borrowers or other Guarantor(s) shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantors will promptly pay the same in cash, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 10.02 Obligations Unconditional. The obligations of the Guarantors under Section 10.01 shall constitute a guaranty of payment and to the fullest extent permitted by applicable law, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations of the Borrowers under this Agreement, the promissory notes, if any, or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, irrespective of any other circumstance whatsoever

that might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor (except for payment in full). Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above:

(i) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement or the promissory notes, if any, or any other agreement or instrument referred to herein or therein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under the Loan Documents or any other agreement or instrument referred to herein or therein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien or security interest granted to, or in favor of, Issuing Bank or any Lender or Agent as security for any of the Guaranteed Obligations shall fail to be perfected; or

(v) the release of any other Guarantor pursuant to Section 10.09.

The Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that any Secured Party exhaust any right, power or remedy or proceed against any Borrower under this Agreement or the promissory notes, if any, or any other agreement or instrument referred to herein or therein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations. The Guarantors waive any and all notice of the creation, renewal, extension, waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Secured Party upon this Guarantee or acceptance of this Guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee, and all dealings between the Borrowers and the Secured Parties shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. This Guarantee shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by Secured Parties, and the obligations and liabilities of the Guarantors hereunder shall not be conditioned or contingent upon the pursuit by the Secured Parties or any other person at any time of any right or remedy against any Borrower or against any other person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and the successors and assigns

thereof, and shall inure to the benefit of the Secured Parties, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

SECTION 10.03 Reinstatement . The obligations of the Guarantors under this Article X shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrowers or other Loan Party in respect of the applicable Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the applicable Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

SECTION 10.04 Subrogation; Subordination. Each Guarantor hereby agrees that until the indefeasible payment and satisfaction in full in cash of all applicable Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall waive any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 10.01, whether by subrogation or otherwise, against any Borrower or any other Guarantor of any of the applicable Guaranteed Obligations or any security for any of the applicable Guaranteed Obligations. Any Indebtedness of any Loan Party permitted pursuant to Section 6.01(A)(b) shall be subordinated to such Loan Party's Obligations in the manner set forth in the Intercompany Note evidencing such Indebtedness.

SECTION 10.05 Remedies . The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of either Borrower under this Agreement, the promissory notes, if any, and any other agreement or instrument referred to herein or therein may be declared to be forthwith due and payable as provided in Article VII (and shall be deemed to have become automatically due and payable in the circumstances provided in said Article VII) for purposes of Section 10.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Borrowers and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrowers) shall forthwith become due and payable by the applicable Guarantors for purposes of Section 10.01.

SECTION 10.06 Instrument for the Payment of Money. Each Guarantor hereby acknowledges that the guarantee in this Article X constitutes an instrument for the payment of money, and consents and agrees that any Lender or Agent, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.

SECTION 10.07 Continuing Guarantee. The guarantee in this Article X is a continuing guarantee of payment, and shall apply to all applicable Guaranteed Obligations whenever arising.

SECTION 10.08 General Limitation on Guarantee Obligations. In any action or proceeding involving any state corporate limited partnership or limited liability company law, or any applicable state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Guarantor under Section 10.01 would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 10.01,

then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Loan Party or any other person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 10.09 Release of Guarantors. If, in compliance with the terms and provisions of the Loan Documents, all or substantially all of the Equity Interests or property of any Guarantor are sold or otherwise transferred (a " Transferred Guarantor ") to a person or persons, none of which is Holdings, Intermediate Holdco, Borrowers or a Subsidiary, such Transferred Guarantor shall, upon the consummation of such sale or transfer, be released from its obligations under this Agreement (including under Section 9.05 hereof) and its obligations to pledge and grant any Collateral owned by it pursuant to any Security Document and, in the case of a sale of all or substantially all of the Equity Interests of the Transferred Guarantor, the pledge of such Equity Interests to the Collateral Agent pursuant to the Security Documents shall be released, and the Collateral Agent shall take such actions as are necessary to effect each release described in this Section 10.09 in accordance with the relevant provisions of the Security Documents.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

TELESAT HOLDINGS INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

TELESAT INTERCO INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

4363230 CANADA INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

TELESAT LLC

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

INFOSAT COMMUNICATIONS, INC.*
INFOSAT ABLE HOLDINGS, INC.*
ABLE INFOSAT COMMUNICATIONS, INC.*
TELESAT SATELLITE HOLDINGS CORPORATION* (formerly known as Skynet Satellite Holdings Corporation)
SKYNET SATELLITE CORPORATION*
TELESAT INTERNATIONAL, L.L.C.* (formerly known as Loral Skynet International, L.L.C.)
TELESAT BRAZIL HOLDINGS LLC* (formerly known as Loral Brazil Holdings LLC)
TELESAT NETWORK SERVICES, INC.* (formerly known as Loral Skynet Network Services, Inc.)
TELESAT NETWORK SERVICES INTERNATIONAL, INC.* (formerly known as Loral CyberStar International, Inc.)
TELESAT NS, INC.* (formerly known as Loral CyberStar Services, Inc.)
TELESAT NS HOLDINGS, L.L.C.* (formerly known as Loral CyberStar Holdings, L.L.C.)
TELESAT NETWORK SERVICES HOLDINGS L.L.C.* (formerly known as Loral Skynet Network Services Holdings L.L.C.)
TELESAT NS, L.L.C.* (formerly known as Loral CyberStar, L.L.C.)
TELESAT NETWORK SERVICES, L.L.C.* (formerly known as CyberStar, L.L.C.)
TELESAT SATELLITE GP, LLC* (formerly known as Skynet International LLC)
TELESAT SATELLITE LP* (formerly known as Skynet Satellite LP)
TELESAT COMMUNICATIONS SERVICES, INC.* (formerly known as Loral Communications Services, Inc.

By: /s/ Daniel Goldberg
Name: Daniel Goldberg
Title: Authorized Signatory for each of the foregoing

*The signature of this subsidiary will be effective upon completion of the transactions described in the Steps Memorandum.

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent and as a Lender

By: /s/ Andrew Earls
Name: Andrew Earls
Title: Vice President

MORGAN STANLEY & CO. INCORPORATED,
as Collateral Agent and as a Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Andrew Earls
Name: Andrew Earls
Title: Managing Director

MORGAN STANLEY SENIOR FUNDING, NOVA SCOTIA,
as a Lender and as a Swingline Lender

By: /s/ Todd Vanucci
Name: Todd Vanucci
Title: Vice President

UBS SECURITIES LLC,
as Syndication Agent and as a Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Mary Evans
Name: Mary Evans
Title: Associate Director
Banking Products Services, US

By: /s/ David Julie
Name: David Julie
Title: Associate Director
Banking Products Services, US

UBS LOAN FINANCE LLC,
as a Lender

By: /s/ Mary Evans
Name: Mary Evans
Title: Associate Director
Banking Products Services, US

By: /s/ Irja Otsa
Name: Irja Otsa
Title: Associate Director
Banking Products Services, US

UBS AG CANADA BRANCH,
as a Lender

By: /s/ Amy Fung
Name: Amy Fung
Title: Director

By: /s/ Stephen Gerry
Name: Stephen Gerry
Title: Director

J.P. MORGAN SECURITIES INC.,
as a Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Jacob Steinberg
Name: Jacob Steinberg
Title: Executive Director

JPMORGAN CHASE BANK, N.A.,
as a Co-Documentation Agent and as a Lender

By: /s/ Richard Smith
Name: Richard Smith
Title: Executive Director

THE BANK OF NOVA SCOTIA,
as a Co-Documentation Agent, Issuing Bank and as a Lender

By: /s/ Robert King
Name: Robert King
Title: Director

CITIBANK, N.A., CANADIAN BRANCH,
as a Co-Documentation Agent and as a Lender

By: /s/ Niyousha Zarinpour
Name: Niyousha Zarinpour
Title: Authorized Signer

CITIBANK, N.A.,
as a Lender

By: /s/ Caesar Wyszomirski
Name: Caesar Wyszomirski
Title: Director

Exhibit 99.2

[EXECUTION VERSION]

SENIOR BRIDGE LOAN AGREEMENT

Dated as of October 31, 2007

among

TELESAT HOLDINGS INC.,
as Holdings

TELESAT INTERCO INC.,
as Initial Canadian Borrower

4363230 CANADA INC.
(which on the Closing Date will amalgamate with TELESAT CANADA),
as Canadian Borrower

TELESAT LLC,
as U.S. Borrower

THE GUARANTORS PARTY HERETO,

THE LENDERS PARTY HERETO,

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent,

and

UBS SECURITIES LLC,
as Syndication Agent

MORGAN STANLEY & CO. INCORPORATED
UBS SECURITIES LLC
and
J.P. MORGAN SECURITIES INC.,
as Joint Lead Arrangers and Joint Book Running Managers
and

JPMORGAN CHASE BANK, N.A.,
THE BANK OF NOVA SCOTIA
and
JEFFERIES FINANCE LLC,
as Co-Documentation Agents

TABLE OF CONTENTS

Exhibits and Schedules

SENIOR BRIDGE LOAN AGREEMENT dated as of October 31, 2007 (this " Agreement "), among TELESAT INTERCO INC., a Canada corporation (" Initial Canadian Borrower "), TELESAT HOLDINGS INC., a Canada corporation (" Holdings "), 4363230 CANADA INC. (" Intermediate Holdco " or, from and after each of the Assumption and the amalgamation with Telesat Canada to continue as Telesat Canada, the " Canadian Borrower "), TELESAT LLC, a Delaware limited liability company and a wholly owned subsidiary of the Initial Canadian Borrower (the " U.S. Borrower " and, together with the Initial Canadian Borrower (before and after the Assumption) and Canadian Borrower, the " Borrowers "), certain subsidiaries of Holdings as Guarantors, the LENDERS party hereto from time to time, MORGAN STANLEY SENIOR FUNDING, INC., as administrative agent (in such capacity, the " Administrative Agent ") for the Lenders, UBS SECURITIES LLC (" UBSS "), as syndication agent (in such capacity, the " Syndication Agent "), JPMORGAN CHASE BANK, N.A., THE BANK OF NOVA SCOTIA and JEFFERIES FINANCE LLC, as co-documentation agents (in such capacity, the " Co-Documentation Agents ") and MORGAN STANLEY & CO. INCORPORATED (" MS "), UBSS and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint book running managers (in such capacities, the " Joint Lead Arrangers " and only MS and UBSS, together in such capacities, the " Lead Arrangers ").

W I T N E S S E T H :

WHEREAS, Loral Space & Communications Inc., a Delaware corporation (" Loral "), or its subsidiary, Loral Space & Communications Holdings Corporation, a Delaware corporation (" LSCH "), formed Loral Holdings Corporation, a Delaware corporation (" Loral Holdings "), which together with Public Sector Pension Investment Board, a Canadian federal special Act corporation (" PSP "), or Red Isle Private Investments Inc., its wholly owned subsidiary (collectively, " PSPIB "), John P. Cashman and Collin D. Watson (together, the " Designees ") formed Holdings and Holdings subsequently formed Initial Canadian Borrower;

WHEREAS, on December 16, 2006, Initial Canadian Borrower, BCE Inc., a Canadian corporation (" Seller "), and Telesat Canada, a Canadian corporation (the " Company "), entered into the Acquisition Agreement, pursuant to which Initial Canadian Borrower intends to purchase (the " Acquisition ") all of the outstanding capital shares of the Company and the Safe Income Notes (as defined in the Acquisition Agreement);

WHEREAS, pursuant to the Skynet Contribution Documents, concurrently with the Acquisition, Holdings will directly or indirectly acquire substantially all of the assets of Loral Skynet Corporation, a Delaware corporation (" Skynet "), and its subsidiaries used in the Business (as defined in the Asset Transfer Agreement) (the " Skynet Contribution ");

WHEREAS, immediately after receiving the Skynet Contribution, Holdings will transfer all of the assets received on the Skynet Contribution and the cash received from PSPIB and the Designees to the Initial Canadian Borrower in exchange for common shares of Initial Canadian Borrower;

WHEREAS, on the Closing Date, Holdings and the Borrowers will enter into the Senior Secured Credit Facilities, under which the Borrowers will obtain approximately $2,200 million in senior secured loans and commitments;

WHEREAS, on the Closing Date, Holdings and the Borrowers will enter into the Senior Subordinated Bridge Loan Facility, under which the Borrowers will obtain $217,175,000 in senior subordinated interim loans;

WHEREAS, to finance (in part) the purchase price for the Acquisition, the Skynet Contribution and the Refinancing and to pay fees and expenses in connection therewith, the Borrowers and the Guarantors desire to enter into this Agreement;

WHEREAS, promptly after the closing of the Acquisition, Initial Canadian Borrower shall transfer to Intermediate Holdco the outstanding capital shares of the Company and the Safe Income Notes (in consideration of, among other things, the Assumption (as defined below);

WHEREAS, immediately following consummation of the Acquisition, the Canadian Borrower shall assume Initial Canadian Borrower's obligations under this Agreement, Initial Canadian Borrower shall become a Guarantor and Canadian Borrower's Guarantee of Initial Canadian Borrower's obligations under this Agreement shall be released pursuant to an Assumption Agreement in substantially the form attached hereto as Exhibit I (the " Assumption ");

WHEREAS, immediately after the Assumption, Intermediate Holdco will amalgamate with the Company to form a company also called "Telesat Canada", and through such amalgamation, by operation of law, Telesat Canada shall become the Canadian Borrower;

WHEREAS, immediately after the amalgamation, certain Subsidiaries of the Company shall become Guarantors;

WHEREAS, immediately after the amalgamation, Telesat Interco, Inc. will transfer to the Company the assets constituting the Skynet Contribution in exchange for common shares of the Company and the Company will transfer certain of such assets to its Subsidiaries which have become Guarantors;

NOW, THEREFORE, the Lenders are willing to extend senior unsecured credit to the Borrowers on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Defined Terms . As used in this Agreement, the following terms shall have the meanings specified below:

" ABR Borrowing " shall mean a Borrowing comprised of ABR Loans.

" ABR Loan " shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

" Acceptable Exclusions " shall mean, in the case of any insurance procured in accordance with Section 5.02(b), (i) war, invasion, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by: (a) any government or sovereign power (de jure or de facto); or (b) any authority maintaining or using a military, navy or air force; or (c) a military, navy, or air force; or (d) any agent of any such government, power, authority or force, (ii) any anti-satellite device, or device employing atomic or nuclear fission and/or fusion, or device employing laser or directed energy beams, (iii) insurrection, strikes, labor disturbances, riots, civil commotion, rebellion, revolution, civil war, usurpation, or action taken by a government authority in hindering, combating or defending against such an occurrence, whether there be declaration of war or not, (iv) confiscation, nationalization, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government or governmental authority or agent (whether secret or otherwise and/or whether civil, military or de facto) or public or local authority or agency, (v) nuclear reaction, nuclear radiation, or radioactive contamination of any nature, whether such loss or damage be direct or indirect, except for radiation naturally occurring in the space environment, (vi) electromagnetic or radio frequency interference, except for physical damage to a Satellite directly resulting from such interference, (vii) willful or intentional acts of the directors or officers of the named insured, acting within the scope of their duties, designed to cause loss or failure of a Satellite, (viii) an act of one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes and whether the loss, damage or failure resulting therefrom is accidental or intentional, (ix) any unlawful seizure or wrongful exercise of control of a Satellite made by any person or persons acting for political or terrorist purposes, (x) loss of revenue, incidental damages and/or consequential loss, (xi) extra expenses, other than the expenses insured under a policy, (xii) third party liability, (xiii) loss of a redundant component(s) that does not cause a transponder failure, and (xiv) such other similar exclusions as may be customary for policies of such type as of the date of issuance or renewal of such coverage.

" Acquired EBITDA " shall mean, with respect to any Acquired Entity or Business, any Converted Restricted Subsidiary, any Sold Entity or Business or any Converted Unrestricted Subsidiary (any of the foregoing, a " Pro Forma Entity ") for any period, the amount for such period of Consolidated EBITDA of such Pro Forma Entity (determined using such definitions as if references to Holdings and its Subsidiaries therein were to such Pro Forma Entity and its Subsidiaries), all as determined on a consolidated basis for such Pro Forma Entity in accordance with Canadian GAAP.

" Acquired Entity or Business " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Acquisition " shall have the meaning assigned to such term in the recitals to this Agreement.

" Acquisition Agreement " shall mean the Share Purchase Agreement, dated as of December 16, 2006 among Initial Canadian Borrower, Seller and the Company.

" Acquisition Documents " shall mean the Acquisition Agreement and all other material agreements and documents governing or relating to the Acquisition that are listed on Schedule 1.01(c) hereto.

" Actual Nimiq 4 Revenue Contract Amount " means the amount of contracted revenue attributable to Nimiq 4 to be paid to Holdings and its Restricted Subsidiaries in accordance with Canadian GAAP in respect of the portion of the Test Period in which the in-service date of Nimiq 4 occurs from and after such in-service date.

" Adjusted LIBO Rate " shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the result of dividing (a) the LIBO Rate in effect for such Interest Period by (b) 1.00 minus the Statutory Reserves applicable to such Eurodollar Borrowing, if any.

" Administrative Agent " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Affiliate " shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified and shall also include any Person that directly or indirectly owns more than 10% of any class of Equity Interests of the Person specified.

" Aggregate In-Orbit Insurance Amount " shall mean (a) 100% of the aggregate net book value of all Covered Satellites other than any Excluded Satellite and (b) 50% of the aggregate net book value of any Excluded Satellite that is a Named Satellite. For purposes of this definition, aggregate net book value with respect to a Satellite shall exclude any liability of a Satellite Purchaser to pay the Satellite Manufacturer any satellite performance incentive payments and any liability of a Satellite Manufacturer to pay the Satellite Purchaser any satellite performance warranty paybacks.

" Agreed Guarantee Principles " shall mean:

(i) No provision of a guarantee by any Person organized outside the U.S. or Canada shall be made that would:

(a) result in any breach of corporate benefit, financial assistance, capital preservation, fraudulent preference, thin capitalization rules, retention of title claims or any other law or regulation (or analogous restriction) of the jurisdiction of organization of such Person; or

(b) result in any risk to the officers or directors of such Person of a civil or criminal liability.

(ii) It is expressly acknowledged that in certain jurisdictions (a) it may be impossible or impractical (including for legal and regulatory reasons) to grant guarantees in which event such guarantees will not be granted or (b) it may take longer than agreed to grant guarantees in which event the Administrative Agent will act reasonably in

granting the necessary extension of timing for obtaining such guarantees; provided that in each case with respect to subclauses (a) and (b) the relevant Guarantor has exercised due diligence and reasonable efforts in providing such guarantees.

(iii) It is expressly acknowledged that the form of the guarantee may vary from the forms contained herein or attached hereto in order to conform to local requirements and customs.

" Agreement " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Agreement Currency " shall have the meaning assigned to such term in Section 9.17(b).

" All Risks Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite and the related Associated Equipment, including all components thereof, at all times during the manufacture, testing, storage, payload processing and transport of such Satellite and such Associated Equipment, if any, up to the time of Launch, in the case of such Satellite, and until delivery to the applicable Satellite Purchaser, in the case of such Associated Equipment.

" Alternate Base Rate " shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Rate and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate, including the failure of the Federal Reserve Bank of New York to publish rates or the inability of the Administrative Agent to obtain quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

" Ancillary Agreement " shall mean the Ancillary Agreement, dated as of August 7, 2007, among Loral, Skynet, PSP, Holdings and Intermediate Holdco as in effect on the Closing Date.

" Annualized Nimiq 4 Revenue Contract Amount " means, the amount of contracted revenue attributable to Nimiq 4 that would have been realized by Holdings and its Restricted Subsidiaries during the applicable Test Period prior to the in-service date of Nimiq 4 had such in-service date occurred on the first day of such Test Period. Such amount shall be calculated by taking the Actual Nimiq 4 Revenue Contract Amount and applying such amount on a pro rata basis to the portion of such Test Period prior to such in-service date as if Nimiq 4 had been in service from the first day of such Test Period.

" Anti-Terrorism Laws and Anti-Money Laundering Laws " shall mean Requirements of Law related to terrorism financing or money laundering, including the Executive Order or any enabling legislation or implementing legislation relating thereto, the

Patriot Act, the Bank Secrecy Act, Part II.1 of the Criminal Code (Canada), the Proceeds of Crime (money laundering) and Terrorist Financing Act (Canada) (" PCTFA "), the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism (Canada) and the United Nations Al-Qaida and Taliban Regulations (Canada).

" Applicable Amount " shall mean on any date (the " Reference Date ") (A) the sum of, without duplication, (i)(x) for purposes of Sections 6.06(c) and 6.07(a), $75.0 million and (y) for purposes of Section 6.05(j), $100.0 million, and (ii) if positive, 50% of Cumulative Consolidated Net Income Available to Stockholders, provided that, in each case, the amount in clause (ii) shall only be available if the Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings for the Test Period last ended is less than 6.00:1.00, determined on a pro forma basis after giving effect to any investment, dividend, prepayment, repurchase or redemption actually made pursuant to Sections 6.05(j), 6.06(c) or 6.07(a) hereof or Capital Expenditures actually made in accordance with Section 6.11 of the Senior Secured Credit Facilities, plus (B) the amount of any capital contributions (other than the Equity Financing and other than Permitted Cure Securities) made in cash to Holdings from and including the Business Day immediately following the Closing Date through and including the Reference Date, minus (C) the sum at the time of determination of (i) the aggregate amount of Investments made since the Closing Date pursuant to Section 6.05(j) in reliance upon the Applicable Amount, (ii) the aggregate amount of dividends made since the Closing Date pursuant to Section 6.06(c) in reliance upon the Applicable Amount, (iii) the aggregate amount of prepayments, repurchases and redemptions made since the Closing Date pursuant to Section 6.07(a) in reliance upon the Applicable Amount; provided that the Company can pay accrued dividends on the Holdings PIK Securities to reduce the outstanding principal amount thereof to $150.0 million without such payment deemed being made in reliance on (or deemed utilizing) the Applicable Amount and (iv) the aggregate amount of Capital Expenditures made pursuant to Section 6.11 of the Senior Secured Credit Facilities in reliance upon the Applicable Amount (as defined therein). For purposes of this definition, "Capital Expenditure" shall have the meaning ascribed to such term in the Senior Secured Credit Facilities. The Applicable Amount may not be a negative number.

" Applicable Canadian Pension Legislation " means, at any time, any applicable Canadian federal or provincial pension benefits standards legislation, including all regulations made thereunder and all rules, regulations, rulings, guidelines, directives and interpretations made or issued by any Governmental Authority in Canada having or asserting jurisdiction in respect thereof, each as amended or replaced from time to time.

" Applicable Creditor " shall have the meaning assigned to such term in Section 9.17(b).

" Applicable Margin " means:

(a) with respect to Bridge Loans, 3.62%, which amount shall increase by an additional 1.00% at the end of the first six-month period after the Closing Date and shall further increase by an additional 0.50% at the end of each subsequent three-month period thereafter as long as Bridge Loans are outstanding (including the Rollover Date); and

(b) with respect to Rollover Loans, at the Rollover Date, the Applicable Margin in respect of Bridge Loans in effect on the Rollover Date, increasing by 0.50% at the end of the first three-month period after Rollover Date and by an additional 0.50% at the end of each subsequent three-month period thereafter.

" Approved Fund " shall mean any person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered, managed or advised by a Lender, an Affiliate of a Lender or an entity (including an investment advisor) or an Affiliate of such entity that administers, manages or advises a Lender.

" APT Security Agreement " shall mean the Security Agreement by and among APT Satellite Company Limited, Loral Orion Inc. and Bank of China (HK) Limited, dated as of October 8, 2004, as amended prior to the date hereof.

" APT Transactions " shall mean the transactions identified on Schedule 1.01(e) .

" APT Transponders " shall mean those transponders subject to that Satellite Transponder Agreement dated as of August 26, 2003 between APT Satellite Company Limited and Loral Orion, Inc, as amended as of November 16, 2003.

" Arrangers " means the Joint Lead Arrangers and The Bank of Nova Scotia and Jefferies & Company, Inc.

" Asset Purchase Agreement " shall mean that certain Asset Purchase Agreement dated August 7, 2007, by and among Skynet, Skynet Satellite Corporation and Loral, as amended from time to time prior to the date hereof.

" Asset Sale Event " shall mean any sale, transfer or other disposition of any business units, assets or other property of Holdings or any of the Restricted Subsidiaries not in the ordinary course of business (including any sale, transfer or other disposition of any capital stock of any Subsidiary of Holdings owned by Holdings or a Restricted Subsidiary, including any sale or issuance of any capital stock of any Restricted Subsidiary). Notwithstanding the foregoing, the term "Asset Sale Event" shall not include any transaction permitted by Section 6.04, other than transactions permitted by Sections 6.04(b) and 6.04(f).

" Asset Transfer Agreement " shall mean that certain Asset Transfer Agreement dated August 7, 2007, by and among Holdings, Skynet and Loral, as amended from time to time.

" Assignment and Acceptance " shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent and the Canadian Borrower (if required by such assignment and acceptance), substantially in the form of Exhibit A (including the Annexes thereto) or such other form as shall be approved by the Administrative Agent.

" Associated Equipment " shall mean, with respect to any Satellite, the equipment to be delivered by the Satellite Manufacturer with respect thereto pursuant to the terms of the applicable Satellite Purchase Agreement.

" Assumption " shall have the meaning assigned to such term in the recitals to this Agreement.

" BIA " shall mean the Bankruptcy and Insolvency Act (Canada), as amended.

" Board " shall mean the Board of Governors of the Federal Reserve System of the United States of America.

" Borrowers " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Borrowing " shall mean any Loans of the same Type and currency made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

" Borrowing Request " shall mean a request by a Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit B , or such other form approved by the Administrative Agent and the Canadian Borrower.

" Bridge Loan " shall mean each of the interim bridge loans made to Initial Canadian Borrower pursuant to Section 2.01(a).

" Bridge Loan Borrowing " shall mean a borrowing of Bridge Loans.

" Bridge Loan Maturity Date " shall mean the date that is 12 months from the Closing Date.

" Bridge Note " shall have the meaning set forth in Section 2.10(e).

" Business Day " shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or Toronto are authorized or required by law to remain closed; provided that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market.

" Calculation Date " shall mean (a) the last Business Day of each calendar month and (b) if an Event of Default under Section 7.01(b) or (d) has occurred and is continuing, any Business Day as determined by the Administrative Agent in its sole discretion.

" Canada Pension Plan " shall mean the universal pension plan established and maintained by the Federal Government of Canada.

" Canadian Borrower " shall have the meaning given to such term in the introductory paragraph of this Agreement.

" Canadian Dollar ", " CAD " and " CND$ " mean the lawful currency of Canada.

" Canadian Dollar Equivalent " shall mean, on any date of determination, (a) with respect to any amount in Canadian Dollars, such amount and (b) with respect to any amount in Dollars, the equivalent in Canadian Dollars of such amount as determined by the Administrative Agent pursuant to Section 1.03 using the Exchange Rate with respect to Dollars at the time in effect under the provisions of such Section.

" Canadian GAAP " shall mean generally accepted accounting principles in effect from time to time in Canada, applied on a consistent basis, subject to the provisions of Section 1.02. Unless otherwise indicated, references to GAAP herein shall be to Canadian GAAP.

" Canadian Pension Event " means, with respect to any Canadian Plan, (a) the termination or wind-up, in full or in part, of such Canadian Plan (including the institution of any steps by any Person to terminate or wind up or order the termination or wind-up, in full or in part, of such Canadian Plan) or any act or omission with respect to such Canadian Plan that, individually or in the aggregate, could reasonably be expected to adversely affect the tax status of such Canadian Plan or result in any liability, fine or penalty on any Loan Party or (b) the failure to make full payment when due of all amounts which, under the provisions of such Canadian Plan, any agreement relating thereto or Applicable Canadian Pension Legislation, any Loan Party is required to pay as contributions thereto.

" Canadian Plan " means any plan, program, agreement or arrangement that is a pension plan for the purposes of Applicable Canadian Pension Legislation or under the *Income Tax Act* (Canada) (whether or not registered under such law) that is maintained or contributed to, or to which there is or may be an obligation to contribute, by Holdings or any of its Subsidiaries in respect of their respective employees in Canada, but does not include the Canada Pension Plan or the Quebec Pension Plan that is mandated by the Government of Canada or the Province of Quebec, respectively.

" Capital Expenditures " shall mean, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including in all events all amounts expended or capitalized under Capital Leases, but excluding any amount representing capitalized interest) by Holdings and the Restricted Subsidiaries during such period that, in conformity with Canadian GAAP, are or are required to be included as additions during such period to property, plant or equipment reflected in the consolidated balance sheet of Holdings and its Subsidiaries, provided that the term "Capital Expenditures" shall not include (a) expenditures made in connection with the replacement, substitution, restoration or repair of assets (i) to the extent financed from insurance proceeds paid on account of the loss of or damage to the assets being replaced, restored or repaired or (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced, (b) the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded in at such time, (c) the purchase of plant, property or equipment made within two years of the sale of any asset to the extent purchased with the proceeds of such sale, (d) expenditures that constitute any part of Consolidated Lease Expense, (e) capitalized interest in connection with the purchase of Satellites, (f) expenditures that are accounted for as capital expenditures of such person and that actually are paid for by a third party (other than Holdings or any Subsidiary thereof) for which neither Holdings nor any

Subsidiary thereof has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period) or (g) expenditures to the extent they are made with proceeds of the issuance of Equity Interests of Holdings after the Closing Date which are contributed to the common equity of the Initial Canadian Borrower.

" Capital Lease " shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with Canadian GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person, provided that the following leases which were treated as operating leases in Projections provided to Lenders as of the Closing Date shall be treated as operating leases and not as Capital Leases: (a) Satellite Relocation and Lease Agreement dated as of November 22, 2006, between the Company and DirectTV Enterprises, LLC and (b) Amendment No. 1 entered into as of the 22nd day of November 2006 to the Memorandum of Agreement entered into by the Company and DirectTV Enterprises, LLC on December 23, 2003, subsequently amended and restated on March 10, 2005 and further amended and restated on October 6, 2005; provided that such leases shall not be treated as Capital Leases only so long as they are not amended in a manner materially adverse to the Lenders after the Closing Date.

" Capitalized Lease Obligations " shall mean, as applied to any Person, all obligations under Capital Leases of such Person or any of its Subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with Canadian GAAP.

" Casualty Event " shall mean, with respect to any property (including any Satellite) of any Person, any loss of or damage to, or any condemnation or other taking by a Governmental Authority of, such property for which such Person or any of its Restricted Subsidiaries receives insurance proceeds, or proceeds of a condemnation award or other compensation.

" CCAA " shall mean the Companies' Creditors Arrangement Act (Canada), as amended.

" Change in Law " shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, rule or regulation or in the official interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender (or, for purposes of Section 2.16(b), by any lending office of such Lender or by such Lender's holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date.

" Change of Control " shall mean and be deemed to have occurred if (a) (i) Permitted Investors shall at any time not own, in the aggregate, directly or indirectly, beneficially and of record, at least 30% of the voting power of the outstanding Voting Stock of Holdings (other than as the result of one or more widely distributed offerings of the common stock of Holdings or any direct or indirect holding company of Holdings, in each case whether by Holdings or the Permitted Investors) and/or (ii) any person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall at

any time have acquired direct or indirect beneficial ownership of a percentage of the voting power of the outstanding Voting Stock of Holdings that exceeds the percentage of the voting power of such Voting Stock then beneficially owned, in the aggregate, by Permitted Investors, unless, in the case of either clause (i) or (ii) above, Permitted Investors have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the board of directors of Holdings; and/or (b) at any time Continuing Directors shall not constitute at least a majority of the board of directors of Holdings; and/or (c) a Change of Control (as defined in the Senior Secured Credit Facilities, the Senior Subordinated Bridge Loan Facility, the Exchange Notes, the Senior Subordinated Exchange Notes, any Permitted Senior Bridge Refinancing or any Permitted Senior Subordinated Bridge Refinancing) shall have occurred; and/or (d) Holdings shall cease to own, directly or indirectly, 100% of the Voting Stock of the Borrowers.

" Charges " shall have the meaning assigned to such term in Section 9.09.

" Closing Date " shall mean the date on which all of the conditions precedent required to effectuate the Transactions have been satisfied.

" Code " shall mean the Internal Revenue Code of 1986, as amended from time to time.

" Co-Documentation Agents " shall have the meaning given to such term in the introductory paragraph of this Agreement.

" Commitment " shall mean, with respect to any Lender, such Lender's commitment to make Bridge Loans under Section 2.01(a) in the amount set forth opposite such Lender's name on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable, in each case as the same may be reduced from time to time pursuant to Section 2.09. The aggregate amount of Commitments of all Lenders on the Closing Date is $692,825,000.

" Company " shall have the meaning assigned to such term in the recitals to this Agreement.

" Company Refinancing " shall mean the deposit of funds in accordance with Section 4.01(n) to redeem the Telesat Notes and the repayment of the existing credit facility between the Company and the Bank of Montreal with the proceeds from the Senior Secured Loans, the Senior Subordinated Bridge Loans, the Bridge Loans and the Equity Financing.

" Compliance Certificate " shall mean the certificate required to be delivered by the Canadian Borrower to the Administrative Agent under Section 5.04(d).

" Consolidated Earnings " shall mean, for any period, "income (loss) before the deduction of income taxes" of Holdings and the Restricted Subsidiaries, excluding (a) extraordinary items, for such period, determined in a manner consistent with the manner in which such amount was determined in accordance with the financial statements referred to in Section 5.04(a) and (b) the cumulative effect of a change in accounting principles during such period.

" Consolidated EBITDA " shall mean, for any period, the sum, without duplication, of the amounts for such period of:

(a) Consolidated Earnings; plus

(b) to the extent (and in the same proportion after giving effect to the exclusion in clause (ii) in the proviso to this definition) already deducted in arriving at Consolidated Earnings, the following:

(i) interest expense as used in determining such Consolidated Earnings,

(ii) depreciation expense,

(iii) amortization expense,

(iv) extraordinary losses and unusual or non-recurring charges (including severance, relocation costs and one-time compensation charges),

(v) non-cash charges (provided that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period),

(vi) losses on asset dispositions,

(vii) restructuring charges or reserves (including costs related to closure of facilities),

(viii) in the case of any period that includes a period ending prior to or during the fiscal year ending December 31, 2007, Transaction Expenses,

(ix) any expenses or charges incurred in connection with any issuance of debt, equity securities or any refinancing transaction or any amendment or other modification of any debt instrument,

(x) any fees and expenses related to Permitted Acquisitions,

(xi) any deductions attributable to minority interests,

(xii) any impairment charge or asset write-off pursuant to Financial Accounting Standards Board Statement No. 142 or No. 144 and the amortization of intangibles arising pursuant to No. 141,

(xiii) foreign withholding taxes paid or accrued in such period,

(xiv) non-cash charges related to stock compensation expense,

(xv) loss from the early extinguishment of Indebtedness or hedging obligations or other derivative instruments and

(xvi) consulting fees paid pursuant to the Consulting Agreement as in effect on the Closing Date in Mezzanine Securities to Loral permitted by this Agreement; plus

(c) the amount of net cost savings projected by Canadian Borrower in good faith to be realized as a result of specified actions taken during such period (calculated on a pro forma basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; provided that (x) such cost savings are reasonably identifiable and factually supportable, (y) such actions are taken within 18 months after the Closing Date and (z) the aggregate amount of cost savings added pursuant to this clause (i) shall not exceed the net cost saving amounts identified in Schedule 1.01(b) as being expected to be realized during the time periods described therein;

(d) to the extent the in-service date of Nimiq 4 occurs during a Test Period, an amount equal to 90% of the Annualized Nimiq 4 Revenue Contract Amount, provided that the Company in good faith reasonably believes that Holdings and its Restricted Subsidiaries will realize revenue in accordance with Canadian GAAP in respect of Nimiq 4 during the next Test Period in an amount not less than the Annualized Revenue Contract Amount plus the Actual Nimiq 4 Revenue Contract Amount in respect of Nimiq 4 realized during such prior Test Period; plus

(e) collections on investments in sale-type leases during such period; plus

(f) in the event of any loss of any Satellite during the period, 90% of the contracted for revenues that would reasonably have been expected to be realized but for such loss for that portion of the period following such loss attributable to such Satellite (less revenue actually realized in respect of such Satellite during such period after such event of loss) so long as insurance for such satellite required to be maintained under this Agreement is maintained in accordance with this Agreement and the Company has filed a notice of loss with the applicable insurers and believes in good faith that the insurers will pay funds (and the applicable insurer(s) have not indicated that they will not pay such funds in amounts that the Company reasonably believes will be sufficient to replace such Satellite with a replacement Satellite that generates annual revenues for the Company and its Restricted Subsidiaries not less than the revenue generated by such replaced Satellite during the four-quarter period ended immediately prior to such event of loss; but such amounts may only be added to Consolidated EBITDA so long as the Canadian Borrower intends promptly to replace such Satellite and is working reasonably to do so (provided that the amount added to Consolidated EBITDA under this clause (f) shall not exceed $55,000,000 for any Test Period);

less to the extent included in arriving at Consolidated Earnings, the sum of the following amounts for such period of:

(a) extraordinary gains and non-recurring gains,

(b) non-cash gains (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period),

(c) gains on asset sales,

(d) any gross profit on sales-type leases included in Consolidated Earnings for such period, except for collection on investments in sales-type leases during such period, to the extent included in Consolidated Earnings for such period, and

(e) any income from the early extinguishment of Indebtedness or hedging obligations on other derivative instruments,

in each case, as determined on a consolidated basis for Holdings and the Restricted Subsidiaries in accordance with Canadian GAAP, provided that

(i) except as provided in clause (iv) below, there shall be excluded from Consolidated Earnings for any period the income from continuing operations before income taxes and extraordinary items of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Earnings, except to the extent actually received in cash by Holdings or its Restricted Subsidiaries during such period through dividends or other distributions,

(ii) there shall be excluded from Consolidated Earnings for any period the non-cash loss from continuing operations before income taxes and extraordinary items of each Joint Venture for such period corresponding to the percentage of capital stock or other equity interests in such Joint Venture owned by Holdings or its Restricted Subsidiaries,

(iii) there shall be excluded in determining Consolidated EBITDA currency transaction gains and losses (including the net loss or gain resulting from Swap Agreements for currency exchange risk),

(iv)(x) there shall be included in determining Consolidated EBITDA for any period the Acquired EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) acquired to the extent not subsequently sold, transferred or otherwise disposed of (but not including the Acquired EBITDA of any related Person, property, business or assets to the extent not so acquired) by Holdings or any Restricted Subsidiary during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an " Acquired Entity or Business "), and the Acquired EBITDA of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a " Converted Restricted Subsidiary "), in each case based on the actual Acquired EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition or conversion) and (y) for purposes of determining the Consolidated Total Debt to Consolidated EBITDA Ratio only, there shall be excluded in determining

Consolidated EBITDA for any period the Acquired EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of, closed or classified as discontinued operations by Holdings or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a " Sold Entity or Business "), and the Acquired EBITDA of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each, a " Converted Unrestricted Subsidiary "), in each case based on the actual Acquired EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer, disposition or conversion),

(v) there shall be excluded from Consolidated Earnings and the determination of Consolidated EBITDA for any period the effects of adjustments in component amounts required or permitted by the Financial Accounting Standards Board Statements of Financial Accounting Standards Nos. 141 and 142 and related authoritative pronouncements, as a result of the Transactions or Permitted Acquisitions or the amortization or write-off of any amounts in connection therewith and related financings thereof, and

(vi) without duplication, there shall be included in Consolidated EBITDA the amount of net cost savings projected by Canadian Borrower in good faith to be realized as a result of specified actions taken during such period with respect to any disposition (other than dispositions entered into in connection with the Transactions) (calculated on a pro forma basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; provided that (x) such cost savings are reasonably identifiable and factually supportable and (y) such actions are taken within 18 months after such disposition.

Notwithstanding anything to the contrary contained herein, Consolidated EBITDA shall be deemed to be CND$84,069,000, CND$79,863,000 and CND$88,709,000 for the fiscal quarters ended December 31, 2006, March 31, 2007 and June 30, 2007, respectively.

" Consolidated Lease Expense " shall mean, for any period, all rental expenses of Holdings and the Restricted Subsidiaries during such period under operating leases for real or personal property (including in connection with Permitted Sale Leasebacks), excluding real estate taxes, insurance costs and common area maintenance charges and net of sublease income, other than (a) obligations under vehicle leases entered into in the ordinary course of business, (b) all such rental expenses associated with assets acquired pursuant to a Permitted Acquisition to the extent that such rental expenses relate to operating leases in effect at the time of (and immediately prior to) such acquisition and (c) Capitalized Lease Obligations, all as determined on a consolidated basis in accordance with Canadian GAAP, provided that there shall be excluded from Consolidated Lease Expense for any period the rental expenses of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Lease Expense.

" Consolidated Net Income " shall mean, for any period, the consolidated net income (or loss) after the deduction of income taxes of Holdings and the Restricted Subsidiaries, determined on a consolidated basis in accordance with Canadian GAAP.

" Consolidated Total Debt " shall mean, as of any date of determination, (a) the sum of (i) all Indebtedness of Holdings and the Restricted Subsidiaries for borrowed money (adjusted (up or down) for the effects of currency swap agreements) outstanding on such date and (ii) all Capitalized Lease Obligations of Holdings and the Restricted Subsidiaries outstanding on such date, all calculated on a consolidated basis in accordance with Canadian GAAP minus (b) the aggregate amount of cash included in the cash accounts listed on the consolidated balance sheet of Holdings and the Restricted Subsidiaries as at such date to the extent the use thereof for application to payment of Indebtedness is not prohibited by law or any contract to which Holdings or any of the Restricted Subsidiaries is a party.

" Consolidated Total Debt to Consolidated EBITDA Ratio " shall mean, as of any date of determination, the ratio of (a) Consolidated Total Debt as of the last day of the relevant Test Period to (b) Consolidated EBITDA for such Test Period.

" Consulting Agreement " means the Consulting Services Agreement dated as of the Closing Date among Loral and the Company.

" Continuing Director " shall mean, at any date, an individual (a) who is a member of the board of directors of Holdings on the date hereof, (b) who, as at such date, has been a member of such board of directors for at least the 12 preceding months, (c) who has been nominated to be a member of such board of directors, directly or indirectly, by a Permitted Investor or Persons nominated by a Permitted Investor or (d) who has been nominated to be a member of such board of directors by a majority of the other Continuing Directors then in office or a nominating committee in which directors nominated by Permitted Investors form the majority of the members thereof.

" Control " shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and " Controlling " and " Controlled " shall have meanings correlative thereto.

" Converted Restricted Subsidiary " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Converted Unrestricted Subsidiary " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Covered Satellite " means any Satellite that is owned or leased by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

" CRTC " shall mean the Canadian Radio-Television and Telecommunications Commission or any successor authority of the Government of Canada substituted therefor.

" Cumulative Consolidated Net Income Available to Stockholders " shall mean, as of any date of determination, Consolidated Net Income less cash dividends paid by Holdings with respect to its capital stock for the period (taken as one accounting period) commencing on

the Closing Date and ending on the last day of the most recent fiscal quarter for which financial statements have been delivered to the Lenders under Section 5.04.

" Debt Incurrence Event " shall mean any issuance or incurrence by Holdings or any of the Restricted Subsidiaries of any Indebtedness (including any issuance of Permanent Securities or other Permitted Senior Bridge Refinancing) but excluding any other Indebtedness permitted to be issued or incurred under Section 6.01.

" Default " shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

" Defaulting Lender " shall mean any Lender with respect to which a Lender Default is in effect.

" Description of Senior Exchange Notes " means the Description of Senior Exchange Notes attached hereto as Exhibit C .

" Designees " shall have the meaning assigned to such term in the recitals of this Agreement.

" Director Voting Preferred Shares " shall mean preferred shares in Holdings which have a nominal dividend and return of capital and vote only for the election of directors.

" Disqualified Capital Stock " shall mean any Equity Interest which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Rollover Loan Maturity Date, (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any Equity Interests referred to in (a) above, in each case at any time on or prior to the first anniversary of the Rollover Loan Maturity Date, or (c) contains any repurchase obligation which may come into effect prior to payment in full of all Obligations; provided , however , that any Equity Interests that would not constitute Disqualified Capital Stock but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of a change of control or an asset sale occurring prior to the first anniversary of the Rollover Loan Maturity Date shall not constitute Disqualified Capital Stock if such Equity Interests provide that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the repayment in full of the Obligations. For clarity, the Holdings PIK Securities shall constitute Qualified Capital Stock rather than Disqualified Capital Stock.

" Dollar Equivalent " shall mean, on any date of determination (a) with respect to any amount in Dollars, such amount, and (b) with respect to any amount in Canadian Dollars, the equivalent in Dollars of such amount, determined by the Administrative Agent pursuant to Section 1.03 using the Exchange Rate with respect to Canadian Dollars at the time in effect under the provisions of such Section.

" Dollars " or " $ " shall mean lawful money of the United States of America.

" Embargoed Person " or " Embargoed Persons " shall have the meanings assigned to such terms in Section 6.19.

" Employee Benefit Plan " shall mean an employee benefit plan (as defined in Section 3(3) of ERISA), other than a Non-U.S. Pension Plan, that is maintained by Holdings or any Subsidiary, or with respect to an employee benefit plan subject to Title IV of ERISA, any ERISA Affiliate, or with respect to which Holdings or any Subsidiary could incur liability.

" Environment " shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

" Environmental Claims " shall mean any and all administrative, regulatory or judicial actions, suits, formal demands, demand letters, claims, liens, notices of non-compliance or violation, or potential responsibility investigations or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such law (hereafter " Claims "), including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief in connection with alleged injury or threat of injury to health, safety or the environment due to the presence of or exposure to Hazardous Materials.

" Environmental Laws " shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, guidelines or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the protection of the Environment, preservation or reclamation of natural resources, the generation, management, Release or threatened Release of, or exposure to, any Hazardous Material or to health and safety matters (to the extent relating to the Environment or exposure to Hazardous Materials).

" Equity Financing " shall mean the common and preferred equity investments (which are Qualified Capital Stock) made in cash of not less than $525.0 million by the Equity Investors (provided that such investments may be made by the purchase of common or preferred stock (which is Qualified Capital Stock) or capital contribution to Holdings, by the repayment of interest and premium on the 14% Senior Secured Notes due 2015 of Skynet or by the redemption of the preferred stock of Skynet in connection with the Skynet Refinancing (or the repayment of debt incurred by Skynet from Valley National Bank to pay such redemption price)) and the Skynet Contribution.

" Equity Interests " of any person shall mean any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such person, including any preferred stock, convertible preferred equity certificate (whether or not equity under local law), any limited or general partnership interest and any limited liability company membership interest.

" Equity Investors " shall mean Loral or one of its subsidiaries and PSPIB.

" ERISA " shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

" ERISA Affiliate " shall mean any trade or business (whether or not incorporated) that, together with Holdings, the Borrowers or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

" ERISA Event " shall mean (a) any Reportable Event; (b) with respect to any Plan, the failure to satisfy the minimum funding standard of Section 412 of the Code and Section 302 of ERISA, whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303 (d) of ERISA (or Section 412(c) of the Code and Section 302(c) of ERISA, as amended by the Pension Protection Act of 2006) of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 412(m) of the Code (or Section 430(j) of the Code, as amended by the Pension Protection Act of 2006) with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (d) the incurrence by Holdings, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Holdings, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of or the appointment of a trustee to administer any Plan; (f) the incurrence by Holdings, a Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (g) the receipt by Holdings, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Holdings, Intermediate Holdco, a Subsidiary or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; or (h) the substantial cessation of operations within the meaning of Section 4062(e) of ERISA with respect to a Plan; or the occurrence of a nonexempt prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) which could result in liability to Holdings, a Subsidiary or any ERISA Affiliate.

" Eurodollar Borrowing " shall mean a Borrowing comprised of Eurodollar Loans.

" Eurodollar Loan " shall mean any Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

" Event of Default " shall have the meaning assigned to such term in Section 7.01.

" Exchange Act " means the Securities Exchange Act of 1934, as amended.

" Exchange Date " shall have the meaning assigned to such term in Section 2.01(d)(ii).

" Exchange Notes " shall have the meaning assigned to such term in Section 2.01(d)(i).

" Exchange Notes Indenture " shall mean the indenture to be entered into relating to the Exchange Notes, and containing the covenants and other provisions set forth in the Description of Senior Exchange Notes (with such changes to cure any ambiguity, omission, defect or inconsistency, in each case, as the Lead Arrangers and the Canadian Borrower shall agree), as the same may be amended, modified or supplemented from time to time.

" Exchange Notice " shall have the meaning assigned to such term in Section 2.01(d)(i).

" Exchange Trigger Event " shall mean on and after the Rollover Date, any receipt by the Administrative Agent of one or more Exchange Notices which, individually or together, represent at least (a) $25.0 million aggregate principal amount of Rollover Loans or (b) if less than $25.0 million aggregate principal amount of Rollover Loans are outstanding at such time, the remainder of the then outstanding Rollover Loans.

" Exchange Rate " shall mean on any day, for purposes of determining the Dollar Equivalent or Canadian Dollar Equivalent of any other currency, the rate at which such other currency may be exchanged into Dollars or Canadian Dollars (as applicable), as set forth in the Wall Street Journal published on such date for such currency. In the event that such rate does not appear in such copy of the Wall Street Journal, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Canadian Borrower, or, in the absence of such an agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent (or if the Administrative Agent is not a bank, a bank mutually selected by the Canadian Borrower and the Administrative Agent) in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m., New York City time, on such date for the purchase of Dollars or Canadian Dollars (as applicable) for delivery two Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may, in consultation with the Canadian Borrower, use any reasonable method it deems appropriate to determine such rate, and such determination shall be prima facie evidence thereof.

" Excluded Satellites " shall mean (a) the Satellites owned by the Canadian Borrower and its Restricted Subsidiaries commonly referred to as Skynet EDS, Telesat Anik F1, Nimiq 2 and the transponders for which the Canadian Borrower or its Restricted Subsidiaries have a right to use on Satmex 5, (b) the Satellites leased by the Canadian Borrower and its Subsidiaries commonly referred to as Nimiq 3 and Nimiq 4iR, (c) any other Satellite, other than a Named Satellite, that (i) is not expected or intended, in the good faith determination of the board of directors of the Canadian Borrower and/or Holdings, as applicable, and evidenced by a board resolution delivered to the Administrative Agent, to earn future revenues from the operation of such Satellite in excess of $25.0 million in any fiscal year, and (ii) has a book value

of less than $50.0 million, (d) any other Satellite, other than a Named Satellite, with one year or less of in-orbit life remaining (it being understood and agreed that such Satellite shall be deemed to have "in-orbit life" only for so long as it is maintained in station kept orbit) and (e) any other Satellite designated as an Excluded Satellite by the board of directors of the Canadian Borrower and/or Holdings, as applicable, and evidenced by a board resolution delivered to the Administrative Agent if the board of directors of the Canadian Borrower and/or Holdings, as applicable, determines in good faith that (i)(A) such Satellite's performance and/or operating status has been adversely affected by anomalies or component exclusions and Holdings and its Restricted Subsidiaries are unlikely to receive insurance proceeds from a future failure thereof or (B) there are systemic failures or anomalies applicable to Satellites of the same model and (ii) Holdings and its Restricted Subsidiaries are unlikely to obtain usual and customary coverage in the satellite insurance market for the Satellite at a premium amount that is, and on other terms and conditions that are, commercially reasonable despite commercially reasonable efforts to obtain such coverage (including efforts to minimize the exclusions and insurance deductibles, subject to usual and customary exclusions consistent with the anomalies and/or operating status of the Satellite).

" Excluded Taxes " shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of a Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the jurisdiction under the laws of which such recipient is organized or by any jurisdiction in which such recipient is deemed to be doing business (other than a business arising from or deemed to arise from any of the Transactions contemplated by this Agreement or any other Loan Document related to this Agreement), in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits tax or any similar tax that is imposed by any jurisdiction described in clause (a) above, (c) in the case of a Non-U.S. Lender (other than an assignee pursuant to a request by a Borrower under Section 2.20(b)), any U.S. federal withholding tax imposed by the United States that is attributable to such Lender's failure to comply with Section 2.18(e) with respect to such Loans and (d) any withholding taxes imposed by Canada on a Person who does not deal at arm's length within the meaning of the Income Tax Act (Canada) with any Loan Party.

" Executive Order " means Executive Order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079) (2001).

" Facility " shall mean the respective facility and commitments utilized in making Loans and credit extensions hereunder, i.e ., the Bridge Loan Facility and the Rollover Loan Facility.

" FCC " means the Federal Communications Commission or any governmental authority in the United States substituted therefor.

" FCC Licenses " shall mean all authorizations, orders, licenses and permits issued by the FCC to Holdings or any of its Subsidiaries, under which Holdings or any of its Subsidiaries is authorized to launch and operate any of its Satellites or to operate any of its transmit only, receive only or transmit and receive earth stations.

" Federal Funds Effective Rate " shall mean, for any day, the weighted average (rounded upward, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded upward, if necessary, to the next 1/100 of 1%) of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

" Fee Letter " shall mean that certain Fourth Amended and Restated Fee Letter dated February 1, 2007, by and among Holdings, MS, MSSF, MSSFNS, UBSS, UBS Loan Finance LLC, JPMorgan Chase Bank, N.A., JPMorgan Securities Inc., The Bank of Nova Scotia, Citigroup Global Markets Inc., Jefferies & Company, Inc. and Jefferies Finance LLC.

" Fees " shall have the meaning assigned to such term in Section 2.13(a).

" Financial Officer " of any person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

" Funded Debt " shall mean all indebtedness of Holdings and the Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date that is renewable or extendable, at the option of Holdings or any Restricted Subsidiary, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all amounts of Funded Debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Borrowers, Indebtedness in respect of the Loans, the Senior Secured Loans and the Senior Subordinated Loans.

" Governmental Authority " shall mean any federal, state, provincial, local or foreign court or tribunal or governmental agency, authority, instrumentality or regulatory or legislative body.

" Guarantee Exception Amount " shall mean, at any time: (a) $200.0 million minus (b) the sum of (i) the aggregate amount of Indebtedness incurred or assumed prior to such time pursuant to Section 6.01(A)(j) or (A)(k) that is outstanding at such time and that was used to acquire, or was assumed in connection with the acquisition of, capital stock and/or assets in respect of which guarantees, pledges and security have not been given pursuant to Section 5.10, (ii) the aggregate Incremental Term Loan Commitment under the Senior Secured Credit Facilities at such time and (iii) any Indebtedness incurred by any Restricted Subsidiary that is not a Guarantor, provided that if such amount is a negative number, the Guarantee Exception Amount shall be zero.

" Guarantee Obligations " shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the " primary obligor ") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting

direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided , however , that the term "Guarantee Obligations" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

" Guarantee Requirements " shall mean, subject to the Agreed Guarantee Principles, the requirements that:

(a) as of the Closing Date, all of the Loan Documents described in Schedule 1.01(a) shall have been executed and delivered by the parties thereto; and

(b) in the case of any Subsidiary that becomes a Subsidiary Loan Party after the Closing Date, the Administrative Agent shall have received, unless it has waived such requirement for such Subsidiary Loan Party (for reasons of cost, legal limitations, tax consequences or such other matters as deemed appropriate by the Administrative Agent, acting reasonably), an executed joinder agreement substantially in the form of Exhibit J or such other form as approved by the Administrative Agent and the Canadian Borrower.

" Guaranteed Obligations " shall have the meaning assigned to such term in Section 10.01.

" Guarantees " shall mean the guarantees issued pursuant to Article X by Holdings, the Borrowers and the Subsidiary Guarantors.

" Guarantors " shall have the meaning assigned to such term in Section 10.01.

" Hazardous Materials " shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including, without limitation, explosive or radioactive substances or petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls or radon gas, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

" Holdings " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Holdings PIK Securities " shall mean (1) any preferred capital stock or preferred equity interest of Holdings issued on the Closing Date with an aggregate liquidation preference not greater than the Canadian Dollar Equivalent of $150.0 million as of the Closing Date (plus the liquidation preference of any dividends paid in additional Holdings PIK Securities after the

Closing Date) (a) that does not provide for any cash dividend payments or other cash distributions in respect thereof (other than, with respect to Holdings, if the distribution is permitted by the terms of Section 6.07 of this Agreement) and (b) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event does not (i)(x) mature or become mandatorily redeemable pursuant to a sinking fund obligation or otherwise prior to the twelfth anniversary of the Closing Date, (y) become convertible or exchangeable prior to the twelfth anniversary of the Closing Date at the option of the holder thereof for Indebtedness or preferred stock that is not Holdings PIK Securities or (z) become redeemable at the option of the holder thereof (other than as a result of a change of control), in whole or in part prior to the twelfth anniversary of the Closing Date, and (ii) provide holders thereunder with any rights upon the occurrence of a "change of control" event prior to the repayment of the Obligations under the Loan Documents if prohibited by this Agreement and (2) any Qualified Capital Stock of Holdings issued to refinance, replace or substitute any of the foregoing.

" Indebtedness " of any Person shall mean (a) all indebtedness of such Person for borrowed money, (b) the deferred purchase price of assets or services that in accordance with Canadian GAAP would be included as liabilities in the balance sheet of such Person, (c) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (d) all Indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such Indebtedness has been assumed (excluding any Lien created pursuant to the APT Security Agreement), (e) all Capitalized Lease Obligations of such Person, (f) all net obligations of such Person under interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, commodity price protection agreements or other commodity price hedging agreements and other similar agreements, (g) without duplication, all Guarantee Obligations of such Person and (h) any Disqualified Capital Stock; provided that Indebtedness shall not include (i) trade payables and accrued expenses, in each case payable directly or through a bank clearing arrangement and arising in the ordinary course of business, (ii) obligations to make progress or incentive payments under Satellite Purchase Agreements and Launch Services Agreements, in each case, not overdue by more than 90 days, (iii) deferred or prepaid revenue, (iv) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller, (v) obligations to make payments to one or more insurers under satellite insurance policies in respect of premiums or the requirement to remit to such insurer(s) a portion of the future revenues generated by a Satellite which has been declared a constructive total loss, in each case in accordance with the terms of the insurance policies relating thereto, (vi) customer deposits made in connection with the construction or acquisition of a Satellite being constructed or acquired at the request of one or more customers and (vii) obligations under the T10R Sale Leaseback. The amount of Indebtedness of any Person for purposes of clause (d) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as reasonably determined by such Person in good faith. The amount of Indebtedness of any Person for purposes of clause (h) shall be deemed to be equal to the greater of the voluntary or involuntary liquidation preference and maximum fixed repurchase price in respect of such Disqualified Capital Stock. For purposes hereof, the " maximum fixed repurchase price " of any Disqualified Capital Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such

Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Agreement, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the board of directors of Holdings.

" Indemnified Taxes " shall mean all Taxes other than Excluded Taxes.

" Indemnitee " shall have the meaning assigned to such term in Section 9.05(b).

" Industry Canada " shall mean Industry Canada or any successor department of the Government of Canada substituted therefor.

" Industry Canada Authorizations " shall mean all authorizations, orders, licenses and exemptions issued by Industry Canada to Holdings or any of its Subsidiaries, pursuant to authority under the *Radiocommunication Act* or the *Telecommunications Act* , as amended, under which Holdings or any of its Subsidiaries is authorized to launch and operate any of its Satellites or to operate any of its transmit only, receive only or transmit and receive earth stations or any ancillary terrestrial communications facilities.

" Information Memorandum " shall mean the Confidential Information Memorandum to be provided to prospective Lenders, as modified or supplemented.

" Initial Canadian Borrower " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Initial Lenders " shall mean Morgan Stanley Senior Funding, Inc., UBS AG, Stamford Branch, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia, Scotiabanc Inc. and Jefferies Finance CP Funding LLC.

" In-Orbit Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite attaching upon the expiration of the Launch Insurance therefor and renewing, during the commercial in-orbit service of such Satellite, prior to the expiration of the immediately preceding corresponding In-Orbit Insurance policy, subject to the terms and conditions set forth herein.

" In-Orbit Spare Capacity " shall mean the C-band payload of a satellite with in-orbit replacement capacity that:

(a) is available in the event of a Covered Satellite loss or failure in order to restore C-band service on the Covered Satellite;

(b) meets or exceeds the contractual performance specifications for the C-band payload being protected; and

(c) may be provided directly by any of the Loan Parties or by another satellite operator pursuant to a contractual arrangement;

provided that no Satellite or satellite being used to provide "In-Orbit Spare Capacity" with respect to a Covered Satellite may itself qualify as In-Orbit Spare Capacity.

" Intercompany Note " shall mean an intercompany note substantially in the form of Exhibit F hereto or such other form approved by the Administrative Agent and the Canadian Borrower.

" Interest Payment Date " shall mean (a) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type and (b) with respect to any ABR Loan, the last day of each calendar quarter, and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type.

" Interest Period " shall mean as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is three months thereafter, or the date any Eurodollar Borrowing is converted to an ABR Borrowing in accordance with Section 2.15 or 2.22 or repaid or prepaid in accordance with Section 2.10, 2.11 or 2.12; provided , however , that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

" Investment " shall mean, for any Person: (a) the acquisition (whether for cash, property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person), but excluding any such deposit, advance, loan or extension of credit having a term not exceeding 364 days arising in the ordinary course of business and excluding also any Investment in leases entered into in the ordinary course of business; or (c) the entering into of any guarantee of, or other contingent obligation with respect to, Indebtedness or other monetary liability of any other Person.

" Investment Bank " means Morgan Stanley & Co. Incorporated and such other institution engaged as such reasonably acceptable to the Lead Arrangers.

" Joint Lead Arrangers " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Joint Venture " shall mean any joint venture entity, whether a company, unincorporated firm, undertaking, joint venture, association, partnership or any other entity which, in each case, is not a Subsidiary of Holdings or any of its Restricted Subsidiaries but in which Holdings or a Restricted Subsidiary has a direct or indirect equity or similar interest.

" Judgment Currency " shall have the meaning assigned to such term in Section 9.17(b).

" Launch " shall mean, with respect to any Satellite, the point in time before lift-off of such Satellite at which risk of loss of such Satellite passes to the applicable Satellite Purchaser under the terms of the applicable Satellite Purchase Agreement, unless risk of loss thereunder is to pass to such Satellite Purchaser after lift-off, in which case "Launch" shall mean the intentional ignition of the first stage engines of the launch vehicle that has been integrated with such Satellite.

" Launch Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite attaching not later than the time of Launch and continuing at least until the successful or unsuccessful attempt to achieve physical separation of such Satellite from the launch vehicle that had been integrated with such Satellite.

" Launch Services Agreement " shall mean, with respect to any Satellite, the agreement between the applicable Satellite Purchaser and the applicable Launch Services Provider relating to the launch of such Satellite.

" Launch Services Provider " shall mean, with respect to any Satellite, the provider of launch services for such Satellite pursuant to the terms of the Launch Services Agreement related thereto.

" Lead Arrangers " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Lender " shall mean each financial institution listed on Schedule 2.01 , as well as any person that becomes a "Lender" hereunder pursuant to Section 9.04.

" Lender Default " shall mean (i) the refusal (which has not been retracted) of a Lender to make available its portion of any Borrowing, or (ii) a Lender having notified in writing the applicable Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 2.07.

" LIBO Rate " shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period by reference to the applicable Screen Rate, for a period equal to such Interest Period; provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the "LIBO Rate" shall be the average (rounded upward, if necessary, to the next 1/100 of 1%) of the respective interest rates per annum at which deposits in the currency of such Borrowing are offered for such Interest Period to major banks in the London interbank market by the Reference Banks at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period.

" Lien " shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, encumbrance, charge, deemed trust created by operation of law or security interest in or on such asset or to which such asset is subject and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

" Loan Documents " shall mean this Agreement, any promissory note issued under Section 2.10(e), each other agreement or instrument delivered pursuant to Section 5.10 hereof and, solely for the purposes of Section 7.01(c) hereof, the Fee Letter.

" Loan Participant " shall have the meaning assigned to such term in Section 9.04(c).

" Loan Parties " shall mean Holdings, Intermediate Holdco, the Borrowers and each Subsidiary Loan Party.

" Loans " shall mean the Bridge Loans and the Rollover Loans.

" Loral " shall have the meaning assigned to such term in the recitals to this Agreement.

" LSCH " shall have the meaning assigned to such term in the recitals to this Agreement.

" Majority Lenders " shall mean Lenders having Loans and Commitments representing more than 50% of the sum of all Loans and Commitments.

" Management Group " shall mean the group consisting of the directors, executive officers and other management personnel of Intermediate Holdco, the Canadian Borrower and Holdings, as the case may be, on the Closing Date together with (1) any new directors whose election or whose nomination for election was approved by a vote of a majority of the directors of Intermediate Holdco, the Canadian Borrower or Holdings, as the case may be, then still in office who were either directors on the Closing Date or whose election or nomination was previously so approved and (2) executive officers and other management personnel of Intermediate Holdco, the Canadian Borrower or Holdings, as the case may be, hired at a time when the directors on the Closing Date together with the directors so appointed constituted a majority of the directors of Intermediate Holdco, the Canadian Borrower or Holdings, as the case may be.

" Margin Stock " shall have the meaning assigned to such term in Regulation U.

" Material Adverse Effect " shall mean the existence of events, conditions and/or contingencies that have had or are reasonably likely to have (a) a materially adverse effect on the business, operations, properties, assets or financial condition of Holdings and the Subsidiaries, taken as a whole, or (b) a material impairment of the validity or enforceability of, or a material impairment of the material rights, remedies or benefits available to the Lenders or the Administrative Agent under any Loan Document.

" Material Indebtedness " shall mean Indebtedness (other than Loans) of any one or more of Holdings or any Restricted Subsidiary in an aggregate principal amount exceeding $50.0 million.

" Material Subsidiary " shall mean, at any date of determination, any Restricted Subsidiary (a) whose Total Assets at the last day of the Test Period ending on the last day of the most recent fiscal period for which financial statements have been delivered pursuant to Section 5.04(a) or (b) were equal to or greater than 2.5% of the consolidated Total Assets of Holdings and its consolidated subsidiaries at such date or (b) whose gross revenues for such Test Period were equal to or greater than 2.5% of the consolidated gross revenues of Holdings and its consolidated subsidiaries for such period, in each case determined in accordance with Canadian GAAP or (c) that is a Loan Party.

" Maximum Rate " shall have the meaning assigned to such term in Section 9.09.

" Mezzanine Securities " shall mean the Consulting Agreement Subordinated PIK Note in the form attached hereto as Exhibit K .

" MHR " shall mean MHR Fund Management LLC.

" Minority Investment " shall mean any Person (other than a Subsidiary) in which Holdings or any Restricted Subsidiary owns capital stock or other equity interests.

" Moody's " shall mean Moody's Investors Service, Inc.

" MSSFNS " shall mean Morgan Stanley Senior Funding, Nova Scotia.

" Multiemployer Plan " shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Holdings, the Borrowers, the Company or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

" Named Satellites " shall mean the Satellites commonly referred to as Nimiq 1, Anik F1R, Anik F2, Anik F3, Telstar 11N (following its successful launch and the expiry of its applicable Launch Insurance), Telstar 12, Nimiq 4 (following its successful launch and the expiry of its applicable Launch Insurance) and Nimiq 5 (following its successful launch and the expiry of its applicable Launch Insurance).

" Net Cash Proceeds " shall mean, with respect to any Prepayment Event, (a) the gross cash proceeds (including payments from time to time in respect of installment obligations, if applicable) received by or on behalf of Holdings or any of the Restricted Subsidiaries in respect of such Prepayment Event less (b) the sum of:

(i) in the case of any Prepayment Event, the amount, if any, of all taxes paid or estimated to be payable by Holdings or any of the Restricted Subsidiaries in connection with such Prepayment Event,

(ii) in the case of any Prepayment Event, the amount of any reasonable reserve established in accordance with Canadian GAAP against any liabilities (other than any taxes deducted pursuant to clause (i) above) (x) associated with the assets that are the subject of such Prepayment Event and (y) retained by Holdings or any of the Restricted Subsidiaries, provided that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such a Prepayment Event occurring on the date of such reduction,

(iii) in the case of any Prepayment Event, the amount of any Indebtedness secured by a Lien on the assets that are the subject of such Prepayment Event to the extent that the instrument creating or evidencing such Indebtedness requires that such Indebtedness be repaid upon consummation of such Prepayment Event,

(iv) in the case of any Asset Sale Event, Casualty Event or Permitted Sale Leaseback, the amount of any proceeds of such Asset Sale Event, Casualty Event or Permitted Sale Leaseback that Holdings or any Subsidiary has reinvested (or has entered into a binding commitment prior to the last day of the Reinvestment Period to reinvest in assets used or useful in the business of Holdings and its Restricted Subsidiaries and, in the case of a sale of Satellites, to be reinvested in Satellites, which Satellite shall have achieved the milestone known as preliminary design review within the Reinvestment Period and is launched within four years of receipt of such proceeds with respect to such predecessor Satellite) in the business of Holdings or any of the Restricted Subsidiaries (subject to Section 6.20), provided that any portion of such proceeds that has not been so reinvested within such Reinvestment Period (or, in the case of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) shall, unless Holdings or a Subsidiary has entered into a binding commitment prior to the last day of such Reinvestment Period (or, in the case of the sale of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) to reinvest such proceeds, (x) be deemed to be Net Cash Proceeds of an Asset Sale Event, Casualty Event or Permitted Sale Leaseback occurring on the last day of such Reinvestment Period (or, in the case of the sale of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) and (y) be applied to the repayment of Loans in accordance with Section 2.11(e); provided that notwithstanding the foregoing, (I) reinvestment of proceeds from sale of Satellite Assets sold pursuant to Section 6.04(f)(i)(b) shall not so reduce Net Cash Proceeds and (II) with respect to Satellite Assets sold pursuant to Section 6.04(f)(i)(a), such reinvestment must be in replacement Satellite Assets,

(v) in the case of any Casualty Event, the amount of any payment to any customer providing a deposit or other related amounts which must be repaid in the event of a Casualty Event, including any rebates, settlement amounts or other proceeds received from a Satellite Manufacturer in relation to performance incentives or performance

warranty paybacks with respect to a Satellite (it being understood that if such proceeds are in respect of a replacement Satellite which has not achieved the milestone known as preliminary design review within the relevant Reinvestment Period referred to in clause (iv) or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite referred to in clause (iv), then such proceeds need only to be applied to the Loans and Commitments to the extent of such proceeds without giving effect to clause (iv) to the extent of any duplication),

(vi) in the case of any Prepayment Event, reasonable and customary fees, commissions, expenses, issuance costs, discounts and other costs paid by Holdings or any of the Restricted Subsidiaries, as applicable, in connection with such Prepayment Event (other than those payable to Holdings or any Subsidiary of Holdings), in each case only to the extent not already deducted in arriving at the amount referred to in clause (a) above, and

(vii) for the avoidance of doubt (and without duplication of the last sentence of Section 2.11(e)), the amounts of net cash proceeds with respect to any Prepayment Event (other than with respect to proceeds from the issuance of Permanent Securities or other Permitted Senior Bridge Refinancings) required to be applied (and so applied within the Reinvestment Period) to the repayment of loans outstanding under the Senior Secured Credit Facilities (and to the extent involving a repayment of a revolving credit facility, a permanent commitment reduction thereunder in a corresponding amount was effected in connection with such repayment).

" Nimiq 1 " shall mean the A2100 AX (Lockheed Martin) Satellite with an expected end of commercial service life of 2024.

" Nimiq 2 " shall mean the A2100 AX (Lockheed Martin) Satellite with an expected end of commercial service life of 2023.

" Nimiq 3 " shall mean the BSS601 (Boeing) Satellite with an expected end of commercial service life of July 2010.

" Nimiq 4 " shall mean the E-3000 (EADS Astrium) Satellite currently under construction.

" Nimiq 4iR " shall mean the BSS601 (Boeing) Satellite with an expected end of commercial service life of June 2009.

" Nimiq 5 " shall mean the SS/L 1300 Satellite currently under construction.

" Non-Consenting Lender " shall have the meaning assigned to such term in Section 2.20(c).

" Non-Subsidiary Loan Party " shall mean any Subsidiary that is not a Subsidiary Loan Party.

" Non-U.S. Lender " shall mean any Lender that is organized under the laws of a jurisdiction other than the United States of America. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

" Non-U.S. Pension Plan " shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by Holdings, the Borrowers, the Company or any Subsidiary primarily for the benefit of employees of Holdings, the Borrowers, the Company or any Subsidiary residing outside the United States of America (other than in Canada), which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

" Notes " shall mean, collectively, Bridge Notes and Rollover Notes.

" Obligations " shall mean (a) obligations of the Borrowers and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrowers and the other Loan Parties under this Agreement and the other Loan Documents, and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Borrowers and the other Loan Parties under or pursuant to this Agreement and the other Loan Documents.

" OFAC " shall have the meaning assigned to such term in Section 3.21(a).

" Organizational Documents " shall mean, with respect to any person, (i) in the case of any corporation, the certificate of incorporation, articles and by-laws (or similar documents) of such person, (ii) in the case of any limited liability company, the certificate of formation and operating agreement (or similar documents) of such person, (iii) in the case of any limited partnership, the certificate of formation or partnership declaration and limited partnership agreement (or similar documents) of such person, (iv) in the case of any general partnership, the partnership agreement (or similar document) of such person and (v) in any other case, the functional equivalent of the foregoing.

" Other Taxes " shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, the Loan Documents (but not any such tax arising solely from any transfer or assignment of, or any participation in, the Loans (or a portion thereof) or this Agreement), and any and all interest and penalties related thereto.

" Patriot Act " shall mean the Uniting and Strengthening America by Providing the Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

" PBGC " shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

" Permanent Securities " means notes or other securities of any Borrower, Holdings or any of their respective subsidiaries issued pursuant to Section 5.13 to refinance the Loans.

" Permitted Acquisition " shall mean the acquisition, by merger or otherwise, by Holdings or any of the Restricted Subsidiaries of assets or capital stock or other equity interests, so long as (a) such acquisition and all transactions related thereto shall be consummated in accordance with applicable law; (b) such acquisition shall result in the issuer of such capital stock or other equity interests to the extent applicable becoming a Restricted Subsidiary and a Subsidiary Guarantor, to the extent required by Section 5.10; (c) such acquisition shall result in the Administrative Agent, for the benefit of the applicable Lenders, being granted a security interest in any capital stock or any assets so acquired, to the extent required by Section 5.10 and (d) after giving effect to such acquisition, no Default or Event of Default shall have occurred and be continuing.

" Permitted Business " means the businesses engaged in by Holdings and its Subsidiaries on the Closing Date and businesses that are reasonably related thereto or reasonable extensions thereof.

" Permitted Cure Securities " means Permitted Cure Securities within the meaning of the Senior Secured Credit Facilities applied in accordance with Section 7.02 thereof.

" Permitted Investments " shall mean:

(a) securities or obligations issued or unconditionally guaranteed by the United States government, the Government of Canada or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;

(b) securities or obligations issued by any state of the United States of America, any province of Canada or any political subdivision of any such state or province or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, then from another nationally recognized rating service);

(c) commercial paper issued by any Lender or any bank holding company owning any Lender;

(d) commercial paper maturing no more than 12 months after the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from

either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service);

(e) domestic and LIBOR certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof issued by any Lender or any other bank having combined capital and surplus of not less than $250.0 million in the case of domestic banks and $100.0 million (or the Dollar Equivalent thereof) in the case of foreign banks;

(f) auction rate securities rated at least Aa3 by Moody's and AA- by S&P (or, if at any time either S&P or Moody's shall not be rating such obligations, an equivalent rating from another nationally recognized rating service);

(g) repurchase agreements with a term of not more than 30 days for underlying securities of the type described in clauses (a), (b) and (e) above entered into with any bank meeting the qualifications specified in clause (e) above or securities dealers of recognized national standing;

(h) repurchase obligations with respect to any security that is a direct obligation or fully guaranteed as to both credit and timeliness by the Government of Canada or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of the Government of Canada, in either case entered into with any Canadian I or II bank or any trust company (acting as principal);

(i) marketable short-term money market and similar funds (x) either having assets in excess of $250.0 million or (y) having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service in the United States);

(j) shares of investment companies that are registered under the Investment Company Act of 1940 and 95% the investments of which are one or more of the types of securities described in clauses (a) through (i) above;

(k) any other investments used by Holdings and its Restricted Subsidiaries as temporary investments permitted by the Administrative Agent in writing in its sole discretion; and

(l) in the case of Investments by Holdings or any Subsidiary organized or located in a jurisdiction other than the United States (or any political subdivision or territory thereof), or in the case of Investments made in a country outside the United States of America, other customarily utilized high-quality Investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as reasonably determined in good faith by the Canadian Borrower.

" Permitted Investor " shall mean each of (i) Loral, (ii) PSPIB, (iii) MHR and (iv) Controlled Affiliates of each of the foregoing.

" Permitted Liens " shall mean:

(a) Liens for taxes, assessments or governmental charges or claims not yet due or which are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established in accordance with Canadian GAAP;

(b) Liens in respect of property or assets of Holdings or any of the Restricted Subsidiaries imposed by law, such as carriers', warehousemen's, storers', repairers' and mechanics' Liens and other similar Liens arising in the ordinary course of business, in each case so long as such Liens arise in the ordinary course of business and do not individually or in the aggregate have a Material Adverse Effect;

(c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 7.01;

(d) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business;

(e) ground leases in respect of real property on which facilities owned or leased by Holdings or any of its Subsidiaries are located;

(f) easements, rights-of-way, restrictions, zoning, by-laws, regulations and ordinances of any Governmental Authority, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of Holdings and its Subsidiaries, taken as a whole;

(g) any interest or title of a lessor or secured by a lessor's interest under any lease permitted by this Agreement;

(h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(i) Liens on goods the purchase price of which is financed by a documentary letter of credit issued for the account of Holdings or any of its Subsidiaries, provided that such Lien secures only the obligations of Holdings or such Subsidiaries in respect of such letter of credit to the extent permitted under Section 6.01;

(j) leases or subleases granted to others not interfering in any material respect with the business of Holdings and its Subsidiaries, taken as a whole;

(k) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts of Holdings and the Restricted Subsidiaries held at such banks or financial institutions, as the case may be, to facilitate the operation of cash pooling and/or interest set-off arrangements in respect of such bank accounts in the ordinary course of business;

(l) Liens in favor of a counterparty to a Swap Agreement (to the extent such Swap Agreement is not prohibited under this Agreement) on any Loan Party's rights under such Swap Agreement;

(m) reservations, limitations, provisos and conditions expressed in any original grant from the Crown or other grants of real or immovable property, or interests therein;

(n) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, franchise, grant or permit acquired by Holdings or any of its Subsidiaries or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(o) security given to a public utility or any Governmental Authority when required by such utility or authority in connection with the operations of Holdings or any of its Restricted Subsidiaries in the ordinary course of its business;

(p) subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property, provided the same are complied with in all material respects;

(q) facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation of a property in the ordinary course of business, provided the same are complied with in all material respects;

(r) each of the liens and other encumbrances set forth Schedule B to the marked pro forma policies issued by title insurance companies and delivered pursuant to Section 4.02(e) of the Senior Secured Credit Facilities;

(s) Liens in favor of customers on Satellites or portions thereof (including insurance proceeds relating thereto) or the satellite construction or acquisition agreement being relating thereto in the event such Satellites or portions thereof are being constructed or acquired at the request of one or more customers to secure repayment of such deposits and related amounts;

(t) Liens arising in connection with a Permitted Sale Leaseback;

(u) restrictions in condosat agreements relating to transponders that restrict sales, dispositions, leases or security interests on satellites to any third party purchaser, lessee or secured party unless such purchaser or lessee of such satellite agrees to (or, in the case of a security interest in such satellite, the secured party agrees pursuant to a non-disturbance agreement that in connection with the enforcement of any such security interest or the realization upon any such security interest, such secured party agrees that, prior to or concurrently with the transfer becoming effective, the person to whom the satellite bus shall be transferred shall agree that such transferee shall) be subject to the terms of the applicable condosat agreement so long as such agreement is (in the case of any such restriction on a security interest) otherwise reasonably satisfactory to the

Administrative Agent in its sole discretion (who may in its sole discretion condition its consent to the terms of such agreement (a) not providing for any liability on the part of the secured party or lenders prior to such secured party taking possession of the Satellite and (b) being of no force and effect upon release of such security interest) and provided that the applicable Loan Parties shall have used their commercially reasonable efforts in negotiating such condosat agreements so that such agreements do not contain such restrictions; and

(v) deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable (ii) immaterial, (iii) being contested in good faith and by appropriate proceedings for which appropriate reserves have been established in accordance with Canadian GAAP or (iv) have not been paid due to inadvertence after exercising due diligence.

" Permitted Sale Leaseback " shall mean (a) any Sale Leaseback consummated by Holdings or any of the Restricted Subsidiaries after the Closing Date, provided that any such Sale Leaseback not between the Borrowers and any Guarantor or any Guarantor and another Guarantor is consummated for fair value as determined at the time of consummation in good faith by Holdings (which such determination may take into account any retained interest or other Investment of Holdings or such Restricted Subsidiary in connection with, and any other material economic terms of, such Sale Leaseback) and (b) the T10R Sale Leaseback.

" Permitted Senior Bridge Refinancing " means any refinancings, extensions, renewals and replacements of any Loans under this Agreement or of any Exchange Notes (or, in each case, any Permitted Senior Bridge Refinancings thereof incurred in accordance with the proviso below) (including for the avoidance of doubt through the issuance of notes or bonds), provided that such refinancing, extending, renewal or replacement Indebtedness either (i) shall be in the form of Permanent Securities issued pursuant to Section 5.13 hereof or (ii) (A) shall not be in a principal amount that exceeds the principal amount of the Indebtedness being refinanced, extended, renewed or replaced (plus any accrued but unpaid interest and premium or penalty payable by the terms of such Indebtedness thereon and reasonable fees and expenses associated therewith), (B) shall not, by its terms or the terms of any related agreement or of any security or Indebtedness into which it is convertible or exchangeable, mature or otherwise be mandatorily redeemable or repayable (whether automatically, pursuant to the occurrence of an event or otherwise, other than pursuant to customary change of control, asset sale and/or event of loss provisions) prior to the final stated maturity of the Loans as in effect on the Closing Date and (C) shall not contain covenants or restrictions more restrictive (taken together as a whole, in any material respect) than those contained in the Loan Documents.

" Permitted Senior Subordinated Bridge Refinancing " means any refinancings, extensions, renewals and replacements of any Senior Subordinated Loans or of any Senior Subordinated Exchange Notes (or, in each case, any Permitted Senior Subordinated Bridge Refinancings thereof incurred in accordance with the proviso below) (including for the avoidance of doubt through the issuance of notes or bonds), provided that such refinancing, extending, renewal or replacement Indebtedness (A) shall not be in a principal amount that exceeds the principal amount of the Indebtedness being refinanced, extended, renewed or replaced (plus any accrued but unpaid interest and premium or penalty payable by the terms of

such Indebtedness thereon and reasonable fees and expenses associated therewith), (B) shall not, by its terms or the terms of any related agreement or of any security or Indebtedness into which it is convertible or exchangeable, mature or otherwise be mandatorily redeemable or repayable (whether automatically, pursuant to the occurrence of an event or otherwise, other than pursuant to customary change of control, asset sale and/or event of loss provisions) prior to the final stated maturity of the Senior Subordinated Rollover Loans as in effect on the Closing Date, (C) shall not contain covenants or restrictions more restrictive (taken together as a whole, in any material respect) than those contained in the Indebtedness being refinanced, extended, renewed or replaced and (D) shall contain subordination provisions providing that such new Indebtedness is subordinated to the Loans at least to the same extent as the Indebtedness being refinanced, extended, renewed or replaced are so subordinated.

" Person " or " person " shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

" Plan " shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code and in respect of which Holdings, any Subsidiary (including the Company) or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

" PMRR " means the Quebec register of personnel and moveable real rights.

" PPSA " shall mean the Personal Property Security Act as in effect from time to time (except as otherwise specified) in an applicable Province or territory of Canada.

" Prepayment Event " shall mean any Asset Sale Event, Debt Incurrence Event, Casualty Event or any Permitted Sale Leaseback (other than the T10R Sale Leaseback).

" primary obligor " shall have the meaning assigned to such term in the definition of "Guarantee Obligations."

" Prime Rate " shall mean the rate of interest per annum announced from time to time by as the Wall Street Journal prime rate; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective.

" Projections " shall mean the projections of Holdings and the Subsidiaries included in the Information Memorandum and any other projections and any forward-looking statements (including statements with respect to booked business) of such entities furnished to the Lenders or the Administrative Agent by or on behalf of Holdings, Intermediate Holdco, the Borrowers or any of the Subsidiaries prior to the Closing Date.

" PSP " shall have the meaning assigned to such term in the recitals to this Agreement.

" PSPIB " shall have the meaning assigned to such term in the recitals to this Agreement.

" Qualified Capital Stock " of any person shall mean any Equity Interests of such person that are not Disqualified Capital Stock.

" Quebec Pension Plan " shall mean the universal pension plan established and maintained by the Provincial Government of Quebec.

" Quotation Day " shall mean, with respect to any Eurodollar Borrowing and any Interest Period, the second Business Day of such Interest Period. If such quotations would normally be given by prime banks on more than one day, the Quotation Day will be the last of such days.

" Rate Cap " means 11.0% per annum.

" Rate Floor " means 9.0% per annum.

" Rating Agency " shall mean Moody's and S&P or if Moody's or S&P or both shall not make a rating on the Facilities publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Canadian Borrower (in the case of this Agreement, as certified by a board resolution) which shall be substituted for Moody's or S&P or both, as the case may be.

" Reference Banks " has the meaning ascribed to such term in the Senior Secured Credit Facilities with respect to the use of such term thereunder for purposes of "LIBO Rate".

" Refinancing " shall mean collectively the Company Refinancing and the Skynet Refinancing.

" Register " shall have the meaning assigned to such term in Section 9.04(b).

" Registration Rights Agreement " shall mean the Registration Rights Agreements described in the Description of Senior Exchange Notes under the heading "Registration Rights" (with such changes to cure ambiguity, omission, defect or inconsistency as the Lead Arrangers and the Canadian Borrower shall approve), as may be amended, modified or supplemented.

" Regulation U " shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

" Regulation X " shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

" Reinvestment Period " shall mean the earlier of (x) 10 Business Days prior to the occurrence of an obligation to make an offer to repurchase Senior Subordinated Loans (or Senior Subordinated Exchange Notes) pursuant to the asset sale or event of loss provisions of the Senior Subordinated Bridge Loan Facility (or Indebtedness in respect of a Permitted Senior Subordinated Bridge Refinancing thereof) and (y) 13 months following the date of the receipt of proceeds in respect of such Asset Sale Event or Casualty Event.

" Related Parties " shall mean, with respect to any specified person, such person's Affiliates and the respective directors, officers, employees, agents and advisors of such person and such person's Affiliates.

" Release " shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

" Reportable Event " shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan.

" Required Lenders " shall mean, at any time, Lenders having more than 50% of the aggregate outstanding Loans. Outstanding Loans held by any Affiliates of Holdings shall be disregarded in determining Required Lenders at any time.

" Requirements of Law " shall mean, collectively, any and all requirements of any Governmental Authority that are applicable, including any and all applicable laws, judgments, orders, Executive Orders, decrees, ordinances, rules, regulations, statutes or case law.

" Reset Date " shall have the meaning assigned to such term in Section 1.03.

" Responsible Officer " of any person shall mean any executive officer (including the chief legal officer) or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement.

" Restricted Subsidiary " shall mean a Subsidiary of Holdings other than an Unrestricted Subsidiary. Unless the context otherwise requires, Restricted Subsidiaries of Holdings shall be deemed to include the Borrowers.

" Rollover Borrowing " shall mean a borrowing of Rollover Loans.

" Rollover Conversion " shall have the meaning set forth in Section 2.01(b).

" Rollover Date " shall mean the Bridge Loan Maturity Date provided the Rollover Conversion occurs on such date.

" Rollover Loan " shall have the meaning assigned to such term in Section 2.01(b).

" Rollover Loan Maturity Date " shall mean the date that is seven years from the Rollover Date.

" Rollover Note " shall have the meaning set forth in Section 2.10(e).

" S&P " shall mean Standard & Poor's Ratings Group, Inc.

" Sale Leaseback " shall mean any transaction or series of related transactions pursuant to which Holdings or any of the Restricted Subsidiaries (a) sells, transfers or otherwise disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, transferred or disposed.

" Satellite " shall mean any satellite owned by, leased to or for which a contract to purchase has been entered into by, Holdings or any of its Subsidiaries, whether such satellite is in the process of manufacture, has been delivered for launch or is in orbit (whether or not in operational service).

" Satellite Assets " means orbital slots or locations, transponders, Satellites and related equipment (including TT&C Stations) associated with the conduct of the Permitted Business by Holdings and its Subsidiaries.

" Satellite Manufacturer " shall mean, with respect to any Satellite, the prime contractor and manufacturer of such Satellite.

" Satellite Purchase Agreement " shall mean, with respect to any Satellite, the agreement between the applicable Satellite Purchaser and either (i) the applicable Satellite Manufacturer relating to the manufacture, testing and delivery of such Satellite or (ii) the applicable seller relating to the purchase and sale of such Satellite.

" Satellite Purchaser " shall mean Holdings or a Restricted Subsidiary that is a party to a Satellite Purchase Agreement or Launch Services Agreement, as the case may be.

" Satmex 5 " shall mean the BSS601 HP (Boeing Satellite Systems) known as Satmex 5 on which Holdings or its Restricted Subsidiaries have a right to use transponders.

" Screen Rate " shall mean the British Bankers Association Interest Settlement Rate for the applicable Interest Period displayed on the appropriate page of the Telerate screen selected by the Administrative Agent. If the relevant page is replaced or the service ceases to be available, the Administrative Agent (after consultation with the Canadian Borrower and the Lenders) may specify another page or service displaying the appropriate rate.

" SEC " shall mean the Securities and Exchange Commission or any successor thereto.

" Securities Act " shall mean the Securities Act of 1933, as amended.

" Securities Demand " has the meaning set forth in Section 5.13(a).

" Securities Demand Period " has the meaning set forth in Section 5.13(a).

" Seller " shall have the meaning assigned to such term in the recitals to this Agreement.

" Senior Secured Credit Facilities " means that Credit Agreement, dated as of the Closing Date, among the Initial Canadian Borrower, the Canadian Borrower, the U.S. Borrower, the Guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent, UBS Securities LLC, as syndication agent, and the other agents and arrangers party thereto, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or extends the maturity thereof.

" Senior Secured Loan Documents " means "Loan Documents" as defined in the Senior Secured Credit Facilities.

" Senior Secured Loans " means "Loans" as defined in the Senior Secured Credit Facilities.

" Senior Subordinated Bridge Loan Facility " means that Senior Subordinated Bridge Loan Agreement, dated as of the Closing Date, among the Initial Canadian Borrower, the Canadian Borrower, the U.S. Borrower, the Guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent, UBS Securities LLC, as syndication agent, the other agents and arrangers party thereto, including the guarantees, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements thereof.

" Senior Subordinated Bridge Loans " means "Bridge Loans" as defined in the Senior Subordinated Bridge Loan Facility.

" Senior Subordinated Exchange Notes " means "Exchange Notes" as defined in the Senior Subordinated Bridge Loan Facility.

" Senior Subordinated Loan Documents " means the "Loan Documents" as defined in the Senior Subordinated Bridge Loan Facility.

" Senior Subordinated Loans " means "Loans" as defined in the Senior Subordinated Bridge Loan Facility.

" Senior Subordinated Rollover Loans " means "Rollover Loans" as defined in the Senior Subordinated Bridge Loan Facility.

" Skynet " shall have the meaning assigned to such term in the recitals to this Agreement.

" Skynet Bonds " shall mean the $126 million principal amount of 14% Senior Secured Notes due 2015 of Skynet.

" Skynet Contribution " shall have the meaning assigned to such term in the recitals to this Agreement.

" Skynet Contribution Documents " shall mean the Asset Transfer Agreement, Asset Purchase Agreement and the Ancillary Agreement, collectively.

" Skynet EDS " shall mean the SS/L 1300 Satellite with an expected end of commercial service life of 2010.

" Skynet Refinancing " shall mean the redemption of the preferred stock of Skynet, the repayment of the Skynet Bonds (and the repayment of indebtedness to Valley National Bank incurred to make such repayment).

" Sold Entity or Business " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" SSL " shall mean Space Systems/Loral, Inc., a Delaware corporation, and its successors and assigns.

" Statutory Reserves " shall mean, with respect to any currency, any reserve, liquid asset or similar requirements established by any Governmental Authority of the United States of America or of the jurisdiction of such currency or any jurisdiction in which Loans in such currency are made to which banks in such jurisdiction are subject for any category of deposits or liabilities customarily used to fund loans in such currency or by reference to which interest rates applicable to Loans in such currency are determined.

" Subordinated Indebtedness " shall mean Indebtedness of the Borrowers or any Guarantor that is by its terms subordinated in right of payment to the Obligations of the Borrowers and such Guarantor.

" Subsidiary " shall mean, with respect to any person (herein referred to as the " parent "), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled, or held (or that is, at the time any determination is made, otherwise Controlled) by the parent or one or more subsidiaries of the parent.

" Subsidiary " shall mean, unless the context otherwise requires, a subsidiary of Holdings.

" Subsidiary Guarantor " shall mean each Subsidiary of Holdings that is or becomes a party to this Agreement pursuant to Section 5.10.

" Subsidiary Loan Party " shall mean (i) each Material Subsidiary (if any) and (ii) each Person that becomes a Material Subsidiary after the Closing Date (whether as a result of creation, formation, acquisition or growth in the assets or revenues of such Person), it being understood and agreed that a Person acquired after the Closing Date shall be considered a

Material Subsidiary as of the date of such acquisition if such Person would have been a Material Subsidiary as of the end of the most recently ended fiscal quarter if such Person had been a Subsidiary at such time, subject, in each case, to Section 5.10(f).

" Successor Borrower " shall have the meaning assigned to such term in Section 6.03(a).

" Swap Agreement " shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions, provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Holdings or any of its Subsidiaries shall be a Swap Agreement.

" Syndication Agent " shall mean UBSS in its capacity as such.

" T10R Sale Leaseback " shall mean a Sale Leaseback relating to the replacement satellite to the satellite known as Telstar 10 pursuant to Sections 9.9 and 9.10 of that certain Lease Agreement dated August 18, 1999 by and between LAPS(HK) and APT Satellite Company Limited.

" Taxes " shall mean any and all present or future taxes, levies, imposts, duties (including stamp duties), deductions, charges (including ad valorem charges) or withholdings imposed by any Governmental Authority and any and all interest and penalties related thereto.

" Telesat Anik F1 " shall mean the BSS702 (Boeing) Satellite with an expected end of commercial service life of 2013.

" Telesat Notes " means the Company's CND$125.0 million aggregate principal amount of 8.20% Series 2001 Notes due 2008.

" Test Period " shall mean, on any date of determination, the period of four consecutive fiscal quarters of Holdings then most recently ended (taken as one accounting period).

" Third Party Indemnity Payment " means indemnity payments to Holdings or any of its Restricted Subsidiaries by third parties in relation to taxes of Subsidiaries of Holdings in Hong Kong.

" Third Party Launch Liability Insurance " shall mean insurance for legal liability for property loss or damage and bodily injury caused by any Satellite or the launch vehicle used to launch such Satellite and procured by the Launch Services Provider with respect to such Satellite in accordance with the terms of the related Launch Services Agreement.

" Total Assets " shall mean, as of any date of determination with respect to any Person, the amount that would, in conformity with Canadian GAAP, be set forth opposite the caption "total assets" (or any like caption) on a balance sheet of such Person at such date.

" Transaction Documents " shall mean the Acquisition Documents, the Skynet Contribution Documents, the Loan Documents, the Senior Secured Loan Documents and the Senior Subordinated Loan Documents.

" Transaction Expenses " shall mean any fees or expenses incurred or paid by Holdings or any of its Subsidiaries in connection with the Transactions, this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby.

" Transactions " shall mean, collectively, the transactions to occur on or prior to the Closing Date pursuant to the Transaction Documents, including (a) the consummation of the Acquisition; (b) the execution and delivery of the Loan Documents and the initial borrowings hereunder; (c) the Skynet Contribution; (d) the execution and delivery of the Senior Secured Loan Documents and the initial borrowings thereunder; (e) the execution and delivery of the Senior Subordinated Loan Documents and the initial borrowings thereunder; (f) the Refinancing; and (g) the payment of all fees and expenses to be paid on or prior to the Closing Date and owing in connection with the foregoing.

" Transferred Guarantor " shall have the meaning assigned to such term in Section 10.09.

" Trustee " shall have the meaning assigned to such term is Section 5.14.

" TT&C Station " shall mean an earth station operated by Holdings or any of its Restricted Subsidiaries for the purpose of providing tracking, telemetry, control and monitoring of any Satellite.

" Type ," when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term " Rate " shall include the Adjusted LIBO Rate and the Alternate Base Rate.

" UCC " shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

" Unrestricted Subsidiary " shall mean (a) The Access Center LLC and The SpaceConnection, Inc., (b) any Subsidiary of Holdings that is formed or acquired after the Closing Date, provided that at such time (or promptly thereafter) the Canadian Borrower designates such Subsidiary an Unrestricted Subsidiary in a written notice to the Administrative Agent, (c) any Restricted Subsidiary subsequently re-designated as an Unrestricted Subsidiary by the Canadian Borrower in a written notice to the Administrative Agent, provided that in the case of (a), (b) and (c), (x) such designation or re-designation shall be deemed to be an Investment on the date of such designation or re-designation in an Unrestricted Subsidiary in an amount equal to the sum of (i) Holdings' direct or indirect equity ownership percentage of the net worth of such designated or re-designated Restricted Subsidiary immediately prior to such designation or

re-designation (such net worth to be calculated without regard to any guarantee provided by such designated or re-designated Restricted Subsidiary) and (ii) the aggregate principal amount of any Indebtedness owed by such designated or re-designated Restricted Subsidiary to Holdings or any other Restricted Subsidiary immediately prior to such designation or re-designation, all calculated, except as set forth in the parenthetical to clause (i), on a consolidated basis in accordance with Canadian GAAP and (y) no Default or Event of Default would result from such designation or re-designation and (d) each Subsidiary of an Unrestricted Subsidiary; provided , however , that at the time of any written designation or re-designation by the Canadian Borrower to the Administrative Agent that any Unrestricted Subsidiary shall no longer constitute an Unrestricted Subsidiary, such Unrestricted Subsidiary shall cease to be an Unrestricted Subsidiary to the extent no Default or Event of Default would result from such designation or re-designation. On or promptly after the date of its formation, acquisition, designation or re-designation, as applicable, each Unrestricted Subsidiary shall have entered into a tax sharing agreement containing terms that, in the reasonable judgment of the Administrative Agent, provide for an appropriate allocation of tax liabilities and benefits.

" U.S. Bankruptcy Code " shall mean Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

" U.S. Borrower " shall have the meaning assigned to such term in the recitals of this Agreement.

" U.S. GAAP " shall mean generally accepted accounting principles in effect from time to time in the United States.

" Voting Stock " of any Person means, as of any date, capital stock of such Person of any class or kind ordinarily having the power to vote for the election of the board of directors of such Person; provided that with respect to Holdings, the term "Voting Stock" shall not include any Director Voting Preferred Shares for so long as such Director Voting Preferred Shares are held and voted by directors nominated by a committee consisting of Continuing Directors or by PSP or by Loral.

" Wholly Owned Subsidiary " of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

" Withdrawal Liability " shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

" WURA " shall mean the Winding-Up and Restructuring Act (Canada), as amended.

SECTION 1.02 Terms Generally . The definitions set forth or referred to in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase

"without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with Canadian GAAP, as in effect from time to time; provided that if Holdings notifies the Administrative Agent that (a) Holdings is changing any accounting or reporting practice permitted under Canadian GAAP or (b) Holdings requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in Canadian GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies Holdings that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in practice or in Canadian GAAP or in the application thereof, then such provision shall be interpreted on the basis of Canadian GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. For the purposes of determining compliance with Articles V, VI and VII with respect to any amount in a currency other than Dollars, amounts shall be deemed to equal the Dollar Equivalent thereof determined using the Exchange Rate calculated as of the Business Day on which such amounts were incurred or expended, as applicable. This definition shall not limit the rights of the Administrative Agent and the Lenders hereunder. Any certificate delivered by an officer, Financial Officer, director or attorney-in-fact pursuant to the terms of this Agreement or any other Loan Document shall be given without personal liability.

SECTION 1.03 Exchange Rates . Not later than 1:00 p.m., New York City time, on each Calculation Date, the Administrative Agent shall (i) determine the Exchange Rate as of such Calculation Date and (ii) give notice thereof to the applicable Borrower. The Exchange Rates so determined shall become effective on the first Business Day immediately following the relevant Calculation Date (a " Reset Date "), shall remain effective until the next succeeding Reset Date, and shall for all purposes of this Agreement (other than any other provision expressly requiring the use of an Exchange Rate calculated as of a specified date) be the Exchange Rates employed in converting any amounts between Dollars and Canadian Dollars.

SECTION 1.04 Effectuation of Transactions . Each of the representations and warranties of Holdings and the Borrowers contained in this Agreement (and all corresponding definitions) are made after giving effect to the Transactions and the other events described in the recitals to this Agreement, unless the context otherwise requires.

ARTICLE II

THE CREDITS

SECTION 2.01 Commitments .

(a) Bridge Loans . Subject to the terms and conditions set forth herein, each Lender agrees severally, and not jointly, to make interim unsecured bridge loans to Initial Canadian Borrower and U.S. Borrower in the case of the first Borrowing hereunder and to the

Canadian Borrower and the U.S. Borrower in the case of the second Borrowing hereunder in Dollars in an amount not to exceed its Commitment; provided that (i) all such Bridge Loans shall be incurred by Initial Canadian Borrower and U.S. Borrower in the case of the first Borrowing hereunder and to the Canadian Borrower and the U.S. Borrower in the case of the second Borrowing hereunder pursuant to two drawings on the Closing Date and (ii) any Bridge Loan that is repaid may not be reborrowed.

(b) Rollover Loans . Subject to satisfaction of the conditions set forth in Section 2.01(c), the Borrowers, jointly and severally, and each Lender, severally and not jointly, agree that if the Bridge Loans have not been repaid in full by the latest time specified for payment in Section 2.19 on the Bridge Loan Maturity Date, the then outstanding principal amount of each Lender's Bridge Loan shall, immediately after such latest specified time for payment, automatically be converted (a " Rollover Conversion ") into a loan (individually, a " Rollover Loan " and, collectively, the " Rollover Loans ") on the Rollover Date in an aggregate principal amount equal to the then outstanding principal amount of such Lender's Bridge Loan; provided , however , that if the conditions set forth in Section 2.01(c) have not been satisfied by such time on the Bridge Loan Maturity Date, then the Bridge Loans will immediately accelerate and become automatically due and payable at such time. Upon a Rollover Conversion on the Rollover Date, the Bridge Loans shall be deemed to have been prepaid and the Borrowers will be required to make any payments due under Section 2.17 with respect thereto. Any Rollover Loan that is repaid may not be reborrowed. On the Rollover Date, certain covenants and provisions applicable to the Rollover Loans shall convert as set forth in Section 9.23 hereof.

(c) Conditions to Rollover Loans . On the Rollover Date, the automatic Rollover Conversion of Bridge Loans into Rollover Loans is subject to the following conditions: (i) that at the time of such Rollover Conversion, there shall exist no Default or Event of Default, (ii) no order, judgment, decree or injunction of any Governmental Authority purporting to restrain or enjoin the refinancing of such Bridge Loans pursuant to such Rollover Conversion shall be issued or pending, (iii) promissory notes evidencing the obligations under the Rollover Loans shall have been issued to each Lender so requesting, (iv) the Borrowers shall have delivered a notice to the Administrative Agent by not later than 11:00 a.m., New York City time, three Business Days prior to the Rollover Date stating the amount of the Bridge Loans to be converted to Rollover Loans and that the conditions set forth herein have been satisfied, (v) that at the time of such Rollover Conversion, each of (x) the Exchange Notes Indenture and (y) the Registration Rights Agreement shall have been executed and delivered and shall be in forms contemplated hereby and (vi) the Administrative Agent shall have received all fees payable to it, the Arrangers or any Lender on or prior to the Rollover Date and, to the extent invoiced, all other amounts due and payable pursuant to the Loan Documents on or prior to the Rollover Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of U.S. and Canadian counsel to the Administrative Agent) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document.

(d) Exchange Notes .

(i) Subject to satisfaction of the provisions of this Section 2.01(d), on and after the Rollover Date, each Lender will have the option to notify (an " Exchange Notice ") the

Administrative Agent in writing of its request for exchange notes (individually, an " Exchange Note " and, collectively, the " Exchange Notes ") in exchange for its Rollover Loan. Each Lender's Exchange Notice shall indicate the aggregate principal amount of its Rollover Loan that such Lender desires to exchange for Exchange Notes pursuant to this Section 2.01(d), which shall be in denominations of $2,000 and integral multiples of $1,000 thereof and, if such Lender holds Rollover Notes, be accompanied by the Rollover Notes to be exchanged for Exchange Notes.

(ii) Notwithstanding the foregoing, such Lender's Rollover Loan shall only be exchanged for Exchange Notes hereunder upon the occurrence of an Exchange Trigger Event, notice of which shall be provided to the Borrowers and each such Lender that has delivered an Exchange Notice that has given rise to such Exchange Trigger Event by the Administrative Agent. Thereafter, the Borrowers shall set a date (the " Exchange Date ") for the exchange of Rollover Loans for Exchange Notes, which date shall be no less than five Business Days and no more than ten Business Days after such Exchange Trigger Event. On such Exchange Date, the Borrowers shall execute and deliver to each Lender that elects to exchange a Rollover Loan, an Exchange Note in the principal amount equal to 100% of the principal amount of such Rollover Loan for which such Exchange Note is being exchanged (which at such Lender's option may be all or a portion of such Lender's Rollover Loans). The Exchange Notes shall be governed by the Exchange Notes Indenture. Upon issuance of the Exchange Notes, any corresponding Rollover Notes delivered hereunder shall be canceled by the Borrowers and the corresponding amount of the Rollover Loans deemed repaid and all accrued and unpaid interest and other amounts due thereon (including under Section 2.17) shall at such time be due and payable. If a Default shall have occurred and be continuing on the Exchange Date, any notices given or cure periods commenced while the Rollover Loan was outstanding shall be deemed given or commenced (as of the actual dates thereof) for all purposes with respect to the Exchange Notes (with the same effect as if the Exchange Notes had been outstanding as of the actual dates thereof).

SECTION 2.02 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Sections 2.15 and 2.22, all Loans shall be incurred and maintained as Eurodollar Loans with an Interest Period of three months, with the first such Interest Period commencing on (x) the Closing Date with respect to Bridge Loans and (y) the Rollover Date with respect to Rollover Loans. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrowers to repay such Loan in accordance with the terms of this Agreement.

SECTION 2.03 Requests for Borrowings. To request any Borrowing of Bridge Loans, the Initial Canadian Borrower shall notify the Administrative Agent of such request by hand delivery or telecopy, a duly completed and executed Borrowing Request not later than 11:00 a.m., New

York City time, three Business Days before the date of the proposed Borrowing. Each such written Borrowing Request shall be irrevocable and specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing (expressed in Dollars);

(ii) the date of such Borrowing, which shall be a Business Day; and

(iii) the location and number of the Borrowers' account (or such other account as the Borrowers may specify) to which funds are to be disbursed.

Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04 [Reserved].

SECTION 2.05 [Reserved].

SECTION 2.06 [Reserved].

SECTION 2.07 Funding of Borrowings .

(a) Each Lender shall make each Bridge Loan to be made by it hereunder on the Closing Date by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make the proceeds of funds made available to it pursuant to the preceding sentence available to the Borrowers by promptly crediting the amounts so received, in like funds, to an account of the Borrowers maintained with the Administrative Agent in New York City.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, the amount so made available by the Administrative Agent shall be a separate loan to the Borrowers which loan the applicable Lender and the Borrowers jointly and severally agree to pay to the Administrative Agent forthwith on demand (without duplication) such corresponding amount (with demand to be first made on such Lender if legally possible) with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrowers, the interest rate applicable to Eurodollar Loans (for the avoidance of doubt, subject to Sections 2.15 and 2.22). If such Lender pays such amount to the Administrative Agent, then such payment shall discharge the Borrowers' obligations to pay such demand loan and from that time shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08 [Reserved].

SECTION 2.09 Termination and Reduction of Commitments .

(a) The Bridge Loan Commitment of each Lender shall terminate at 5:00 p.m. New York City time on the Closing Date and the Rollover Loan Commitment of each Lender shall terminate at 5:00 p.m. New York City time on the Bridge Loan Maturity Date.

(b) The Borrowers may at any time terminate, or from time to time reduce, the Commitments; provided that each such reduction shall be in an amount that is an integral multiple of $1.0 million and not less than $5.0 million (or, if less, the remaining amount of the Commitments).

(c) The Canadian Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Canadian Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Canadian Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Canadian Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10 Repayment of Loans; Evidence of Debt, etc .

(a) The Borrowers, jointly and severally, hereby unconditionally promise to pay (i) on the Bridge Loan Maturity Date in Dollars to the Administrative Agent the then unpaid principal amount of each Bridge Loan made to the Borrowers (unless converted to a Rollover Loan in accordance with Section 2.01), and (ii) on the Rollover Loan Maturity Date in Dollars to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Rollover Loan of such Lender (unless exchanged for an Exchange Note in accordance with Section 2.01).

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount and currency of each Loan made hereunder, the Facility and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender’s share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Canadian Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and substantially in the form of Exhibit E-1 (each, a " Bridge Note ") or E-2 (each, a " Rollover Note "), as the case may be, for the Bridge Loans and Rollover Loans, respectively. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11 Prepayments, etc .

(a) The Borrowers shall have the right at any time and from time to time to prepay any Borrowing of any Bridge Loan or Rollover Loan (provided the same has not been exchanged for an Exchange Note) in whole or in part, without premium or penalty (but subject to Section 2.17), in an aggregate principal amount that is an integral multiple of $1.0 million and not less than $5.0 million or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.11(g).

(b) [Reserved].

(c) [Reserved].

(d) [Reserved].

(e) Subject to clause (f) below, Net Cash Proceeds shall be applied to prepay outstanding Loans. Notwithstanding the foregoing, no such prepayment pursuant to this Section 2.11(e) (other than with respect to prepayments with proceeds from an issuance of Permanent Securities or other Permitted Senior Bridge Refinancing) shall be required to be made to the extent such Net Cash Proceeds are required to be applied (and are so applied within the Reinvestment Period) to the repayment of loans outstanding under the Senior Secured Credit Facilities (and to the extent involving a repayment of a revolving credit facility, a permanent commitment reduction thereunder in a corresponding amount was effected in connection with such repayment).

(f) Any Lender holding Loans may elect, on not less than two Business Days' prior written notice to the Administrative Agent with respect to any mandatory prepayment with respect to a Prepayment Event (other than with respect to a Debt Incurrence Event), not to have such prepayment applied to such Lender's Loans, in which case the amount not so applied shall be retained by the Borrowers.

(g) Prior to any repayment of any Borrowing under any Facility hereunder, the Borrowers shall notify the Administrative Agent in writing of such selection not later than 2:00 p.m., New York City time, three Business Days before the scheduled date of such repayment. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing.

SECTION 2.12 Change of Control Prepayment Offer . Unless otherwise prepaid in accordance with Section 2.11(a) hereof, the Borrowers shall make an offer to prepay all of the Bridge Loans pursuant to the offer described below (the " Change of Control Offer ") at a price in cash (the " Change of Control Payment ") equal to 100% of the aggregate principal amount thereof plus accrued and unpaid interest to the date of purchase, subject to the right of Lenders of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Canadian Borrower will send notice of such Change of Control Offer by first-class mail, with a copy to the Administrative Agent and to each Lender to the address of such Lender appearing in the Register with a copy to the Administrative Agent, with the following information:

(i) that a Change of Control Offer is being made pursuant to this Section 2.12 and that all Bridge Loans accepted to prepayment in accordance with the terms of this Agreement will be accepted for payment by the Borrowers;

(ii) the prepayment price and date of prepayment, which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed (the " Change of Control Payment Date ");

(iii) that any Bridge Loans not properly accepted for prepayment pursuant to this Agreement will remain outstanding and continue to accrue interest;

(iv) that unless the Borrowers default in the payment of the Change of Control Payment, all Bridge Loans accepted for prepayment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(v) that Lenders will be entitled to withdraw their election to require the Borrowers to prepay such Bridge Loans, provided that the Administrative Agent receives, not later than the close of business on the 30th day following the date of the Change of Control notice, a telegram, telex, facsimile transmission or letter setting forth the name of the Lender, the principal amount of Bridge Loans accepted for prepayment, and a statement that such Lender is withdrawing its election to have such Bridge Loans prepaid; and

(vi) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, the Borrowers will, to the extent permitted by law,

(i) prepay all Bridge Loans, or portions thereof, accepted for prepayment in accordance with this Section 2.12 pursuant to the Change of Control Offer,

(ii) deposit with the Administrative Agent an amount equal to the aggregate Change of Control Payment in respect of all Bridge Loans or portions thereof so accepted for prepayment, and

(iii) deliver, or cause to be delivered, to the Administrative Agent an officer's certificate to the Administrative Agent stating that such Loans or portions thereof have been prepaid by the Borrowers.

Notwithstanding the foregoing, the Borrowers shall not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements of this Section 2.12 and prepays all Bridge Loans validly accepted for prepayment under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Prior to making any Change of Control Prepayment, the Borrowers shall, within 30 days of the occurrence of the Change of Control, cause all outstanding obligations under the Senior Secured Credit Facilities to be repaid in full or obtain the requisite consents thereunder to make such prepayment of the Bridge Loans.

SECTION 2.13 Fees .

(a) The Canadian Borrower agrees to pay to the Administrative Agent and the Arrangers, for their respective accounts, the fees set forth in the Fee Letter, as amended, restated, supplemented or otherwise modified from time to time, at the times specified therein (the " Fees ").

(b) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances, except as expressly set forth in the Fee Letter.

SECTION 2.14 Interest .

(a) [Reserved].

(b) Subject to Sections 2.15 and 2.22, the Loans shall bear interest at the greater of (x) the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin and (y) the Rate Floor, but shall not exceed the Rate Cap (plus , for the

avoidance of doubt, payments made in respect thereof pursuant to Section 2.18 and increases pursuant to Section 2.14(c) and amounts owed in respect of the Registration Rights Agreement).

(c) Notwithstanding the foregoing (and notwithstanding the interest provisions of Section 2.15), during the continuance of an Event of Default, the Loans shall bear interest, and any other overdue amounts shall, to the extent permitted by law, bear interest, in each case after as well as before judgment, at a rate per annum equal to 2% plus the rate otherwise applicable to the Loans as provided in the preceding paragraphs of this Section or Section 2.15, as applicable.

(d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan, (ii) in the case of Bridge Loans, on the Bridge Loan Maturity Date and (iii) in the case of Rollover Loans or an Exchange Date and/or, on the Rollover Loan Maturity Date; provided that interest accrued pursuant to paragraph (c) of this Section shall be payable on demand.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be prima facie evidence thereof.

(f) Criminal Interest Rate/Interest Act (Canada) .

(i) For purposes of the Interest Act (Canada), whenever any interest is calculated on the basis of a period of time other than a year of 365 or 366 days, as applicable, the annual rate of interest to which each rate of interest utilized pursuant to such calculation is equivalent is such rate so utilized multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in such calculation. For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest will not apply to any interest calculation under the Loan Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

(ii) If any provision of this Agreement or any of the other Loan Documents would obligate the Canadian Borrower to make any payment of interest or other amount payable to any Lender under any Loan Documents in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Lender of interest at a criminal rate (as construed under the Criminal Code (Canada)), then notwithstanding that provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by that Lender of interest at a criminal rate, the adjustment to be effected, to the extent necessary, (A) first , by reducing the amount or rate of interest required to be paid to the affected Lender under this Section 2.14 and (B) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the Criminal Code (Canada).

(iii) Notwithstanding clause (ii) above, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received an amount in excess of the maximum permitted by the Criminal Code (Canada), then the Canadian Borrower shall be entitled, by notice in writing to the affected Lender, to obtain reimbursement from that Lender in an amount equal to the excess, and pending reimbursement, the amount of the excess shall be deemed to be an amount payable by that Lender to the Canadian Borrower.

(iv) Any amount or rate of interest referred to in this Section 2.14(f) shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term of this Agreement on the assumption that any charges, fees or expenses that fall within the meaning of interest (as defined in the Criminal Code (Canada)) shall be prorated over that period of time and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent shall be conclusive for the purposes of that determination.

SECTION 2.15 Alternate Rate of Interest . If prior to the commencement of any Interest Period for a Eurodollar Borrowing denominated in any currency:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Majority Lenders under a Facility that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Canadian Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Canadian Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, such Borrowing shall be converted to an ABR Borrowing and such Loans shall bear interest during such period at the greater of (x) the Alternate Base Rate plus the Applicable Margin less 100 base points and (y) the Rate Floor, but shall not exceed the Rate Cap (plus, for the avoidance of doubt, payments made in respect thereof pursuant to Section 2.18 and increases pursuant to Section 2.14(c).

SECTION 2.16 Increased Costs .

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), in each case determined to be material by such Lender, then the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) and determined to be material by such Lender, then from time to time the Borrowers shall pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section (as well as reasonably detailed calculations thereof) shall be delivered to the Borrowers and shall be prima facie evidence of the amounts thereof. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender has determined that it will make a request for increased compensation pursuant to this Section 2.16, such Lender shall notify the Canadian Borrower thereof. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that no Borrower shall be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Canadian Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided , further , that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.17 Break Funding Payments . In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Canadian Borrower pursuant to Section 2.20, then, in any

such event, the Canadian Borrower shall compensate each Lender for the loss, cost and expense (but exclusive of lost profit or margin) attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to be the amount reasonably determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue a Eurodollar Loan, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in Euros of a comparable amount and period from other banks in the Eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Canadian Borrower and shall be prima facie evidence of the amounts thereof. The Canadian Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.18 Taxes .

(a) Any and all payments by or on account of any obligation of any Loan Party hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if a Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or any Lender, as applicable, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Each Loan Party shall indemnify the Administrative Agent, each Lender, within 20 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by such Administrative Agent or Lender, as applicable, on or with respect to any payment by or on account of any obligation of such Loan Party hereunder (including any such Tax imposed under Part XIII of the Income Tax Act (Canada) and arising on an assignment (other than an assignment that is not effected in accordance with the provisions of this Agreement) of all or part of a Loan to a person resident of or deemed resident of Canada that is withheld from or paid by the Lender or Administrative Agent, and also including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability (accompanied by official receipts, if available, of the relevant Governmental Authority evidencing payment of Indemnified Taxes or Other Taxes by Lender or Administrative Agent),

delivered to the applicable Loan Party by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as reasonably practicable after any payment of Indemnified Taxes or Other Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, if any, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Lender that is entitled to an exemption from or reduction of withholding Tax under the law of the jurisdiction in which a Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to such Borrower (with a copy to the Administrative Agent), to the extent such Lender is legally entitled to do so, such properly completed and executed documentation prescribed by applicable law and at such times as may reasonably be requested by such Borrower, in either case to permit such payments to be made without such withholding tax or at a reduced rate; provided that no Lender shall have any obligation under this paragraph (e) with respect to any withholding Tax imposed by any jurisdiction other than the United States or Canada if in the reasonable judgment of such Lender such compliance would subject such Lender to any material unreimbursed cost or expense or to the extent it would otherwise be disadvantageous to such Lender in any material respect.

(f) If the Administrative Agent or a Lender determines, in good faith and in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which such Loan Party has paid additional amounts pursuant to this Section 2.18, it shall promptly pay over such refund to such Loan Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 2.18 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender (including any Taxes imposed with respect to such refund) as is determined by the Administrative Agent or Lender in good faith and in its sole discretion and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that such Loan Party, upon the request of the Administrative Agent or such Lender, agrees to repay as soon as reasonably practicable the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the Loan Parties or any other Person.

SECTION 2.19 Payments Generally; Pro Rata Treatment; Sharing of Set-Offs .

(a) Unless otherwise specified, each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees or of amounts payable under Section 2.16, 2.17 or 2.18, or otherwise) prior to 2:00 p.m., New York City time, on the date when due, in immediately available funds, without condition or deduction for any defense,

recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to such Borrower by the Administrative Agent, except that payments pursuant to Sections 2.16, 2.17, 2.18, and 9.05 shall be made directly to the persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder or under another Loan Document shall be made in Dollars. Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) If at any time insufficient funds are received by and available to the Administrative Agent from the Borrowers to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first , towards payment of interest and fees then due from hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties and (ii) second , towards payment of principal then due hereunder.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans, resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph (c) shall not be construed to apply to any payment made by a Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to Holdings or any of its Subsidiaries (as to which the provisions of this paragraph (c) shall apply).

(d) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount

so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.07(b) or 2.19(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.20 Mitigation Obligations; Replacement of Lenders .

(a) If any Lender requests compensation under Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the sole good faith judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.16 in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.16, or if a Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, or is a Defaulting Lender, then such Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or such Borrower (in the case of all other amounts) and (ii) in the case of any such assignment resulting from a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.18, such assignment will result in a reduction in such compensation or payments. Nothing in this Section 2.20 shall be deemed to prejudice any rights that any Borrower may have against any Lender that is a Defaulting Lender.

(c) If any Lender (such Lender, a " Non-Consenting Lender ") has failed to consent to a proposed amendment, waiver, discharge or termination which pursuant to the terms of Section 9.08 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then provided no Event of Default then exists, the Canadian Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans, and its Commitments hereunder to one or more assignees reasonably acceptable

to the Administrative Agent, provided that (a) all Obligations of Borrowers owing to such Non- Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (b) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment the Canadian Borrower, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 9.04.

SECTION 2.21 [Reserved].

SECTION 2.22 Illegality . If any Lender reasonably determines that any change in law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable lending office to make or maintain any Eurodollar Loans, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, any obligations of such Lender to make or continue Eurodollar Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall upon demand from such Lender (with a copy to the Administrative Agent), convert all Eurodollar Borrowings of such Lender to ABR Borrowings which shall bear interest by the rates set forth in Section 2.15, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Borrowings to such day, or immediately, if such Lender may not lawfully continue to maintain such Loans. Upon any such conversion, the Borrowers shall also pay accrued interest on the amount so converted.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to each of the Lenders that:

SECTION 3.01 Organization; Powers . Except as set forth on Schedule 3.01 , each Loan Party and each of their Restricted Subsidiaries (a) is a partnership, limited partnership, limited liability company, exempted company or corporation duly organized and validly existing and, except where the failure to be in good standing could not reasonably be expected to have a Material Adverse Effect, in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in each jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to have a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Canadian Borrower or Initial Canadian Borrower, as applicable, to borrow and otherwise obtain credit hereunder.

SECTION 3.02 Authorization . The execution, delivery and performance by each Loan Party of each of the Loan Documents, the Exchange Notes Indenture, the Exchange Notes (and the

related guarantees) and the Registration Rights Agreement to which it is, or will be, as applicable, a party, and the borrowings and other transactions contemplated hereunder and thereunder (a) have been duly authorized by all corporate, stockholder, shareholder, limited liability company, partnership or limited partnership action required to be obtained by such Loan Party and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation, memorandum of association or other constitutive documents or by-laws or articles of association of such Loan Party, (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (C) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which such Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or to a loss of a material benefit under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3.02, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any material property or assets now owned or hereafter acquired by any Loan Party.

SECTION 3.03 Enforceability . This Agreement has been duly executed and delivered by each Loan Party and constitutes, and each other Loan Document, the Exchange Notes Indenture, the Exchange Notes (and the related guarantees) and the Registration Rights Agreement when executed and delivered by each Loan Party that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against each such Loan Party in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3.04 Governmental Approvals . No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions or the execution, delivery and performance of the Exchange Notes Indenture, the Exchange Notes (and the related guarantees) and the Registration Rights Agreement, except for (a) the filing of UCC and PPSA financing statements and applications for registration in the PMRR in respect of the Senior Secured Credit Facilities, (b) recordation of the mortgages in respect of the Senior Secured Credit Facilities, (c) such consents, approvals, registrations, and filings with or by the FCC, U.S. Department of Justice, Industry Canada (and, if required, the CRTC) or any Governmental Authority outside of the United States of America or Canada as may be required in connection with the exercise of rights under the Security Documents in respect of the Senior Secured Credit Facilities following an Event of Default, (d) such consents, approvals, registrations, and filings with or by the FCC, U.S. Department of Justice, Industry Canada or any Governmental Authority outside of the United States of America or Canada as may be required in the ordinary course of business of Holdings and its Subsidiaries in connection with the use of proceeds of the Loans hereunder, (e) the registration requirements with the SEC contemplated by the Registration Rights Agreement, (f) such as have been made or obtained and are in full force and effect, (g) such actions, consents and approvals the failure to be obtained or made which could not reasonably be expected to have a Material Adverse Effect and (h) filings or other actions listed on Schedule 3.04 .

SECTION 3.05 Financial Statements .

(a) Holdings has heretofore furnished to the Lenders (i) the audited consolidated balance sheets as of December 31, 2006 and 2005 and the related audited consolidated statements of income and cash flows of the Company and its subsidiaries for the fiscal years ended December 31, 2004, December 31, 2005 and December 31, 2006 and the unaudited interim consolidated balance sheet as of June 30, 2007 and the related unaudited interim consolidated statements of income and cash flows of the Company and its subsidiaries for the six-month period ended June 30, 2007 and (ii) the audited consolidated balance sheets as of December 31, 2006 and 2005 and the related audited consolidated statements of income and cash flows of Loral Skynet Corporation and its subsidiaries for the fiscal year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004 and the unaudited interim consolidated balance sheet as of June 30, 2007 and the related unaudited interim consolidated statements of income and cash flows of Loral Skynet Corporation and its consolidated subsidiaries for the six-month period ended June 30, 2007. The consolidated balance sheets of the Company and its subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006, as audited by Deloitte & Touche LLP, an independent registered public accounting firm, present fairly in all material respects the financial position of the Company and its subsidiaries as of December 31, 2004, 2005 and 2006, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2006 is in conformity with Canadian GAAP (with a reconciliation footnote which indicates differences from U.S. GAAP). The unaudited interim financial statements furnished to the Lenders for the Company and its subsidiaries present fairly in all material respects the financial position of the Company and its subsidiaries as of June 30, 2007 and for the period then ended in accordance with Canadian GAAP (with a reconciliation footnote which indicates differences from U.S. GAAP). The consolidated balance sheets of Loral Skynet Corporation and its subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004, as audited by Deloitte & Touche LLP, an independent registered public accounting firm, present fairly in all material respects the financial position of Loral Skynet Corporation and its subsidiaries as of December 31, 2005 and 2006, and the results of their operations and cash flows of the year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004 is in conformity with U.S. GAAP. The unaudited interim financial statements furnished to the Lenders for Loral Skynet Corporation and its subsidiaries present fairly in all material respects the financial position of Loral Skynet Corporation and its subsidiaries as of June 30, 2007 and for the six-month period then ended in accordance with U.S. GAAP.

(b) Holdings has heretofore furnished to the Lenders its unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 and the related unaudited pro forma

consolidated statement of income for the fiscal year ended December 31, 2006 and for the six months ended June 30, 2007. The unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 and the related unaudited pro forma consolidated statement of income for the fiscal year ended December 31, 2006 and for the six months ended June 30, 2007 (i) comply as to form in all material respects with the applicable accounting requirements of Regulations S-X, promulgated under the Securities Act and all other accounting rules and regulations of the SEC promulgated thereunder applicable to a Registration Statement on Form S-1 thereunder and (ii) have been properly computed on the basis described therein; the assumptions used in the preparation of the pro forma financial data and other pro forma financial information are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein. Such pro forma consolidated balance sheets and the related unaudited pro forma consolidated statements of income have been prepared in good faith based on the assumptions believed by Holdings to have been reasonable at the time made and to be reasonable as of the Closing Date (it being understood that such assumptions are based on good faith estimates with respect to certain items and that the actual amounts of such items on the Closing Date is subject to variation).

SECTION 3.06 No Material Adverse Effect . Since September 30, 2006 (but after giving effect to the Transactions) no Material Adverse Effect has occurred.

SECTION 3.07 Title to Properties; Possession Under Leases; Casualty Proceeds .

(a) Each of the Loan Parties and their Restricted Subsidiaries has good and marketable title to all real property and good title to all personal property owned by it and good and marketable title to a leasehold estate in the real and personal property leased by it, free and clear of all liens, charges, encumbrances or restrictions, except (i) as set forth in Schedule 3.07 and (ii) as created or expressly permitted by Section 6.02, except where the failure to have such title could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Each of the Loan Parties and their Restricted Subsidiaries has complied with all obligations under all leases to which it is a party, except where the failure to comply would not have a Material Adverse Effect, and all such leases are in full force and effect, except leases in respect of which the failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect. Each of the Loan Parties and each of their Subsidiaries enjoys peaceful and undisturbed possession under all such leases, other than leases in respect of which the failure to enjoy peaceful and undisturbed possession could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Each of the Loan Parties and their Restricted Subsidiaries owns or possesses, or could obtain ownership or possession of, on terms not materially adverse to it, all patents, trademarks, industrial designs, service marks, trade names, copyrights, licenses and rights with respect thereto necessary for the present conduct of its business, without any known conflict with the rights of others, and free from any burdensome restrictions, except where such conflicts and restrictions could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) [Reserved].

(e) [Reserved].

(f) As of the Closing Date, neither the Company nor any Restricted Subsidiary has received any notice of, nor has any knowledge of, the occurrence or pendency or contemplation of any Casualty Event affecting all or any portion of its property except where such Casualty Event could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.08 Subsidiaries .

(a) As of the Closing Date, after giving effect to the Transactions the corporate structure of Holdings and its Restricted Subsidiaries is in all material respects as set forth on Schedule 3.08(a) .

(b) Schedule 3.08(b) sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each Material Subsidiary and, as to each such Material Subsidiary, the percentage of each class of Equity Interests owned by Holdings or by any such Material Subsidiary, subject to such changes as are reasonably satisfactory to the Administrative Agent.

(c) As of the Closing Date, there are no outstanding subscriptions, options, warrants, calls, rights or other similar agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Equity Interests of the Loan Parties, the Company or any of their Restricted Subsidiaries, except as set forth on Schedule 3.08(c) .

SECTION 3.09 Litigation; Compliance with Laws .

(a) Except as set forth on Schedule 3.09 , there are no actions, suits, investigations or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of Holdings, threatened in writing against or affecting Holdings or any of its Restricted Subsidiaries or any business, property or rights of any such person which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) None of the Loan Parties, the Material Subsidiaries and their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, Environmental Law, ordinance, code or approval or any building permit), or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.10 Federal Reserve Regulations .

(a) None of the Loan Parties and their Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or Regulation X.

SECTION 3.11 Investment Company Act . None of the Loan Parties and their Subsidiaries is required to register as an "investment company" as defined in the Investment Company Act of 1940, as amended.

SECTION 3.12 Use of Proceeds . The Initial Canadian Borrower will use the proceeds of Bridge Loans solely to finance, in part, the Acquisition and the Refinancing and to pay fees and expenses incurred in connection with the Transactions.

SECTION 3.13 Tax Returns . Except as set forth on Schedule 3.13 :

(a) each of the Loan Parties (i) has timely filed or caused to be timely filed all U.S. and Canadian federal, state, provincial, local and other non-U.S. Tax returns required to have been filed by it and each such Tax return is true and correct, which returns, if not filed or not true and correct, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect and (ii) has timely paid or caused to be timely paid all Taxes shown thereon to be due and payable by it and all other Taxes or assessments, except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which Holdings, Intermediate Holdco, the Company or any of the Material Subsidiaries (as the case may be) has set aside on its books adequate reserves which Taxes, if not timely paid, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(b) each of Holdings, the Borrowers and the Material Subsidiaries has paid in full or made adequate provision (in accordance with U.S. or Canadian GAAP, as applicable) for the payment of all Taxes due with respect to all periods or portions thereof ending on or before the Closing Date, which Taxes, if not paid or adequately provided for, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and

(c) with respect to each of Holdings, the Borrowers and their Material Subsidiaries, (i) there are no audits, investigations or claims being asserted in writing with respect to any Taxes which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, (ii) no presently effective waivers or extensions of statutes of limitation with respect to Taxes have been given or requested which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect and (iii) no Tax returns are being examined by, and no written notification of intention to examine has been received from, the Internal Revenue

Service, Canada Revenue Agency, Quebec Ministry of Revenue or, with respect to any potential Tax liability, any other taxing authority which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.14 No Material Misstatements . (a) All information, other than the projections described below, that has been or is hereafter made available to any Arranger or any of the Lenders by any Loan Party or Subsidiary or any of their respective representatives (or on such Loan Party or Subsidiary's behalf) or to such Loan Party or Subsidiary's knowledge by any of the Company or any of its affiliates or representatives (or on their behalf) in connection with any aspect of the Transactions (the " Information ") is and will be complete and correct in all material respects as of the date such Information was furnished to the Lenders and (in the case of Information delivered prior to the Closing Date) as of the Closing Date and does not and will not, when taken as a whole, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances under which such statements were made and (b) all material financial projections (including the Projections and information delivered pursuant to Section 5.04(f)) concerning the Loan Parties that have been or are hereafter made available to any Joint Lead Arranger or any of the Lenders by any Loan Party or Subsidiary or their respective representatives (or on such Loan Party or Subsidiary's behalf) or to such Loan Party or Subsidiary's knowledge by any of the Company or its affiliates or representatives (or on their behalf) have been or will be prepared in good faith based upon assumptions you believe to be reasonable at the time made.

SECTION 3.15 Employee Benefit Plans .

(a) Except as would not reasonably be expected to have a Material Adverse Effect, each of Holdings, the Restricted Subsidiaries and the ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Employee Benefit Plans and the regulations and published interpretations thereunder and any similar applicable non-U.S. law. No Reportable Event has occurred during the past five years as to which Holdings, any of the Restricted Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC, other than reports that have been filed and reports the failure of which to file could not reasonably be expected to have a Material Adverse Effect. The excess of the present value of all benefit liabilities under each Plan of Holdings, the Subsidiaries and the ERISA Affiliates (based on those assumptions used to fund such Plan), as of the last annual valuation date applicable thereto for which a valuation is available, over the value of the assets of such Plan could not reasonably be expected to have a Material Adverse Effect, and the excess of the present value of all benefit liabilities of all underfunded Plans (based on those assumptions used to fund each such Plan) as of the last annual valuation dates applicable thereto for which valuations are available, over the value of the assets of all such underfunded Plans could not reasonably be expected to have a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events which have occurred or for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. None of Holdings, the Restricted Subsidiaries and the ERISA Affiliates has received any written notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, or has knowledge that any Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, where such reorganization or termination has had or could reasonably be expected to have a Material Adverse Effect.

(b) Except as would not reasonably be expected to have a Material Adverse Effect, each Non-U.S. Pension Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations, orders and published interpretations thereunder and has been maintained, where required, in good standing with applicable regulatory authorities. All contributions required to be made with respect to a Non-U.S. Pension Plan have been timely made. None of Holdings, the Company or any Restricted Subsidiary has incurred any obligation in connection with the termination of, or withdrawal from, any Non-U.S. Pension Plan. The excess, if any, of the present value of the accrued benefit liabilities (whether or not vested) under each Non-U.S. Pension Plan, determined as of the end of the Company's most recently ended fiscal year on the basis of actuarial assumptions, each of which is reasonable, over the current value of the assets of such Non-U.S. Pension Plan allocable to such benefit liabilities could not reasonably be expected to have a Material Adverse Effect.

(c) Except as would not reasonably be expected to have a Material Adverse Effect, (i) all Canadian Plans are duly established, registered, administered and invested in compliance with the terms thereof, any applicable collective agreements and Applicable Canadian Pension Legislation (including the Income Tax Act (Canada)); (ii) no events have occurred and no action has been taken by any Person which would reasonably be likely to result in the wind-up or termination, in whole or in part, of any Canadian Plan, whether by declaration of any federal or provincial pension regulatory authority or otherwise; (iii) none of the obligors or any of their respective Subsidiaries has withdrawn any assets held in respect of any Canadian Plan except as permitted under the terms thereof and Applicable Canadian Pension Legislation and all reports, returns and filings required to be made thereunder have been made; (iv) no Canadian Plan has a solvency deficiency or going concern unfunded liability that is not funded in accordance with the regular funding requirements under Applicable Canadian Pension Legislation; (v) all contributions, premiums and other payments required to be paid to or in respect of each Canadian Plan have been paid in a timely fashion in accordance with the terms thereof and Applicable Canadian Pension Legislation, and no Taxes, penalties or fees are owing or eligible in respect of any Canadian Plan; (vi) no actions, suits, claims or proceedings are pending or, to the knowledge of the obligors, threatened in respect of any Canadian Plan or its assets, other than routine claims for benefits; and (vii) no Canadian Plan is a multi-employer plan within the meaning of Applicable Canadian Pension Legislation.

SECTION 3.16 Environmental Matters . Except as to matters that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (i) no written notice, request for information, order, complaint or penalty has been received by the Borrowers or any of the Material Subsidiaries relating to Holdings, the Borrowers or any of the Material Subsidiaries, and there are no judicial, administrative or other actions, claims, suits or proceedings relating to Holdings, the Borrowers or any of the Material Subsidiaries pending or, to the knowledge of the Borrowers, threatened which allege a violation of or liability under any Environmental Laws, (ii) each of Holdings, the Borrowers and the Material Subsidiaries has all permits necessary for its current operations to comply with all applicable Environmental Laws and is in compliance with the terms of such permits and with all other applicable Environmental Laws, (iii) there has been no written environmental audit Phase I or Phase II Environmental

Assessment conducted since January 1, 2003 by Holdings, the Borrowers or any of the Material Subsidiaries of any property currently owned or leased by Holdings, the Borrowers or any of the Material Subsidiaries which has not been made available to the Administrative Agent prior to the date hereof, (iv) there has been no Release of any Hazardous Materials at, on, under or from any property currently, or to the knowledge of Holdings, the Borrowers or any of the Material Subsidiaries formerly owned or leased by Holdings, the Borrowers or any of the Material Subsidiaries which would reasonably be expected to result in any liability of Holdings, the Borrowers or any of the Material Subsidiaries under any Environmental Law, (v) no Hazardous Material generated, owned or controlled by Holdings, the Borrowers or any of the Material Subsidiaries has been transported to, or treated or disposed of at, any location in a manner that would reasonably be expected to result in any liability of any of them under any Environmental Laws, (vi) neither Holdings, the Borrowers or any of the Material Subsidiaries are currently conducting or financing, either individually or together with other potentially responsible parties, any investigation, response or other corrective action at any location pursuant to any Environmental Law, (vii) neither Holdings, the Borrowers or any of the Material Subsidiaries has contractually assumed or undertaken responsibility for any liability or obligation of any other Person arising under or relating to Environmental Laws.

SECTION 3.17 [Reserved].

SECTION 3.18 Location of Real Property and Leased Premises .

(a) Schedule 3.18(a) lists completely and correctly as of the Closing Date all material real property owned by each Loan Party and the addresses thereof. Each Loan Party owns in fee all the real property set forth as being owned by them on such Schedule.

(b) Schedule 3.18(b) lists completely and correctly as of the Closing Date all material real property leased by each Loan Party and the addresses thereof. As of the Closing Date, each Loan Party has valid leases in all the real property set forth as being leased by them on such Schedule.

SECTION 3.19 Solvency .

(a) Immediately after giving effect to the Transactions (1) (i) the fair value of the assets of Holdings and its Restricted Subsidiaries taken as a whole, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of Holdings and its Restricted Subsidiaries taken as a whole; (ii) the present fair saleable value of the property of Holdings and its Restricted Subsidiaries taken as a whole will be greater than the amount that will be required to pay the probable liability of Holdings and its Restricted Subsidiaries taken as a whole on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Holdings and its Restricted Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) Holdings and its Restricted Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date; and (2) (i) the property of Holdings and its Restricted Subsidiaries, taken as a whole, if

disposed of (as a going concern) at a fairly conducted sale under legal process, would be sufficient to enable payment of all their obligations, due and accruing due, (ii) the property of Holdings and its Restricted Subsidiaries, taken as a whole, is, at a fair valuation, sufficient to enable payment of all their obligations, due and accruing due; (iii) none of the Canadian Loan Parties has ceased paying its current obligations in the ordinary course of business as they generally become due; and (iv) Holdings and its Restricted Subsidiaries are able to meet their obligations as they generally become due.

(b) Neither Holdings nor any Borrower intends to, and does not believe that it or any of the Material Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such subsidiary.

SECTION 3.20 Labor Matters . There are no strikes pending or threatened against Holdings, the Borrowers or any of the Material Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The hours worked and payments made to employees of Holdings, the Borrowers and the Material Subsidiaries have not been in violation in any material respect of the Fair Labor Standards Act or any other applicable law dealing with such matters. All material payments due from Holdings, Intermediate Holdco or any of the Material Subsidiaries or for which any claim may be made against Holdings, the Borrowers or any of the Material Subsidiaries, on account of wages and employee health and welfare and employment insurance and other benefits have been paid or accrued as a liability on the books of Holdings, the Borrowers or such Material Subsidiary to the extent required by Canadian GAAP. Except as set forth on Schedule 3.20 , consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Holdings, the Borrowers or any of the Material Subsidiaries (or any predecessor) is a party or by which Holdings, the Borrowers or any of the Material Subsidiaries (or any predecessor) is bound, other than collective bargaining agreements that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.21 Foreign Asset Control Regulations, Anti-Terrorism Laws and Anti-Money Laundering Laws and the Patriot Act .

(a) None of the requesting or borrowing of the Loans, the requesting or issuance, extension or renewal of any Letters of Credit or the use of the proceeds of any thereof will violate any Requirements of Law imposed by the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended) (“TWEA”) or any of the foreign assets control regulations of the United States Treasury Department’s Office of Foreign Assets Control (31 C.F.R., Subtitle B, Chapter V, as amended) (“OFAC”) (the “Foreign Assets Control Regulations”), or any Requirement of Law relating to Anti-Terrorism Laws and Anti-Money Laundering Laws, as defined herein, except where such violation is not reasonably likely to expose Lenders to material liability or material detriment, including reputational harm.

(b) To the knowledge of Holdings, neither it nor any of its Subsidiaries nor any other Loan Party or Affiliate or broker or other agent of any Loan Party acting or benefiting in any capacity in connection with the Loans is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Laws and Anti-Money Laundering Laws; or

(iv) a Person that is named on the list of "Specially Designated Nationals and Blocked Persons" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list.

(c) To the knowledge of each Borrower, neither the Borrowers nor any of their Subsidiaries nor any other Loan Party or Affiliate or broker or other agent of any Loan Party engages in transactions, with any Person described in Sections 3.21(b)(i) through (iv), except where such transactions would not be reasonably likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 3.22 FCC Licenses, etc . As of the date hereof, Schedule 3.22 accurately and completely lists for each Satellite (a) all space station licenses for the launch and operation of Satellites with C-band or Ku-band transponders issued by the FCC to Holdings or any Restricted Subsidiary and (b) all licenses and all other approvals, orders or authorizations issued or granted by any Governmental Authority outside of the United States of America (including Industry Canada) to launch and operate any such Satellite. As of the date hereof, the FCC Licenses and the other licenses, approvals or authorizations listed on Schedule 3.22 with respect to any Satellite include all material authorizations, licenses and permits issued by the FCC, U.S. Department of Justice, Industry Canada or any other Governmental Authority that are required or necessary to launch or operate such Satellite, as applicable. Except as could not reasonably be expected to have a Material Adverse Effect, each such license is validly issued and in full force and effect, and Holdings and its Restricted Subsidiaries have fulfilled and performed in all material respects all of their obligations with respect thereto and have full power and authority to operate thereunder.

SECTION 3.23 Satellites . Schedule 3.23 accurately and completely lists as of the date hereof each of the Satellites owned by Holdings and its Restricted Subsidiaries on the date hereof, and sets forth for each such Satellite that is in orbit the orbital slot and number and frequency band of the transponders on such Satellite.

SECTION 3.24 Subordination of Senior Subordinated Indebtedness . The Obligations are "Senior Indebtedness," the Guaranteed Obligations are "Guarantor Senior Indebtedness" and each of the Obligations and Guaranteed Obligations are "Designated Senior Indebtedness," each within the

meaning of the Senior Subordinated Bridge Loan Documents and, from and after execution and delivery thereof, the Senior Subordinated Exchange Notes (and the indenture governing such notes).

ARTICLE IV

CONDITIONS OF LENDING

SECTION 4.01 Closing Conditions . The obligations of the Lenders to make Bridge Loans on the Closing Date are subject to the satisfaction of the following conditions:

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03.

(b) The representations and warranties set forth in Sections 3.01, 3.02, 3.03, 3.10 and 3.11 shall be true and correct in all material respects on and as of the date of such Borrowing, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(c) At the time of and immediately after such Borrowing, no Event of Default or Default shall have occurred and be continuing.

(d) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(e) The Administrative Agent shall have received, on behalf of itself, the Syndication Agent and the Lenders on the Closing Date, a favorable written opinion of (i) Willkie Farr & Gallagher LLP, special New York counsel for the Loan Parties and (ii) McCarthy Tetrault LLP, Canadian counsel for the Loan Parties, each in form and substance as attached hereto as Exhibits M and N, respectively, and reasonably satisfactory to the Administrative Agent and covering such other matters relating to the Loan Documents and the Transactions as the Administrative Agent shall reasonably request, and Holdings hereby instructs its counsel to deliver such opinions.

(f) All legal matters incident to this Agreement, the borrowings and extensions of credit hereunder and the other Loan Documents shall be reasonably satisfactory to the Administrative Agent.

(g) The Administrative Agent shall have received in the case of each person that is a Loan Party on the Closing Date each of the items referred to in clauses (ii), (iii), (iv) and (v) below:

(i) a copy of the certificate or articles of incorporation, memorandum and articles of association, partnership agreement or limited liability agreement, including all amendments thereto, of each Loan Party, (x) in the case of a corporation, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing under the jurisdiction of its organization (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Loan Party as of a recent date from such Secretary of State (or other similar official), or (y) in the case of a partnership or limited liability company, certified by the manager, Secretary or Assistant Secretary or other appropriate officer of each such Loan Party;

(ii) a certificate of the manager, director, Secretary or Assistant Secretary or similar officer of each Loan Party dated the Closing Date and certifying

(A) that attached thereto is a true and complete copy of the by-laws (or partnership agreement, limited liability company agreement, articles of association or other equivalent governing documents) of such Loan Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of the Loan Documents, the Exchange Notes Indenture, the Exchange Notes (and related guarantees) and the Registration Rights Agreement to which such person is a party and, in the case of Borrowers, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(C) that the certificate or articles of incorporation, memorandum and articles of association, partnership agreement or limited liability agreement of such Loan Party have not been amended since the date of the last amendment thereto disclosed pursuant to clause (i) above, which shall be a date prior to the date of the resolutions described in clause (B) above,

(D) as to the incumbency and specimen signature of each officer or director executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party and

(E) as to the absence of any pending proceeding for the dissolution, winding-up or liquidation of such Loan Party or, to the knowledge of such person, threatening the existence of such Loan Party;

(iii) a certificate of another officer, director or attorney-in-fact as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate pursuant to clause (ii) above; and

(iv) such other documents as the Administrative Agent may reasonably request (including, without limitation, tax identification numbers and addresses).

(h) The Guarantee Requirements shall have been satisfied or waived by the Administrative Agent.

(i) The Acquisition Agreement (together with all exhibits and schedules thereto), shall not have been amended or modified in a manner materially adverse to the Lenders without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld). There shall have been delivered to the Administrative Agent true and correct copies certified as such by the Secretary or Assistant Secretary of Holdings of the Acquisition Documents. The Acquisition shall have been consummated (or shall be consummated concurrently with the closing under this Agreement) in accordance in all material respects with the terms and conditions of the Acquisition Agreement (without amendment, modification or waiver thereof which is materially adverse to the Lenders without the prior written consent of the Administrative Agent, which consent will not be unreasonably withheld).

(j) The Equity Financing shall have been consummated.

(k) Initial Canadian Borrower and Canadian Borrower shall have received (x) with respect to the Senior Secured Credit Facilities not less than (i) CAD 200 million in borrowings under the Term Loan A Facility, (ii) US$1,754 million in borrowings under the Term Loan B Facility, (iii) US$150 million in commitments under the Delayed Draw Senior Secured Term Loan B Facility and (iv) CAD 153 million in commitments under the Revolving Credit Facility and (y) gross cash proceeds (calculated before underwriting fees) of not less than $217,175,000 from the Senior Subordinated Bridge Loans. There shall have been delivered to the Administrative Agent true and correct copies certified as such by the Secretary or Assistant Secretary of Holdings of the Senior Secured Loan Documents and the Senior Subordinated Loan Documents.

(l) After giving effect to the Transactions and the other transactions contemplated hereby, Holdings and its Subsidiaries shall have outstanding no Indebtedness other than (i) the Loans and other extensions of credit under the Senior Secured Credit Facilities, (ii) the Loans and the Senior Subordinated Loans and (iii) other Indebtedness permitted pursuant to Section 6.01.

(m) The Skynet Contribution shall have been consummated (or shall be consummated on the Closing Date) in accordance in all material respects with the terms and conditions of the Skynet Contribution Documents (without amendment, modification or waiver thereof which is materially adverse to the Lenders (as reasonably determined by the Administrative Agent) without the prior written consent of the Administrative Agent) and all applicable laws.

(n) The Refinancing shall have been consummated (or shall be consummated concurrently with the closing under this Agreement or, in the case of the redemption of the preferred stock of Skynet, funds sufficient to pay the redemption price in full shall have been irrevocably deposited in trust for such purpose with Mellon Investor Services LLC, or, in the case of the letters of credit issued under the Bank of Montreal credit agreement, arrangements to cash collateralize such letters of credit shall have been made). The lien securing the Skynet Bonds shall have been released and the Canadian Borrower shall have delivered evidence thereof to the Administrative Agent (and the Administrative Agent shall have acknowledged receipt thereof). The Company shall have given irrevocable notice of redemption of the Telesat Notes (or made arrangements with the trustee in respect thereof to provide such notice) and shall have deposited funds in a segregated account with The Bank of Nova Scotia sufficient to pay the redemption price. Payoff letters in respect of the existing credit facility between the Company and Bank of Montreal and the loan agreement between Skynet and Valley National Bank, each in form and substance reasonably satisfactory to the Administrative Agent shall have been delivered.

(o) The Lenders shall have received the financial statements referred to in Sections 3.05(a) and (b).

(p) The Lenders shall have received the Projections.

(q) No provision of any applicable law or regulation and no judgment or order shall prohibit the consummation of the Transactions except for laws, regulations, judgments or orders which do not and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All material actions by or in respect of or material filings with any Governmental Authority required to permit the consummation of the Transactions shall have been taken, made or obtained, except for any such actions or filings the failure of which to take, make or obtain would not and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect or are not required pursuant to Agreed Security Principles under the Senior Secured Credit Facilities. For purposes of this clause (q), the term Transactions shall not include the Acquisition.

(r) The Administrative Agent shall have received all fees payable to it, the Arrangers or any other Lender on or prior to the Closing Date and, to the extent invoiced, all other amounts due and payable pursuant to the Loan Documents on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of Cahill Gordon & Reindel llp and Osler, Hoskin & Harcourt LLP) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document.

(s) The Lenders shall have received, sufficiently in advance of the Closing Date, all documentation and other information that may be required by the Lenders in order to enable compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the United States PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the " Patriot Act ") including the

information described in Section 9.19, provided such information shall have been requested at least 5 Business Days in advance of the Closing Date.

(t) There shall not have occurred, following September 30, 2006 and prior to the Closing Date, a Material Adverse Effect (as such term is defined in the Acquisition Agreement) with respect to Company and its Subsidiaries as determined by the Lenders who hold a majority of the commitments with respect to the Facilities.

(u) The Administrative Agent shall have received a solvency certificate in the form of Exhibit G , dated the Closing Date and signed by the chief financial officer of Holdings.

(v) The Administrative Agent shall have received an officer's certificate in the Form of Exhibit L , dated the Closing Date and signed by an officer of Holdings certifying that all the conditions in Sections 4.01(b), (c) and (d) have been met.

ARTICLE V

AFFIRMATIVE COVENANTS

Subject to Section 9.23, each of Holdings and the Loan Parties covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full, unless the Required Lenders shall otherwise consent in writing, each Loan Party will, and (other than Sections 5.04 and 5.05) will cause each of the Restricted Subsidiaries to:

SECTION 5.01 Existence; Businesses and Properties .

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.03, and except for the liquidation or dissolution of Subsidiaries if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by Holdings or a Wholly Owned Subsidiary of Holdings in such liquidation or dissolution; provided that, except as otherwise permitted under Section 6.03, Subsidiary Loan Parties may not be liquidated into Non-Subsidiary Loan Parties unless the liquidation is treated as an Investment and permitted by Section 6.05 or such liquidation is set forth on Schedule 6.03 .

(b) Except where the failure is not reasonably likely to have a Material Adverse Effect, do or cause to be done all things reasonably necessary to (i) obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, patents, industrial designs, trademarks, service marks, trade names, copyrights, licenses and rights with respect thereto necessary to the normal conduct of its business, (ii) comply in all respects with all applicable laws, rules, regulations and judgments, writs, injunctions, decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, and (iii) at all times maintain and preserve all property necessary to the normal conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements

thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case except as expressly permitted by this Agreement).

SECTION 5.02 Insurance .

(a) Generally . Holdings will, and will cause each of the Restricted Subsidiaries to, at all times maintain in full force and effect, with insurance companies that the Canadian Borrower believes (in the good faith judgment of the management of the Canadian Borrower) are financially sound and responsible at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as are usually insured against in the same general area by companies engaged in the same or a similar business; and will furnish to the Lenders, upon written request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried.

(b) Covered Satellites . Holdings will, and will cause each of its Restricted Subsidiaries to, maintain insurance with respect to Satellites as follows:

(i) All Risks Insurance . Holdings will procure or will cause each Satellite Manufacturer to procure at its own expense and maintain in full force and effect, at all times prior to the Launch of any satellite purchased by Holdings or any of its Restricted Subsidiaries pursuant to the terms of a Satellite Purchase Agreement, All Risks Insurance with such terms as are reasonably commercially available and customary in the industry with respect to such satellite, it being understood that if a Satellite Manufacturer procures All Risks Insurance for satellites in accordance with the requirements of the applicable Satellite Purchase Agreement, Holdings' obligations under this clause (i) with respect to such satellites shall be satisfied. In no event shall Holdings be required to, or be required to cause any Satellite Manufacturer to, procure or maintain All Risks Insurance to insure risks that may be required to be insured by, or that covers the same risks or the same period of coverage as, Launch Insurance.

(ii) Launch Insurance . Holdings will, or will cause the relevant Satellite Manufacturer to, obtain, maintain and keep in full force and effect with respect to each Covered Satellite that is to be launched, Launch Insurance (it being understood that if a Satellite Manufacturer procures Launch Insurance for Covered Satellites in accordance with the terms of this clause (ii), Holdings' obligations under this clause (ii) with respect to such Covered Satellites shall be satisfied), to be procured prior to the launch of such Covered Satellite, which insurance shall attach not later than at Launch and continue in full force and effect until no sooner than the completion of initial in-orbit testing, provided that Holdings shall have no obligation to obtain or maintain Launch Insurance for any satellite for which there is neither risk of loss to Holdings or a Restricted Subsidiary nor an obligation by Holdings or a Restricted Subsidiary to make any payments to the Satellite Manufacturer that exceed $5 million in the aggregate prior to risk of loss passing to Holdings or such Restricted Subsidiary. The Launch Insurance for each Covered Satellite:

(A) shall provide coverage for all of the risks of loss of and damage to such Covered Satellite (other than any risks borne by the relevant Launch

Services Provider pursuant to any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer in accordance with the terms of the applicable Satellite Purchase Agreement), including for partial loss, constructive total loss and total loss, subject to (x) Acceptable Exclusions and (y) such other exclusions, deductibles or limitations of coverage as are then customary in the satellite insurance market and as are prudent, as reasonably determined by the Company;

(B) shall be in an amount not less than the aggregate of the purchase price of such Covered Satellite, the purchase price of launch services therefor (other than for risks borne by the relevant Launch Services Provider pursuant to any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer in accordance with the terms of the applicable Satellite Purchase Agreement) and the premium payable for such insurance;

(C) shall name the applicable Satellite Purchaser as the named insured;

(D) shall provide that it will not be cancelled or reduced, amended or allowed to lapse without renewal, except after not less than 15 days' prior notice to the Administrative Agent; provided that if such policy notice provisions are not available on commercially reasonable terms such notice shall be provided to the Administrative Agent by the Canadian Borrower not less than 15 days in advance, if such cancellation, reduction, amendment or lapse without renewal is initiated by the Canadian Borrower and otherwise at such time as the Canadian Borrower becomes aware of, or receives notice of any cancellation, reduction, amendment, or lapse without renewal; and

(E) shall, in the case of a Satellite a portion of which is owned by Holdings or any of its Restricted Subsidiaries and the balance of which is owned by any Person that is not an Affiliate of either Holdings or any of its Restricted Subsidiaries (other than solely by reason of Holdings or any Restricted Subsidiary holding a non-Controlling equity interest in such Person), only be required with respect to that portion of such Satellite that is owned by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

(iii) In-Orbit Risk Management . Other than with respect to (A) Excluded Satellites and (B) the C-band payload of any Covered Satellite that is not a Named Satellite protected by In-Orbit Spare Capacity, Holdings will, and will cause its Restricted Subsidiaries to, obtain, maintain and keep in full force and effect, with respect to each Covered Satellite, In-Orbit Insurance with respect to each Covered Satellite.

(A) Attachment of In-Orbit Insurance . Any In-Orbit Insurance procured with respect to such Covered Satellite shall attach (A) upon the expiration of the Launch Insurance or any In-Orbit Insurance then in effect, as the case may be or (B) upon the withdrawal of the protection provided by In-Orbit

Spare Capacity to such Covered Satellite, and in each such case shall continue in full force and effect until the Commitments shall have been terminated and all amounts owing hereunder shall have been paid in full or until such Covered Satellite is again protected by In-Orbit Spare Capacity.

(B) Terms of In-Orbit Insurance . Any In-Orbit Insurance procured with respect to such Covered Satellite:

(1) shall provide coverage for all of the risks of loss of and damage to such Covered Satellite (other than the risks borne by the relevant Launch Services Provider pursuant to any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer pursuant to the terms of the applicable Satellite Purchase Agreement), including for partial loss, constructive total loss and total loss, subject to (x) Acceptable Exclusions and (y) such other exclusions, deductibles or limitations of coverage with respect to Covered Satellites that would otherwise be Excluded Satellites under paragraph (e) of the definition of "Excluded Satellites" but for the commercially reasonable efforts by Holdings and its Restricted Subsidiaries to minimize the exclusions and insurance deductibles;

(2) with respect to Covered Satellites, In-Orbit Insurance shall be in an amount not less than 75% of the Aggregate In-Orbit Insurance Amount (with the allocation of such insurance among such Covered Satellites being in the Canadian Borrower's discretion; provided that, with respect to each Named Satellite, In-Orbit Insurance shall be in an amount not less than 50% of such Named Satellite's net book value), it being understood that (i) any Covered Satellite protected by In-Orbit Spare Capacity shall be deemed to be insured for 100% of the net book value of the C-band payload portion of such Covered Satellite, (ii) any Excluded Satellite with one year or less of in-orbit life remaining shall be deemed to be insured for 100% of its net book value (it being understood and agreed that such Excluded Satellite shall be deemed to have "in-orbit life" only for so long as it is maintained in station kept orbit) and (iii) any Excluded Satellite for which Holdings and its Restricted Subsidiaries have procured and maintain In-Orbit Insurance in accordance with Section 5.02(b)(iii)(B)(1) shall be deemed to be insured for the amount of such insurance procured and maintained; in the event any loss, damage or failure affecting a Covered Satellite or the expiration and non-renewal of an insurance policy for a Covered Satellite resulting from a claim of loss under such policy that causes a failure to comply with this clause (2), Holdings and its Restricted Subsidiaries shall be deemed to be in compliance with this clause (2) for the 120 days immediately following such loss, damage or failure or policy expiration, provided that Holdings procures such insurance or provides In-Orbit Spare Capacity as necessary to comply with this clause (2) within such 120 day period;

(3) shall name the applicable Satellite Purchaser as the named insured;

(4) shall provide that it will not be cancelled or reduced, amended or allowed to lapse without renewal, except after not less than 15 days' prior notice to the Administrative Agent; provided that if such policy notice provisions are not available on commercially reasonable terms such notice shall be provided to the Administrative Agent by the Canadian Borrower not less than 15 days in advance, if such cancellation, reduction, amendment or lapse without renewal is initiated by the Canadian Borrower and otherwise at such time as the Canadian Borrower becomes aware of, or receives notice of any cancellation, reduction, amendment, or lapse without renewal; and

(5) shall, in the case of a Satellite a portion of which is owned by Holdings or any of its Restricted Subsidiaries and the balance of which is owned by any Person that is not an Affiliate of either Holdings or any of its Restricted Subsidiaries (other than solely by reason of Holdings or any Restricted Subsidiary holding a non-Controlling equity interest in such Person), only be required with respect to that portion of the Satellite that is owned by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

(iv) Third Party Launch Liability Insurance . Holdings will cause each Launch Services Provider to procure and maintain Third Party Launch Liability Insurance in full force and effect for the period required under the relevant Launch Services Agreement and to name the Administrative Agent and the Lenders as additional insureds thereunder.

(v) Delivery of Insurance Policies . The Canadian Borrower shall use commercially reasonable efforts to deliver to the Administrative Agent not later than 30 days before the then-scheduled launch of any Covered Satellite and, with respect to In-Orbit Insurance procured, not later than 15 days before the expiration of the relevant Launch Insurance, a preliminary draft of the Launch Insurance policy and the In-Orbit Insurance policy, as the case may be, with respect thereto, and not later than ten (10 business days after the date on which such insurance is required to be procured as provided in clause (ii) or clause (iii) above, as the case may be, shall deliver to the Administrative Agent the final agreed form of such policy together with certificates of insurance with respect thereto, confirming (A) that such insurance is in full force and effect as of such date, (B) the names and percentages of the relevant insurance companies, (C) the amount and expiration dates of such policy, (D) that all premiums and other amounts currently due for such insurance have been paid in full, and (E) that the Administrative Agent (and, in the case of Third Party Launch Liability Insurance policies, the Lenders) is named as additional insured and the Administrative Agent is named as loss payee thereunder as its interests may appear, to the extent required hereby.

(c) Procurement of Insurance by Administrative Agent . Without limiting the obligations of Holdings or any Restricted Subsidiary under this Section 5.02, in the event the Canadian Borrower or any Restricted Subsidiary shall fail to maintain in full force and effect insurance as required by this Section 5.02, then the Administrative Agent may, but shall have no obligation to, upon reasonable prior notice to the Canadian Borrower of its intention to do so, procure insurance covering the interests of the Lenders and the Administrative Agent in such amounts and against such risks as are required hereby, and the Canadian Borrower shall reimburse the Administrative Agent in respect of any premiums paid by the Administrative Agent in respect thereof.

(d) In the event of the unavailability of In-Orbit Spare Capacity for any reason, Holdings shall within 120 days of such loss or unavailability, be required to have in effect In-Orbit Insurance complying with clauses (b)(ii) or (b)(iii) of this Section 5.02, as applicable, with respect to all Satellites that the In-Orbit Spare Capacity was intended to protect so long as In-Orbit Spare Capacity is unavailable, provided that Holdings and its Restricted Subsidiaries shall be considered in compliance with this Section 5.02 for the 120 days immediately following such loss or unavailability as the case may be.

(e) In the event that Holdings or its Subsidiaries receive proceeds from any Satellite insurance covering any Satellite owned by Holdings or any of its Subsidiaries, or in the event that Holdings or any of its Subsidiaries receives proceeds from any insurance maintained for it by a Satellite Manufacturer or any Launch Services Provider covering any of such Satellites as a result of a Casualty Event, all Net Cash Proceeds in respect of such Casualty Event shall be applied in the manner provided for in Section 2.11(e).

(f) [Reserved].

(i) Holdings will, and will cause each of the Restricted Subsidiaries to, notify the Administrative Agent promptly whenever any separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 5.02 is taken out by Holdings or any of the Restricted Subsidiaries; and promptly deliver to the Administrative Agent a duplicate original copy of such policy or policies, or an insurance certificate with respect thereto.

(g) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) neither the Administrative Agent nor any Lender nor their respective agents or employees shall be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 5.02, it being understood that (A) the Borrowers and the other Loan Parties shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Administrative Agent, or any Lender or their respective agents or employees (it being understood and agreed that the Borrowers shall only be required to use commercially reasonable efforts to seek such waiver of subrogation rights against such parties, but in no event shall such efforts require the making of payments or material concessions in

exchange for such consent). If, however, the insurance policies do not provide waiver of subrogation rights against such parties, as required above, then each of Holdings and the Canadian Borrower hereby agree, to the extent permitted by law, to waive, and to cause each of their Restricted Subsidiaries to waive, its right of recovery, if any, against the Administrative Agent, the Lenders, and their respective agents and employees;

(ii) the designation of any form, type or amount of insurance coverage by the Administrative Agent under this Section 5.02 shall in no event be deemed a representation, warranty or advice by the Administrative Agent or the Lenders that such insurance is adequate for the purposes of the business of Holdings and its Restricted Subsidiaries or the protection of their properties; and

(iii) all references to book value set forth herein shall be measured with respect to the entity which owns or leases the applicable Satellite, provided that if the entity leases the applicable Satellite from an Affiliate then such references shall be measured with respect to the book value of such Affiliate.

SECTION 5.03 Taxes . Pay and discharge promptly when due all material Taxes, assessments and governmental charges or levies imposed upon it or upon its income, profits or capital or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided , however , that such payment and discharge shall not be required with respect to any such Tax, assessment, charge, levy or claim so long as either (x) the validity or amount thereof shall be contested in good faith by appropriate proceedings, and Holdings or the affected Restricted Subsidiary, as applicable, shall have set aside on its books reserves in accordance with Canadian GAAP with respect thereto or (y) the nonpayment of the same could not reasonably be likely to have a Material Adverse Effect.

SECTION 5.04 Financial Statements, Reports, etc . Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 90 days after the end of each fiscal year (120 days for the year ended December 31, 2007), (i) a consolidated balance sheet and related consolidated statements of operations, cash flows and owners' equity showing the financial position of Holdings and the Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year, with all consolidated statements audited by independent public accountants of recognized national standing reasonably acceptable to the Administrative Agent and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with Canadian GAAP and (ii) a management report setting forth (A) Consolidated EBITDA of Holdings for such fiscal year, showing variance, by dollar amount and percentage, from amounts for the previous fiscal year (provided that no such comparison need be provided with respect to financial statements delivered for the year ended December 31, 2007), (B) such key operational information as the Company and Administrative Agent may agree to, and (C) a management discussion and analysis of the financial condition and results of

operations of Holdings for such fiscal year, as compared to amounts for the previous fiscal year (provided that no such comparison need be provided with respect to financial statements delivered for the year ended December 31, 2007), (it being understood that the delivery by Holdings of (i) financial information for such fiscal year that would be required to be contained in a filing with the SEC on Form 10-K if Holdings were required to file such forms, (ii) whether or not required by the forms referred to in clause (i) above, a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (iii) the opinion of accountants referred to above, shall satisfy the requirements of this Section 5.04(a));

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year (75 days for the fiscal quarter ending September 30, 2007 and 60 days for the fiscal quarter ending March 31, 2008) commencing with the fiscal quarter ending September 30, 2007, (i) a consolidated balance sheet and related consolidated statements of operations and cash flows showing the financial position of Holdings and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year (cash flow is for cumulative period only), all certified by a Financial Officer of Holdings, on behalf of Holdings, as fairly presenting, in all material respect, the financial position and results of operations of Holdings and its Subsidiaries on a consolidated basis in accordance with Canadian GAAP (subject to normal year-end adjustments and the absence of footnotes) and (ii) a management report setting forth (A) Consolidated EBITDA of Holdings for such fiscal quarter and for the then elapsed portion of the fiscal year, showing variance, by dollar amount and percentage, from amounts for the comparable periods in the previous fiscal year, (B) such key operational information as the Company and the Administrative Agent may agree to, and (C) a management discussion and analysis of the financial condition and results of operations for such fiscal quarter as compared to the comparable period in the previous fiscal year (provided that financial statements for (1) the quarter ending September 30, 2007 will consist of unaudited historical financial statements presented separately for (x) Telesat Canada and its consolidated subsidiaries as of such quarter end, on the one hand and (y) Loral Skynet Corporation and its consolidated subsidiaries of such quarter end, and need not contain a report setting forth the items in clauses (A), (B) and (C) above and (2) no comparison to the comparable fiscal quarter for the prior fiscal year shall be required for any fiscal quarter prior to the fiscal quarter ending December 31, 2008 (it being understood that the delivery by Holdings of (i) financial information for such period that would be required to be contained in a filing with the SEC on Form 10-Q if Holdings were required to file such forms, (ii) whether or not required by the forms referred to above, a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (iii) the officer's certificate referred to above, shall satisfy the requirements of this Section 5.04(b));

(c) to the extent prepared and available generally to third parties other than direct and indirect equity holders of the Canadian Borrower (it being understood there is no obligation to otherwise create such financial statements), within 30 days after the end of each month commencing with the month ending September, 2007 a consolidated balance sheet and related consolidated statements of operations and cash flows showing

the financial position of Holdings and its Subsidiaries as of the close of such month and the consolidated results of their operations during such month and the then-elapsed portion of the fiscal year, all certified by a Financial Officer of Holdings, on behalf of Holdings, as fairly presenting, in all material respects, the financial position and results of operations of Holdings and its Subsidiaries on a consolidated basis (it being understood that the delivery by Holdings of the officer's certificate referred to above shall satisfy the requirements of this Section 5.04(c));

(d)(x) concurrently with any delivery of financial statements under (a) or (b) above, a certificate of a Financial Officer of Holdings on behalf of Holdings (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent of the Applicable Amount then available and (y) any information with respect to Unrestricted Subsidiaries provided to the Administrative Agent or Lenders under the Senior Secured Credit Facilities;

(e) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings or any of its Subsidiaries with the SEC, or after an initial public offering, distributed to its stockholders generally, as applicable;

(f) within 90 days after the beginning of each fiscal year, an annual summary operating and capital expenditure budget, in form reasonably satisfactory to the Administrative Agent prepared by Holdings for such fiscal year prepared in reasonable detail, of Holdings and the Subsidiaries, accompanied by the statement of a Financial Officer of Holdings to the effect that such budget has been reviewed by Holdings' board of directors;

(g) [Reserved];

(h) promptly, a copy of all reports submitted to the board of directors (or any committee thereof) of any of Holdings or any Restricted Subsidiary in connection with any interim or special audit that is material made by independent accountants of the books of Holdings or any Restricted Subsidiary;

(i) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings, Intermediate Holdco or any of the Subsidiaries, or compliance with the terms of any Loan Document, as in each case the Administrative Agent may reasonably request; and

(j) promptly upon request by the Administrative Agent, copies of: (i) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed with the Employee Benefits Security Administration with respect to a Plan; (ii) the most recent actuarial valuation report for any Plan; (iii) all notices received from a Multiemployer Plan sponsor or any governmental agency concerning an ERISA Event; and (iv) such

other documents or governmental reports or filings relating to any Non-U.S. Pension Plan, Canadian Plan or Multiemployer Plan as the Administrative Agent shall reasonably request.

Documents required to be delivered pursuant to Section 5.04(a), (b) or (e) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) to the extent any such documents are included in materials otherwise filed with the SEC, on which the Canadian Borrower posts such documents, or provides a link thereto on the Canadian Borrower's website on the Internet at the website address listed on Schedule 5.04 ; or (ii) on which such documents are posted on the Canadian Borrower's behalf on IntraLinks/IntraAgency/SyndTrak or another relevant website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third party website or whether sponsored by the Administrative Agent); provided that: (i) upon written request by the Administrative Agent, the Canadian Borrower shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Canadian Borrower shall immediately notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Canadian Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 5.04(d) to the Administrative Agent.

SECTION 5.05 Litigation and Other Notices . Furnish to the Administrative Agent written notice of the following promptly after any Responsible Officer of Holdings or any Borrower obtains actual knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Holdings or any of the Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(c) any other development specific to Holdings or any of the Subsidiaries that is not a matter of general public knowledge and that has had, or could reasonably be expected to have, a Material Adverse Effect;

(d) the occurrence of any ERISA Event, that together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect; and

(e) the occurrence of any Canadian Pension Event, that together with all other Canadian Pension Events that have occurred, could reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Compliance with Laws . Comply with all laws, rules, regulations and orders of any Governmental Authority (including without limitation the Telesat Canada Reorganization and Divestiture Act as in effect from time to time) applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; provided that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.09, or to laws related to Taxes, which are the subject of Section 5.03.

SECTION 5.07 Maintaining Records; Access to Properties and Inspections . Maintain all financial records in accordance with U.S. GAAP or Canadian GAAP, as applicable, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender, subject to reasonable security and safety restrictions, to visit and inspect the financial records and the properties of Holdings or any of the Subsidiaries at reasonable times, upon reasonable prior notice to Holdings or any Borrower, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Holdings or any Borrower to discuss the affairs, finances and condition of Holdings or any of the Subsidiaries with the officers thereof and (subject to a senior officer of the respective company or a parent thereof being present) independent accountants therefor (subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract).

SECTION 5.08 Use of Proceeds . Use the proceeds of Loans only in compliance with the representation contained in Section 3.12.

SECTION 5.09 Compliance with Environmental Laws . Comply, and make commercially reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all Environmental Laws applicable to its operations, properties and facilities, and obtain and renew all authorizations and permits required pursuant to Environmental Law for its operations, properties and facilities, in each case in accordance with Environmental Laws, except, in each case with respect to this Section 5.09, to the extent the failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 5.10 Further Assurances .

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions that may be required under any applicable law or that the Administrative Agent may reasonably request, to cause the Guarantee Requirements to be and remain satisfied, all at the expense of the Loan Parties.

(b) [Reserved].

(c) [Reserved].

(d) (i) If any additional direct or indirect Material Subsidiary of Holdings is formed or acquired after the Closing Date and if such Material Subsidiary is a Subsidiary Loan Party, or if any Material Subsidiary becomes a Subsidiary Loan Party after the Closing Date, within 10 Business Days after the date such Subsidiary is formed or acquired or becomes a Subsidiary Loan Party, notify the Administrative Agent and the Lenders thereof and, within 45 Business Days (or such longer period as may be permitted by the Administrative Agent, in its sole discretion), after the date such Subsidiary is formed or acquired or becomes a Subsidiary Loan Party, cause the Guarantee Requirements to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party, and (ii) notwithstanding the Agreed Guarantee Principles or any other provision hereof, if the portion of consolidated Total Assets or revenues attributable to the Loan Parties (excluding any subsidiaries thereof that are not Guarantors) as of and for the Test Period ended on the last day of the most recently ended fiscal quarter of Holdings is less than 90% of consolidated Total Assets or revenues of Holdings and its Subsidiaries as of and for the Test Period most recently ended (as set forth in such pro forma calculation), cause the Guarantee Requirements to be satisfied with respect to one or more Restricted Subsidiaries selected by the Canadian Borrower that are not then Loan Parties, as promptly as reasonably practicable, such that the portion of consolidated Total Assets and revenues (as of and for the period of four fiscal quarters most recently ended) attributable to the Loan Parties (excluding any subsidiaries thereof that are not Guarantors) is equal to or greater than 90% of consolidated Total Assets and revenues of Holdings and its Subsidiaries (as of and for the period of four fiscal quarters most recently ended).

(e) [Reserved].

(f) The Guarantee Requirements and the other provisions of this Section 5.10 need not be satisfied with respect to: (i) any assets of Skynet's network services business located outside of the United States and Canada (to the extent such assets are not material and non-essential for the operations of Skynet and its Subsidiaries), (ii) any Subsidiary that is being dissolved or sold within one year of the date hereof and set forth on Schedule 5.10(f) , such time to be extended in the Administrative Agent's sole discretion (notwithstanding the foregoing, there shall be no deadline for dissolution occurring under the laws of India) or (iii) any grant of a guarantee if to do so would contravene the Agreed Guarantee Principles.

SECTION 5.11 Interest Rate Protection Agreements . In the case of the Canadian Borrower, as promptly as practicable and in any event within 120 days after the Closing Date, enter into, and for a period of not less than three years after the Closing Date maintain in effect, one or more Swap Agreements, the effect of which is that at least 50% of Funded Debt (excluding the US Term II Loan portion of the Senior Secured Credit Facilities to the extent not drawn) of Holdings and its Subsidiaries will bear interest at a fixed or capped rate or the interest cost in respect of which will be fixed or capped, in each case on terms and conditions and with a counterparty reasonably acceptable, taking into account current market conditions, to the Administrative Agent. Revolving Facility Loan portion of the Senior Secured Credit Facilities shall be excluded from all computations made under this Section 5.11.

SECTION 5.12 Post-Closing Matters . To the extent not executed and delivered on the Closing Date, unless otherwise agreed by the Administrative Agent in its sole discretion, execute and

deliver the documents and complete the tasks set forth on Schedule 5.12 , in each case within the time limits specified on such schedule, or such later time as the Administrative Agent shall agree in its sole discretion.

SECTION 5.13 Securities Demand .

(a) Upon a request (each, a " Securities Demand ") of the Lead Arrangers from time to time from and after the date that is 180 days after the Closing Date, for a period ending 540 days after the Closing Date (such period, the " Securities Demand Period "), after a roadshow and marketing period customary for similar offerings, the Borrowers (or, if so specified by the Lead Arrangers, Holdings or one of its subsidiaries) shall issue Permanent Securities in such amount as will generate gross proceeds of an amount sufficient to repay all outstanding amounts under this Agreement and all related fees and expenses. The Permanent Securities shall have such form, term, yield, guarantees, covenants and default provisions and other terms as are customary for securities of the type issued by similarly situated issuers in light of the then prevailing market conditions and may be issued in one or more tranches, all as determined by the Investment Bank in its sole discretion; provided that (x) the total weighted average interest rate on the applicable Permanent Securities shall not exceed 11.0% per annum (exclusive of default interest, tax gross ups and amounts owing under the Registration Rights Agreement) and (y) the maturity of the Permanent Securities shall not be earlier than six months after the final stated maturity of the Senior Secured Credit Facilities or a shorter weighted average life (and, if after the issuance of any such Permanent Securities, Loans or Exchange Notes will still be outstanding, the Permanent Securities shall not have a maturity date earlier than the Rollover Loan Maturity Date and shall not have a shorter weighted average life than the Rollover Loans).

(b) The Loan Parties will do all things required in the opinion of the Investment Bank, in its sole discretion, in connection with the sale of the Permanent Securities, and in any event as soon as reasonably practicable (it being understood that nothing in this paragraph shall require the Loan Parties to issue Permanent Securities prior to the exercise of the Securities Demand in paragraph (a) above):

(i) no later than 15 days subsequent to the Closing Date, the Borrowers shall have completed and made available to the Investment Bank copies of an offering memorandum for the offer and sale of the Permanent Securities pursuant to Rule 144A of the rules and regulations under the Securities Act containing such disclosures as may be required by applicable laws, as are customary and appropriate for such a document or as may be required by the Investment Bank (including all audited, pro forma and other financial statements and schedules of the Loan Parties of the type that would be required in a registered public offering of the Permanent Securities on Form S-1 under the Securities Act or as otherwise might be reasonably acceptable to the Investment Bank), and

(ii) senior management and directors (other than Mark Rachesky, Sai Devabhaktuni, Hal Goldstein and each other employee of MHR who is on the board of directors of Loral other than the officers of Loral) of the Loan Parties shall have made themselves available for due diligence, rating agency presentations and a road show and other meetings with potential investors for the Permanent Securities as required by the

Investment Bank in its reasonable judgment to market the Permanent Securities (it being understood that only officers and other employees of Loral and the Company shall participate in roadshows).

(c) The Lead Arrangers may at any time require the Borrowers to execute an underwriting or purchase agreement providing for the issuance of the Permanent Securities contemplated hereby substantially in the form of Investment Bank's standard underwriting or purchase agreement, modified as appropriate to reflect the terms of the transactions contemplated thereby and containing such terms, covenants, conditions, representations, warranties and indemnities as are customary in similar transactions and providing for the delivery of an indenture and a registration rights agreement substantially in the form of Investment Bank's standard indentures and registration rights agreements, legal opinions, comfort letters and officers' certificates, all in form and substance reasonably satisfactory to the Lead Arrangers and their counsel, and the Borrowers shall cause the Permanent Securities to be rated by S&P and Moody's. Without limiting the generality of the foregoing, the Loan Parties represent and warrant that the offering memorandum for the Permanent Securities will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading.

(d) Without limiting the generality of anything contained in this Section 5.13 and in addition thereto, the Canadian Borrower covenants and agrees to use its commercially reasonable efforts to refinance the Loans as soon reasonably practicable (it being agreed that for purposes of this clause (d) only (other than during the Securities Demand Period), the Canadian Borrower shall be entitled to take into account the interest rate or other costs of refinancing then available in determining whether such refinancing is commercially reasonable and, except during the Securities Demand Period (when the caps in clause (a) above govern), the Canadian Borrower shall not be required to so refinance at such time if it would incur refinancing costs or rates that it deems to be commercially unreasonable).

SECTION 5.14 Exchange Notes .

(a) The Borrowers shall, as promptly as practicable after the first Exchange Trigger Event but in any event prior to the first Exchange Date, enter into the Exchange Notes Indenture with an indenture trustee (the " Trustee ") being (a) The Bank of New York or (b) such other bank or trust company acting as indenture trustee thereunder, which shall be a corporation organized and doing business under the laws of the United States of America or any state thereof, in good standing, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by U.S. Federal or state authority and which has a combined capital and surplus of not less than $50.0 million.

(b) On the applicable Exchange Date, the Borrowers shall execute, cause the Trustee to authenticate, and deliver to each Lender who has delivered an Exchange Notice an Exchange Note dated as of the Exchange Date, bearing interest at the rate then in effect on the Rollover Loans and otherwise issued in accordance with the Exchange Notes Indenture, in exchange for such Lender's Rollover Loan (and any Rollover Note evidencing such Loan), registered in the name specified by such Lender, in the principal amount equal to 100% of the outstanding principal amount of the Rollover Loans for which they are exchanged. The holder of

Exchange Notes shall have the option to fix the interest rate on its Exchange Notes in accordance with the terms of the Exchange Notes Indenture.

(c) On the first Exchange Date, the Borrower shall execute and deliver, and cause each Subsidiary Guarantor to execute and deliver, to the Arranger a Registration Rights Agreement with respect to the Exchange Notes. The Canadian Borrower will, at its own expense, take all reasonable actions (including obtaining CUSIP numbers in respect thereof) necessary to cause the Exchange Notes to be eligible to clear and settle through The Depository Trust Company.

(d) As more particularly provided in the Exchange Notes Indenture, each Exchange Note will bear interest at the rate applicable to the Rollover Loans for which it was exchanged and continue to bear interest at such rate (increasing in accordance with the interest provisions for Rollover Loans as provided herein, provided that the LIBO Rate and interest payment date provisions shall be determined in accordance with LIBO Rate and interest payment date determination provisions customary for floating rate notes that settle through DTC) and will be redeemable at the option of the Borrowers, in whole or in part at any time, at par plus accrued and unpaid interest thereon through the date of redemption; provided that each holder of an Exchange Note will have the option to fix the interest rate on any Exchange Note held by it to a rate that is equal to the then applicable rate of interest borne by such Exchange Note (but in no event in excess of 11.0% per annum (exclusive of default interest, tax gross ups and amounts owing under the Registration Rights Agreement)), in which case such Exchange Note will have customary "high yield" style "non-call" protections such that it will be non-callable until the fifth anniversary of the Closing Date (subject to customary equity claw back provisions) and callable thereafter at par plus one half of the fixed rate coupon, declining ratably to par on the date that is one year prior to final maturity. The Exchange Notes will contain Change of Control prepayment offer provisions at 101% of the principal amount of outstanding.

(e) On each Exchange Date, the Borrowers shall deliver to each Lender exchanging Loans for Exchange Notes on such Exchange Date an opinion of counsel relating to due authorization, execution, delivery and enforceability and choice of law and venue provisions in connection with the Exchange Notes, Exchange Notes Indenture and Registration Rights Agreement, in form and substance substantially similar to the opinions delivered on the Closing Date under Section 4.01(e) hereof, which opinions shall also provide for customary "reliance language" in favor of the Trustee, in addition to any other opinions required under the Indenture.

SECTION 5.15 Steps Memorandum. The Loan Parties shall complete the actions set forth on the Steps Memorandum set forth on Schedule 6.14 attached hereto, in all material respects (other than name changes on Schedule 1 relating to entities not organized in the United States or Canada or a state, province or territory thereof), on the Closing Date.

ARTICLE VI

NEGATIVE COVENANTS

Subject to Section 9.23, the Loan Parties hereby covenant and agree that on the Closing Date and thereafter, until the Commitments have terminated and the Loans, together with interest, Fees and all other Obligations incurred hereunder, are paid in full:

SECTION 6.01 Limitation on Indebtedness . (A) Holdings will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness arising under the Loan Documents and any Permitted Senior Bridge Refinancing thereof (including for the avoidance of doubt the Exchange Notes);

(b) Indebtedness of (i) any Loan Party to another Loan Party, (ii) of any Non-Subsidiary Loan Party to any other Non-Subsidiary Loan Party and (iii) subject to Section 6.05(g), Indebtedness of any Non-Subsidiary Loan Party to any Loan Party;

(c) Indebtedness in respect of any bankers' acceptance (other than a bankers' acceptance issued in respect of borrowed money), letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business;

(d) except as provided in clauses (j) and (k) below, subject to compliance with Section 6.05(g), Guarantee Obligations incurred by (i) Restricted Subsidiaries in respect of Indebtedness of Holdings or other Restricted Subsidiaries that is permitted to be incurred under this Agreement and (ii) Holdings in respect of Indebtedness of the Restricted Subsidiaries that is permitted to be incurred under this Agreement, provided that there shall be no Guarantee (a) by any Restricted Subsidiary that is not a Guarantor of any Indebtedness of a Borrower or any Guarantor and (b) in respect of Indebtedness under the Senior Secured Credit Facilities or the Senior Subordinated Bridge Loan Facility (or Permitted Senior Subordinated Refinancings thereof) unless such Guarantee is made by a Guarantor and in the case of the Senior Subordinated Bridge Loan Facility (or Permitted Senior Subordinated Refinancings thereof), such Guarantee is unsecured and subordinated to the Loans, provided , further that in the event such Guarantee Obligations are incurred in respect of Subordinated Indebtedness, then such Guarantee Obligation shall be subordinated to the right of payment of the Obligations at least to the same extent;

(e) Guarantee Obligations incurred in the ordinary course of business in respect of obligations of suppliers, customers, franchisees, lessors and licensees;

(f)(i) Indebtedness (including Indebtedness arising under Capital Leases) incurred within 270 days before or after the acquisition, construction or improvement of fixed or capital assets to finance the acquisition, construction or improvement of such fixed or capital assets or otherwise incurred in respect of Capital Expenditures (it being understood that the Canadian Borrower may determine in good faith the purpose for which Indebtedness was incurred), (ii) Indebtedness arising under Capital Leases and (iii) any refinancing, refunding, renewal or extension of any Indebtedness under this clause (f),

provided that the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses)) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension, except to the extent otherwise permitted hereunder; provided that the aggregate amount of Indebtedness incurred pursuant to this clause (f) shall not exceed $100.0 million at any time outstanding;

(g) Indebtedness outstanding on the date hereof and listed on Schedule 6.01 and any refinancing, refunding, renewal or extension thereof, provided that (i) the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension, except to the extent otherwise permitted hereunder and (ii) the direct and contingent obligors with respect to such Indebtedness are not changed;

(h) Indebtedness in respect of Swap Agreements entered into for bona fide (non-speculative) business purposes;

(i) the incurrence of Indebtedness under Senior Secured Credit Facilities by Holdings or any of the Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount of $2,550.0 million outstanding at any one time, *less* the aggregate of all principal prepayments made in respect of the Senior Secured Credit Facilities made in respect of Asset Sale Events or Casualty Events; provided that the amount available under this clause (i) shall reduce on the date that is the twelve month anniversary of the Closing Date by the amount, if any, of the $150.0 million Delayed Draw Senior Secured Term Loan B Facility of the Senior Secured Credit Facilities which is undrawn as of such date (but only to the extent of such undrawn amount);

(j) (i) Indebtedness of a Person or Indebtedness attaching to assets of a Person that, in either case, becomes a Restricted Subsidiary or Indebtedness attaching to assets that are acquired by Holdings or any Restricted Subsidiary, in each case after the Closing Date as the result of a Permitted Acquisition in an aggregate amount (together with amounts pursuant to clause (ii) below) not to exceed $200.0 million at any time outstanding, provided that (w) such Indebtedness existed at the time such Person became a Restricted Subsidiary or at the time such assets were acquired and, in each case, was not created in anticipation thereof, (x) such Indebtedness is not guaranteed in any respect by Holdings or any Restricted Subsidiary (other than by any such person that so becomes a Restricted Subsidiary) and (y) such Person executes a supplement to this Agreement (or alternative guarantee arrangements in relation to the Obligations reasonably acceptable to the Administrative Agent, as applicable) to the extent required under Section 5.10, provided that the requirements of this subclause (y) shall not apply to an aggregate amount at any time outstanding of up to (and including) the Guarantee Exception Amount at such time of the aggregate of (1) such Indebtedness and (2) all Indebtedness as to which the proviso to clause (k)(i)(y) below then applies, and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above,

provided that, except to the extent otherwise permitted hereunder, (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed;

(k)(i) Indebtedness of Holdings or any Restricted Subsidiary incurred to finance a Permitted Acquisition in an aggregate principal amount (together with amounts pursuant to clause (ii) below) not to exceed $200.0 million at any time outstanding, provided that (x) such Indebtedness is not guaranteed in any respect by any Restricted Subsidiary (other than any Person acquired (the " acquired Person ") as a result of such Permitted Acquisition or the Restricted Subsidiary so incurring such Indebtedness) or, in the case of Indebtedness of any Restricted Subsidiary, subject to compliance with Section 6.05(i), by Holdings, and (y) such acquired Person executes a supplement to this Agreement (or alternative guarantee in relation to the Obligations reasonably acceptable to the Administrative Agent) to the extent required under Section 5.10, provided that the requirements of this subclause (y) shall not apply to an aggregate amount at any time outstanding of up to (and including) the amount of the Guarantee Exception Amount at such time of the aggregate of (1) such Indebtedness and (2) all Indebtedness as to which the proviso to clause (j)(i)(y) above then applies, and (ii) any refinancing, refunding, renewal or extension of any such Indebtedness, provided that (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed, except to the extent otherwise permitted hereunder;

(l) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety, environmental and regulatory obligations in the ordinary course of business;

(m)(i) Indebtedness incurred in connection with any Permitted Sale Leaseback (provided that the Net Cash Proceeds (other than Net Cash Proceeds from the T10R Sale Leaseback) thereof are promptly applied to the extent required by Section 2.11(e)) and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that, except to the extent otherwise permitted hereunder, (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed;

(n) additional Indebtedness; provided that the aggregate amount of Indebtedness incurred and remaining outstanding pursuant to this clause (n) shall not at any time exceed $200.0 million at any time outstanding;

(o) Indebtedness in respect of the Senior Subordinated Bridge Loan Facility (including for the avoidance of doubt the Senior Subordinated Rollover Loans) in an aggregate principal amount not to exceed $217,175,000 and any Permitted Senior Subordinated Bridge Refinancings thereof (including for the avoidance of doubt the Senior Subordinated Exchange Notes);

(p) Indebtedness in respect of the Telesat Notes so long as such Indebtedness is redeemed within 45 days after the Closing Date and the Canadian Borrower retains prior to such time sufficient funds in a segregated account to pay the redemption price therefor;

(q) Indebtedness consisting of Mezzanine Securities issued pursuant to Section 6.12(h)(a); and

(r)(i) up to $500.0 million (together with amounts pursuant to clause (ii) below (other than reasonable prepayment premiums, fees, costs and expenses) of Indebtedness incurred to construct or acquire up to four Satellites (including transponders and including replacement Satellites constructed or acquired to replace Satellites, including existing Satellites), any of which may be pursuant to a condosat transaction, and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension;

(B) The Loan Parties will not issue any Disqualified Capital Stock, except to the extent it is treated as Indebtedness and otherwise permitted under this Section 6.01.

(C) Holdings and the Restricted Subsidiaries shall not, directly or indirectly, incur any Indebtedness that is or purports to be by its terms (or by the terms of any agreement governing such Indebtedness) subordinated to any other Indebtedness of Holdings or any Restricted Subsidiary, unless such Indebtedness is also by its terms (or by the terms of any agreement governing such Indebtedness) made expressly subordinate to the Loans, to the same extent and in the same manner as such Indebtedness is subordinated to such other Indebtedness of Holdings and/or its Restricted Subsidiaries, as applicable. For purposes of the foregoing, no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness of Holdings and/or a Restricted Subsidiary solely by virtue of being unsecured or secured by a junior priority lien or by virtue of the fact that the holders of such Indebtedness have entered into intercreditor agreements or other arrangements giving one or more of such holders priority over the other holders in the collateral held by them.

SECTION 6.02 Limitation on Liens . Holdings will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of Holdings or any Restricted Subsidiary, whether now owned or hereafter acquired, except:

(a) Liens arising under the Senior Secured Credit Facilities incurred pursuant to Section 6.01(A)(i);

(b) Permitted Liens;

(c) Liens securing Indebtedness permitted pursuant to Section 6.01(A)(f), and Liens securing Indebtedness permitted pursuant to Section 6.01(A)(r), provided that such Liens attach at all times only to the assets so financed (including insurance proceeds with respect to Section 6.01(A)(f);

(d) Liens existing on the date hereof and listed on Schedule 6.02 ;

(e) the replacement, extension or renewal of any Lien permitted by clauses (a) through (d) above and clauses (f) or (g) of this Section 6.02 upon or in the same assets theretofore subject to such Lien or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor except to the extent otherwise permitted hereunder) of the Indebtedness secured thereby;

(f) Liens existing on the assets of any Person that becomes a Restricted Subsidiary, or existing on assets acquired, pursuant to a Permitted Acquisition to the extent the Liens on such assets secure Indebtedness permitted by Section 6.01(A)(j), provided that such Liens attach at all times only to the same assets that such Liens attached to, and secure only the same Indebtedness that such Liens secured, immediately prior to such Permitted Acquisition;

(g)(i) Liens placed upon the capital stock of any Restricted Subsidiary acquired pursuant to a Permitted Acquisition to secure Indebtedness of Holdings or any other Restricted Subsidiary in an aggregate amount at any time outstanding not to exceed the Guarantee Exception Amount incurred pursuant to Section 6.01(A)(k) in connection with such Permitted Acquisition and (ii) Liens placed upon the assets of such Restricted Subsidiary to secure a guarantee by such Restricted Subsidiary of any such Indebtedness of Holdings or any other Restricted Subsidiary in an aggregate amount at any time outstanding not to exceed the Guarantee Exception Amount; and

(h) additional Liens so long as the aggregate principal amount of the obligations so secured does not exceed $50.0 million at any time outstanding.

SECTION 6.03 Limitation on Fundamental Changes . Except as expressly permitted by Section 6.04 or 6.05 and except as described in the recitals hereof, Holdings will not, and will not permit any of the Restricted Subsidiaries to, enter into any merger, consolidation or amalgamation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all its business units, assets or other properties, except that:

(a) Holdings, Initial Canadian Borrower or any Subsidiary of the Borrowers or any other Person may be merged, amalgamated or consolidated with or into the Canadian Borrower, provided that (i) the Canadian Borrower shall be the continuing or surviving corporation or the Person formed by or surviving any such merger,

amalgamation or consolidation (if other than the Canadian Borrower) shall be a corporation organized or existing under the laws of Canada, any province or territory thereof, the United States, any state thereof, the District of Columbia or any territory thereof (the Canadian Borrower or such Person, as the case may be, being herein referred to as the " Successor Borrower "), (ii) the Successor Borrower (if other than the Canadian Borrower) shall expressly assume all the obligations of the Canadian Borrower under this Agreement and the other Loan Documents pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent, (iii) no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation, (iv) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have by a supplement to the Guarantee confirmed that its Guarantee shall apply to the Successor Borrower's obligations under this Agreement, and (v) the Canadian Borrower shall have delivered to the Administrative Agent an officer's certificate and an opinion of counsel, each stating that such merger, amalgamation or consolidation and such supplement to this Agreement comply with this Agreement; provided , further , that if the foregoing are satisfied, the Successor Borrower (if other than the Canadian Borrower) will succeed to, and be substituted for, the Canadian Borrower under this Agreement;

(b) Holdings, Initial Canadian Borrower or any Subsidiary of the Borrowers or any other Person may be merged, amalgamated or consolidated with or into Holdings, Initial Canadian Borrower or any one or more Subsidiaries of the Borrowers, provided that (i) in the case of any merger, amalgamation or consolidation involving Holdings, Initial Canadian Borrower or one or more Restricted Subsidiaries, (A) Holdings, Initial Canadian Borrower or a Restricted Subsidiary shall be the continuing or surviving corporation or (B) the Canadian Borrower shall take all steps necessary to cause the Person formed by or surviving any such merger, amalgamation or consolidation (if other than Holdings, Initial Canadian Borrower or a Restricted Subsidiary) to become a Restricted Subsidiary (other than in the case of a merger, consolidation or amalgamation where Holdings or Initial Canadian Borrower is the surviving entity), (ii) in the case of any merger, amalgamation or consolidation involving one or more Guarantors, a Guarantor shall be the continuing or surviving corporation or the Person formed by or surviving any such merger, amalgamation or consolidation (if other than a Guarantor) shall execute a supplement to this Agreement in form and substance reasonably satisfactory to the Administrative Agent in order to become a Guarantor, (iii) no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation and (iv) the Canadian Borrower shall have delivered to the Administrative Agent an officers' certificate stating that such merger, amalgamation or consolidation and such supplements to this Agreement comply with this Agreement;

(c) any Restricted Subsidiary that is not a Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Canadian Borrower, a Guarantor or any other Restricted Subsidiary of the Canadian Borrower;

(d) any Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Canadian Borrower or any other Guarantor;

(e) any Restricted Subsidiary may liquidate or dissolve if (x) the Canadian Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Canadian Borrower and is not materially disadvantageous to the Lenders and (y) to the extent such Restricted Subsidiary is a Loan Party, any assets or business not otherwise disposed of or transferred in accordance with Section 6.04 or 6.05, or, in the case of any such business, discontinued, shall be transferred to, or otherwise owned or conducted by, another Loan Party after giving effect to such liquidation or dissolution; and

(f) the transactions set forth in Schedule 6.03 .

SECTION 6.04 Limitation on Sale of Assets . Holdings will not, and will not permit any of the Restricted Subsidiaries to, (i) convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including receivables and leasehold interests), whether now owned or hereafter acquired (other than any such sale, transfer, assignment or other disposition resulting from any casualty or condemnation, of any assets of Holdings or the Restricted Subsidiaries) or (ii) sell to any Person (other than a Borrower or a Guarantor) any shares owned by it of any Restricted Subsidiary's capital stock or issue to any Person (other than any Borrower or Guarantor) any shares of any Restricted Subsidiary's capital stock, other than the issuance of additional Equity Interests of non-Wholly Owned Subsidiaries to a third party (provided that after giving effect to the issuance thereof, Holdings directly or indirectly owns not less than the percentage of equity in such entity that it owned immediately prior to such issuance) (collectively, a " disposition "), except that:

(a) Holdings and the Restricted Subsidiaries may sell, transfer or otherwise dispose of (i) immaterial assets in the ordinary course of business so long as the aggregate fair market value does not exceed $1.0 million and (ii) used or surplus equipment, vehicles, inventory and other assets in the ordinary course of business;

(b) Holdings and the Restricted Subsidiaries may sell, transfer or otherwise dispose of assets (other than Satellite Assets) for fair value, provided that (i) the total non-cash consideration received since the Closing Date in respect of sales, transfers and dispositions for which less than 75% of such consideration consisted of cash shall not exceed $50.0 million (it being agreed that there is no such limitation on the amount of non-cash consideration received in respect of any such sale, transfer or other disposition made pursuant to this subclause (b) if at least 75% of the consideration in respect thereof consists of cash consideration or Permitted Investments and that the cash consideration and Permitted Investments in a sale, transfer or other disposition may be less than 75% so long as the deficiency is less than the then-unused portion of such $50.0 million amount), (ii) to the extent applicable, the Net Cash Proceeds thereof to Holdings and its Restricted Subsidiaries are promptly applied to the prepayment and/or commitment reductions as provided for in Section 2.11(e), and (iii) after giving effect to any such sale, transfer or disposition, no Default or Event of Default shall have occurred and be continuing;

(c) Holdings and the Restricted Subsidiaries may make sales of assets to Holdings or to any Restricted Subsidiary (except that Satellite Assets may not be sold or transferred to any non-Guarantor pursuant to this clause (c)), provided that with respect to any such sales to Restricted Subsidiaries that are not Guarantors either (1) (i) such sale, transfer or disposition shall be for fair value and (ii) the total non-cash consideration received since the Closing Date in respect of such sales, transfers and dispositions for which less than 50% of such consideration consisted of cash shall not exceed $75.0 million (it being agreed that there is no such limitation on the amount of non-cash consideration received in respect of any such sale, transfer or other disposition made pursuant to this subclause (c) if at least 50% of the consideration in respect thereof consists of cash consideration or Permitted Investments and that the cash consideration and Permitted Investments in a sale, transfer or other disposition may be less than 50% so long as the deficiency is less than the then-unused portion of such $75.0 million amount) or (2) such sale, transfer or disposition is permitted by Section 6.05(g)(ii);

(d) any Restricted Subsidiary may effect any transaction permitted by Section 6.03, including the T10R Sale Leaseback;

(e) Holdings and its Restricted Subsidiaries may lease, or sublease, any real property or personal property in the ordinary course of business;

(f) Holdings and its Restricted Subsidiaries may sell or transfer or otherwise dispose of Satellite Assets or consummate a Permitted Sale Leaseback; provided that (i) the fair market value of the proceeds of all such transactions does not exceed (a) $400.0 million plus (b) if, after giving pro forma effect to any such disposition, the Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings is (A) less than 7.00 to 1.00 and (B) less than the Consolidated Total Debt to Consolidated EBITDA Ratio immediately prior to such disposition, $600.0 million, (ii) such Net Cash Proceeds are promptly applied to the prepayment and/or commitment reductions as provided for in Section 2.11 and (iii) at least 90% of the consideration received pursuant to this clause (f) must consist of cash or Permitted Investments;

(g) dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property and (ii) the proceeds of any such disposition are promptly applied to the purchase price of such replacement property;

(h) dispositions of Permitted Investments;

(i) dispositions of accounts receivable in connection with the collection or compromise thereof in the ordinary course of business;

(j) dispositions of assets listed on Schedule 6.04 ;

(k) dispositions of Investments in joint ventures to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(l) dispositions of property subject to Casualty Events upon receipt of the Net Cash Proceeds of such Casualty Event;

(m) dispositions consisting of leasing transponders in the ordinary course of business (including end of life leases); and

(n) other dispositions of property for consideration in any single transaction or related series of transactions, not in excess of $10.0 million from any individual transaction and the aggregate consideration for all dispositions pursuant to this Section 6.04(n) shall not exceed $25.0 million.

For purposes of clauses (b), (c) and (f), the following consideration shall be deemed to be cash consideration: (A) any liabilities (as shown on Holdings' or such Restricted Subsidiary's most recent balance sheet provided hereunder or in the footnotes thereto) of Holdings or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the in cash of the Obligations, that are assumed by the transferee with respect to the applicable disposition and for which Holdings and all of the Restricted Subsidiaries shall have been validly released by all applicable creditors in writing, and (B) any securities received by Holdings or such Restricted Subsidiary from such transferee that are converted by Holdings or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of the applicable disposition.

SECTION 6.05 Limitation on Investments . Holdings will not, and will not permit any of the Restricted Subsidiaries to, make any advance, loan, extensions of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets of, or make any other Investment in, any Person, except:

(a) extensions of trade credit and asset purchases, including purchases of transponders, orbital slots and ground equipment, in the ordinary course of business;

(b) Permitted Investments;

(c) loans and advances to officers, directors and employees of Holdings or any of its Subsidiaries in an aggregate principal amount at any time outstanding under this clause (c) not exceeding $10.0 million;

(d) Investments existing on the date hereof and listed on Schedule 6.05 and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (d) is not increased at any time above the amount of such Investments existing on the date hereof;

(e) Investments received in connection with the bankruptcy or reorganization of suppliers or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business;

(f) Investments to the extent that payment for such Investments is made solely with capital stock of Holdings;

(g) Investments in (i) any Guarantor (provided that such entity was a Guarantor or Wholly Owned Subsidiary immediately prior to such Investment) or the Canadian Borrower and (ii) in Restricted Subsidiaries that are not Guarantors (provided that such entity was a Subsidiary immediately prior to such Investment), in the case of this clause (g)(ii), in an aggregate amount not to exceed the greater of $175.0 million and 3.0% of Total Assets of Holdings and its Subsidiaries;

(h) Investments of up to $500.0 million at any one time outstanding to the extent such investments relate to the construction or acquisition of up to four satellites (including Satellites constructed or acquired to replace Satellites, including existing Satellites), any of which can be pursuant to a condosat transaction;

(i) Investments constituting Permitted Acquisitions not to exceed (x) $500.0 million since the Closing Date, plus (y) up to an additional $500.0 million to the extent funded with the cash proceeds from the issuance of Qualified Capital Stock issued by Holdings (other than the Equity Financing and other than Permitted Cure Securities and provided that such amounts do not increase the Applicable Amount);

(j)(i) Investments (including Investments in Minority Investments and Unrestricted Subsidiaries) and (ii) Investments in joint ventures or similar entities that do not constitute Restricted Subsidiaries, in each case, as valued at the fair market value of such Investment at the time each such Investment is made, (A) in an amount that, at the time such Investment is made, would not exceed the sum of (x) the Applicable Amount at such time plus (without duplication) (y) an amount equal to any repayments, interest, returns, profits, distributions, income and similar amounts actually received in cash in respect of any such Investment (which amount shall not exceed the amount of such Investment valued at the fair market value of such Investment at the time such Investment was made) and/or (B) in the case of clause (ii) only, in any amount that, at the time such Investment is made, would be permitted to be expended as a Capital Expenditure under Section 6.11 of the Senior Secured Credit Facilities, to the extent that (x) such joint venture owns an interest in assets the addition of which would have been a Capital Expenditure if acquired or constructed, and owned, directly by the Canadian Borrower or a Restricted Subsidiary, (y) the ability of the Canadian Borrower and/or one or more Restricted Subsidiaries to receive cash flows attributable to its interest therein substantially as they would if they directly owned such asset or portion thereof is not prohibited by contract, applicable law or otherwise and (z) the permitted amount of Capital Expenditures in Section 6.11 of the Senior Secured Credit Facilities is reduced by the amount of such investment;

(k) Investments constituting non-cash proceeds of sales, transfers and other dispositions of assets to the extent permitted by Section 6.04(b) or (c);

(l) Investments made to repurchase or retire common stock of the Canadian Borrower (or to make payments to Holdings to enable it to retire common stock of Holdings) owned by any present, future or former employee, officer, director or consultant pursuant to any employee stock ownership plan, key employee stock ownership plan, director benefit plan, consulting agreement or employment agreement of

Holdings or any Restricted Subsidiary when taken together with dividends made in accordance with Section 6.06(b), does not exceed $15.0 million;

(m) Investments permitted under Section 6.06;

(n) Swap Agreements entered into for bona fide (non-speculative) business purposes;

(o) Investments which are guarantees permitted under Section 6.01;

(p) Investments in Subsidiaries of Holdings existing on the Closing Date in Brazil and the Isle of Man not to exceed $30.0 million in the aggregate pending such Subsidiaries becoming Guarantors in accordance with Section 5.12 or a determination being made that such Subsidiaries will not become Guarantors; and

(q) Investments in Subsidiaries of Holdings in Hong Kong existing on the Closing Date not to exceed $275.0 million plus any Third Party Indemnity Payment in the aggregate at any time outstanding for the purpose of enabling such Subsidiaries to acquire, construct, launch and insure the replacement satellite to the satellite known as Telstar 10 and to operate Telstar 10 and such replacement and to pay taxes, provided that while such Investments are outstanding such Subsidiaries shall not incur or permit to exist any Indebtedness other than the T10R Sale Leaseback and any Capitalized Lease Obligations relating to Telstar 10 or such replacement satellite.

SECTION 6.06 Limitation on Dividends . Holdings will not declare or pay any dividends (other than dividends payable solely in its capital stock) or return any capital to its stockholders or make any other distribution, payment or delivery of property or cash to its stockholders in their capacity as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any class of its capital stock or the capital stock of any direct or indirect parent now or hereafter outstanding (or any options or warrants or stock appreciation rights issued with respect to any of its capital stock), or set aside any funds for any of the foregoing purposes, or permit any of the Restricted Subsidiaries to purchase or otherwise acquire for consideration (other than in connection with an Investment permitted by Section 6.05) any shares of any class of the capital stock of Holdings, Initial Canadian Borrower or the Canadian Borrower, now or hereafter outstanding (or any options or warrants or stock appreciation rights issued with respect to any of its capital stock) (all of the foregoing " dividends "), provided that, so long as no Default or Event of Default exists or would exist after giving effect thereto:

(a) Holdings may redeem in whole or in part any of its capital stock or preferred stock for another class of capital stock or preferred stock, as the case may be, or rights to acquire its capital stock or preferred stock or with proceeds from substantially concurrent equity contributions or issuances of new shares of its capital stock (other than Permitted Cure Securities or the Equity Financing) or preferred stock, as the case may be, provided that such other class of capital stock or preferred stock is not Disqualified Capital Stock and contains terms and provisions at least as advantageous to the Lenders in all respects material to their interests as those contained in the capital stock or

preferred stock, as the case may be, redeemed thereby, and provided further that such new issuance of capital stock does not increase the Applicable Amount;

(b) Holdings may repurchase shares of its Qualified Capital Stock (or any options or warrants or stock appreciation rights issued with respect to any of its Qualified Capital Stock) held by past, present or future officers, directors and employees of or consultants to Holdings and its Subsidiaries in an amount, when taken together with Investments made in accordance with Section 6.05(l), does not exceed $15.0 million, so long as such repurchase is pursuant to, and in accordance with the terms of, management and/or employee stock plans, stock subscription agreements or shareholder agreements, employment agreements or consulting agreements;

(c) Holdings may engage in actions otherwise prohibited by this Section 6.06, provided that the amount of payments made therein under all such actions does not exceed an amount equal to the Applicable Amount at such time;

(d) Holdings may declare and pay dividends and/or distributions in accordance with Section 6.12(d) or (h);

(e) Holdings may pay dividends and/or make distributions (including repurchases of Qualified Capital Stock) (a) to the holders of preferred Equity Interests to the extent of any cash contribution in Holdings or from the cash proceeds of Qualified Capital Stock (other than Permitted Cure Securities or the Equity Financing and provided that such new equity does not increase the Applicable Amount), and (b) to the holders of Holdings PIK Securities to the extent permitted by the first sentence of Section 6.07(c); and

(f) Holdings may make tax distributions in accordance with Section 3.7 of the Ancillary Agreement as in effect on the Closing Date not in excess of $2.0 million per calendar year.

SECTION 6.07 Limitations on Debt and Holdings PIK Securities Payments and Amendments; Unpaid Refinancing Amount .

(a) Holdings will not, and will not permit any Restricted Subsidiary to, prepay, repurchase or redeem or otherwise retire or defease any Subordinated Indebtedness (including Indebtedness in respect of the Senior Subordinated Bridge Loan Facility or any Permitted Senior Subordinated Bridge Refinancing); provided , however , that so long as no Default or Event of Default has occurred and is continuing, Holdings or any Restricted Subsidiary may prepay, repurchase or redeem Subordinated Indebtedness (x) for an aggregate price not in excess of the Applicable Amount at the time of such prepayment, repurchase or redemption, or (y) with the proceeds of Subordinated Indebtedness that (1) is permitted by Section 6.01 and (2) has terms material to the interests of the Lenders not materially less advantageous to the Lenders than those of such Subordinated Indebtedness being refinanced; provided , further that this Section 6.07(a) shall not prohibit Permitted Senior Subordinated Bridge Refinancings permitted by Section 6.01(A)(o).

(b) Holdings and its Restricted Subsidiaries will not amend or modify any Subordinated Indebtedness (including the subordination provisions thereof) to the extent that any such amendment or modification would be adverse to the Lenders in any material respect; provided that this Section 6.07(b) shall not prohibit Permitted Senior Subordinated Bridge Refinancings permitted by Section 6.01(A)(o).

(c) Holdings will not, and will not permit any Restricted Subsidiary to, prepay, repurchase or redeem or otherwise retire or defease, or make any payment with respect to (including any payment upon a change of control as defined in the Holdings PIK Securities), any Holdings PIK Securities; provided that (x) Holdings may make distributions of pay-in-kind dividends in accordance with the terms of the Holdings PIK Securities as in effect on the Closing Date and (y) if the Consolidated Total Debt to Consolidated EBITDA Ratio is less than 5.50 to 1.00, and Holdings may (i) make cash dividend payments or other cash distributions in respect thereof and (ii) repay or repurchase Holdings PIK Securities which were issued as pay-in-kind dividend on the Holdings PIK Securities after the Closing Date; provided that Holdings may at any time refinance the Holdings PIK Securities through the issuance of Qualified Capital Stock of Holdings in replacement thereof issued to Persons other than Holdings or its Restricted Subsidiaries. For the avoidance of doubt, the repayment, repurchase, redemption or retirement of Holdings PIK Securities with cash or other assets (other than the issuance of Qualified Capital Stock of Holdings) shall be deemed to be a dividend and be subject to Section 6.06.

SECTION 6.08 Limitations on Sale Leasebacks . Holdings will not, and will not permit any of the Restricted Subsidiaries to, enter into or effect any Sale Leasebacks, other than Permitted Sale Leasebacks of up to $325.0 million of assets sold (other than intercompany Sale Leasebacks between Loan Parties) while any Obligations are outstanding and such sales shall all be subject to the provisions of Section 6.04(f).

SECTION 6.09 [Reserved] .

SECTION 6.10 [Reserved] .

SECTION 6.11 [Reserved] .

SECTION 6.12 Transactions with Affiliates . Holdings will not, and will not permit any of the Restricted Subsidiaries to conduct any transactions with any of its Affiliates (other than Holdings or its Restricted Subsidiaries) on terms that are not substantially as favorable to Holdings or such Restricted Subsidiary as it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate, provided that the foregoing restrictions shall not apply to:

(a) customary fees paid to members of the board of directors of Holdings and the Subsidiaries;

(b) transactions permitted by Section 6.05(c) or (k) or (p) or Section 6.06 or 6.07;

(c) purchases of satellites from SSL; provided that the Canadian Borrower must deliver to the Administrative Agent a letter from or a resolution adopted by, its

board of directors stating that the board of directors has determined in good faith that such purchase (A) is on terms that are no less favorable to Holdings or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate and (B) has been approved by a majority of the directors of Holdings (including a majority of the directors not appointed by Loral);

(d) payment of fees and expenses relating to the Transactions and amounts under the Ancillary Agreement (other than as set forth in Section 6.12(h)); provided that any payments pursuant to Sections 1.1, 1.2, and 3.1 through 3.6 of the Ancillary Agreement as in effect on the Closing Date shall not exceed in the aggregate the lesser of $50.0 million and the amount by which the Equity Financing exceeds $525.0 million;

(e) employment and severance agreements entered into the ordinary course of business;

(f) payment of customary fees and reasonable out-of-pocket expenses to, and indemnities provided on behalf of directors, officers and employees of Holdings and its Restricted Subsidiaries in the ordinary course of business;

(g) transactions pursuant to agreements in existence on the Closing Date and set forth on Schedule 6.12 (subject in the case of the Ancillary Agreement, to the provisions of clause (d) above) or any amendment thereto to the extent such amendment is not adverse to the Lenders in any material respect;

(h)(a) payments to Loral of fees under the Consulting Agreement not to exceed $5.0 million per year which fee (x) shall be payable in Mezzanine Securities (provided that no cash interest may be payable on such Mezzanine Securities unless the provisions of clause (y) below have been met) or (y) may be paid in cash or Mezzanine Securities if the Consolidated Total Debt to Consolidated EBITDA is less than 5.0:1.00 for the most recent Test Period ending prior to the date of the payment for which financial statements are delivered to the Lenders pursuant to Section 5.04, (b) reimbursement payments under the Consulting Agreement for payments to third parties incurred by Loral, PSP or other affiliates on behalf of Holdings or its Restricted Subsidiaries not to exceed $1.0 million in the aggregate per year, (c) payment for services rendered under the Consulting Agreement as in effect on the Closing Date not to exceed $4.0 million per year and approved by a majority of the disinterested directors of Holdings in accordance with the provisions of the Consulting Agreement as in effect on the Closing Date;

(i) transactions approved by a majority of the disinterested members (who are not an officer, employee, director or appointee of Loral and its Affiliates) of Holdings' board of directors in which Holdings or any Restricted Subsidiary delivers to the Administrative Agent a letter from a nationally recognized investment banking, appraisal or accounting firm stating that such transaction is fair to Holdings or such Restricted Subsidiary from a financial point of view and was made on an arms-length basis; and

(j) transactions involving aggregate payments or consideration or fair market value of not more than $3,000,000 in the aggregate.

SECTION 6.13 Modifications of Organizational Documents and Other Documents, etc . Holdings will not, and will not permit any of the Restricted Subsidiaries to:

(a) amend or modify, or permit the amendment or modification of, any provision of any Transactions Document or any document governing any Material Indebtedness (provided that nothing in this Section 6.13(a) shall prohibit any Permitted Senior Bridge Refinancings or Senior Subordinated Bridge Refinancings permitted by Section 6.01(A)(a) or (o), respectively) or documents governing the Holdings PIK Securities, in each case, in any manner that is adverse in any material respect to the interests of the Lenders; or

(b) modify any of its Organizational Documents by the filing or modification of any certificate of designation or any agreement to which it is a party with respect to its Equity Interests (including any stockholders' agreement).

SECTION 6.14 Limitation on Creation of Subsidiaries . Holdings will not, and will not permit any of the Restricted Subsidiaries to establish, create or acquire any additional Subsidiaries without the prior written consent of the Required Lenders; provided that, without such consent, the Canadian Borrower and its Restricted Subsidiaries may (i) establish or create or acquire one or more Wholly Owned Subsidiaries of the Canadian Borrower, (ii) establish, create or acquire one or more Subsidiaries in connection with an Investment made pursuant to Section 6.05 or Schedule 6.14 and (iii) acquire one or more Subsidiaries in connection with a Permitted Acquisition, so long as, in each case, Section 5.10 shall be complied with.

SECTION 6.15 Limitation on Accounting Changes . Holdings will not, and will not permit any of the Restricted Subsidiaries to make or permit any change in accounting policies or reporting practices, without the consent of the Required Lenders, which consent shall not be unreasonably withheld, except subject to Section 1.02 changes that are required or permitted by Canadian GAAP.

SECTION 6.16 Fiscal Year . Holdings will not, and will not permit any of the Restricted Subsidiaries to change its fiscal year-end to a date other than December 31.

SECTION 6.17 No Further Negative Pledge . Holdings will not, and will not permit any of the Restricted Subsidiaries to enter into any agreement, instrument, deed or lease which prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of their respective properties or revenues, whether now owned or hereafter acquired, or which requires the grant of any security for an obligation if security is granted for another obligation, except the following: (1) this Agreement and the other Loan Documents; (2) covenants in documents creating Liens permitted by Section 6.02 prohibiting further Liens on the properties encumbered thereby; (3) the Senior Secured Credit Facilities and the Senior Subordinated Loan Documents as in effect on the Closing Date; (4) any other agreement that does not restrict in any manner (directly or indirectly) Liens created pursuant to the Senior Secured Credit Facilities Loan Documents on any Collateral (as defined in the Senior Secured Credit Facilities) securing

the obligations thereunder and does not require the direct or indirect granting of any Lien securing any Indebtedness or other obligation by virtue of the granting of Liens on or pledge of property of any Loan Party to secure such obligations; and (5) any prohibition or limitation that (a) exists pursuant to applicable Requirements of Law, (b) consists of customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 6.04 pending the consummation of such sale, (c) restricts subletting or assignment of leasehold interests contained in any Lease governing a leasehold interest of Holdings or a Subsidiary, (d) exists in any agreement in effect at the time such Subsidiary becomes a Subsidiary of Holdings, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary or (e) is imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clause (3) or (5)(d); provided that such amendments and refinancings are no more materially restrictive with respect to such prohibitions and limitations than those prior to such amendment or refinancing.

SECTION 6.18 Anti-Terrorism Laws and Anti-Money Laundering Laws . Holdings will not, and will not permit any of its Subsidiaries to:

(a) Directly or indirectly, (i) knowingly conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in Sections 3.21(b)(i) through (iv), (ii) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or Anti-Money Laundering Law except where such conduct is not reasonably likely to expose Lenders to material liability or material detriment, including reputational harm (and the Loan Parties shall deliver to the Lenders any certification or other evidence requested from time to time by any Lender in its reasonable discretion, confirming the Loan Parties' compliance with this Section 6.18).

(b) Cause or permit any of the funds of such Loan Party that are used to repay the Loans or to be derived from any unlawful activity with the result that the making of the Loans would be in violation of any Requirement of Law, except where such repayment would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 6.19 Embargoed Person . To the extent consistent with Canadian law, Holdings will not, and will not permit any of its Subsidiaries to cause or permit:

(a) any of the funds or properties of the Loan Parties that are used to repay the Loans to constitute property of, or be beneficially owned directly or indirectly by, any Person subject to sanctions or trade restrictions under United States law that is identified on (i) the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq . and TWEA, or any executive order or Requirement of Law

promulgated thereunder (" Embargoed Person " or " Embargoed Persons ") or (ii) the Executive Order and any related enabling legislation or implementing regulations except where this would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm; or

(b) any Embargoed Person to have any direct or indirect interest or benefit of any nature whatsoever in the Loan Parties except where this would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 6.20 Change in Business . Holdings will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than the Permitted Business.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01 Events of Default . Subject to Section 9.23, in case of the happening of any of the following events (" Events of Default "):

(a) any representation or warranty made or deemed made by Holdings or any other Loan Party in any Loan Document, or any representation, warranty or material statement contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished by Holdings or any other Loan Party;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or in the payment of any Fee (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days;

(d) default shall be made in the due observance or performance by Holdings, Intermediate Holdco or any of the Restricted Subsidiaries of any covenant, condition or agreement contained in Section 5.01(a) (with respect to Holdings, Intermediate Holdco or the Borrowers), 5.05(a), 5.08, 5.10(d) or in Article VI;

(e) default shall be made in the due observance or performance by Holdings, Intermediate Holdco or any of the Restricted Subsidiaries of any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraphs (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days after written notice thereof from the Administrative Agent to the Canadian Borrower;

(f)(i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or (ii) Holdings, Intermediate Holdco or any of the Restricted Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided that this clause (f) shall not apply to (a) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness or (b) Indebtedness that becomes due pursuant to a change of control provision provided Borrowers comply with the provisions of Section 2.12 hereof with respect to such event;

(g) [Reserved];

(h) an involuntary proceeding shall be commenced or an involuntary petition or application shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, any Borrower or any of the Material Subsidiaries, or of a substantial part of the property or assets of Holdings, any Borrower, Intermediate Holdco or any Material Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or Canadian, provincial or other foreign bankruptcy, liquidation, insolvency, receivership or similar law, including the BIA, CCAA, and WURA, (ii) the appointment of a receiver, trustee, monitor, liquidator, custodian, sequestrator, conservator or similar official for Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or (iii) the winding-up, dissolution or liquidation of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary (except, in the case of any Material Subsidiary (other than any Borrower), in a transaction permitted by Section 6.03); and such proceeding or petition or application shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition or application seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or Canadian, provincial or other foreign bankruptcy, insolvency, receivership or similar law, including the BIA, CCAA, and WURA, (ii) seek, or consent to, the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition or application described in paragraph (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, monitor, liquidator, sequestrator, conservator or similar official for Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary, (iv) file an answer or response admitting the material allegations of a petition or application filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary to pay one or more final judgments (not covered by insurance) aggregating in excess of $50.0 million, which judgments are not discharged, vacated or effectively waived or stayed for a period of 30 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon any material assets or properties of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary to enforce any such judgment;

(k)(i) An ERISA Event shall have occurred that, when taken together with all other ERISA Events and similar events with respect to Non-U.S. Pension Plans that have occurred, could reasonably be expected to result in liability of Holdings or any Restricted Subsidiary which is reasonably likely to have a Material Adverse Effect; (ii) a Reportable Event or Reportable Events shall have occurred with respect to any Plan or a trustee shall be appointed by a United States district court to administer any Plan, (iii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iv) Holdings, Intermediate Holdco or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred or will be assessed Withdrawal Liability to such Multiemployer Plan and such person does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting such Withdrawal Liability in a timely and appropriate manner, (v) Holdings, Intermediate Holdco or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, (vi) Holdings, Intermediate Holdco or any Subsidiary or any ERISA Affiliate shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (vii) any other similar event or condition shall occur or exist with respect to a Plan, a Non-U.S. Pension Plan or a Multiemployer Plan or (viii) a Canadian Pension Event shall have occurred with respect to a Canadian Plan; and in each case in clauses (i) through (viii) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect;

(l)(i) any Loan Document shall for any reason be asserted in writing by Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party not to be a legal, valid and binding obligation of any party thereto, (ii) the Guarantees pursuant to the Loan Documents by Holdings, Intermediate Holdco, any Borrower or the Subsidiary Loan Parties of any of the Obligations shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations or (iii) the Obligations of the Borrowers or the Guarantees thereof by Holdings, Intermediate Holdco and the Subsidiary Loan Parties pursuant to the Loan Documents shall cease to constitute senior indebtedness under the subordination provisions of any Subordinated Indebtedness or such subordination provisions shall be invalidated or otherwise cease, or shall be asserted in writing by

Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party to be invalid or to cease, to be legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms;

then, and in every such event (other than an event with respect to the Canadian Borrower or the U.S. Borrower described in paragraph (h) or (i) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Canadian Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding; and, in any event, with respect to the Canadian Borrower or the U.S. Borrower described in paragraph (h) or (i) above, the Commitments shall automatically terminate, the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding.

ARTICLE VIII

THE AGENTS

SECTION 8.01 Appointment .

(a) In order to expedite the transactions contemplated by this Agreement, (i) MSSF is hereby appointed to act as Administrative Agent and (ii) UBSS is hereby appointed to act as Syndication Agent. Each of the Lenders and each assignee of any such Lender hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender or assignee and to exercise such powers as are specifically delegated to such Agent by the terms and provisions hereof and of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with the performance of its duties as Administrative Agent hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by the Canadian Borrower pursuant to this Agreement as received by the Administrative Agent. No Joint Lead Arranger, Lead Arranger or documentation agent shall have any duties or responsibilities under this Agreement or any other Loan Document.

(b) [Reserved].

(c) Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrowers or any other Loan Party of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Administrative Agent shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Loan Documents or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to any Borrower or any other Loan Party or any other party hereto on account of the failure, delay in performance or breach by, or as a result of information provided by, any Lender of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Lender or any Borrower or any other Loan Party of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

(d) It is the purpose of this Agreement and the other Loan Documents that there shall be no violation of any law of any jurisdiction denying or restricting the right of Persons to transact business as agent in such jurisdiction. It is recognized that, in case of litigation under this Agreement or any other Loan Document and, in particular, in case of the enforcement of any Loan Document, or in case the Administrative Agent deems that by reason of any present or future law of any jurisdiction an Agent may not exercise any of the rights, powers or remedies granted herein or in any of the other Loan Documents or take any other action which may be desirable or necessary in connection therewith, the Administrative Agent is hereby authorized to appoint an additional individual or institution selected by the Administrative Agent in its sole discretion as a separate administrative agent, administrative sub-agent, or administrative co-agent (any such additional individual or institution being referred to herein, individually, as a “Supplemental Agent” and, collectively, as “Supplemental Agents”).

(e) [Reserved].

(f) Should any instrument in writing from any Loan Party be required by any Supplemental Agent so appointed by the Administrative Agent for more fully and certainly vesting in and confirming to him or it such rights, powers, privileges and duties, the Canadian

Borrower shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Administrative Agent. In case any Supplemental Agent, or a successor thereto, shall die, become incapable of acting, resign or be removed, all the rights, powers, privileges and duties of such Supplemental Agent, to the extent permitted by law, shall vest in and be exercised by the Administrative Agent until the appointment of a new Supplemental Agent.

SECTION 8.02 Nature of Duties . The Lenders hereby acknowledge that no Agent shall be under any duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders. The Lenders further acknowledge and agree that so long as the Administrative Agent shall make any determination to be made by it hereunder or under any other Loan Document in good faith, such Agent shall have no liability in respect of such determination to any person. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into the Loan Documents or otherwise exist against any Agent.

SECTION 8.03 Resignation by the Agents .

(a) Subject to the appointment and acceptance of a successor Administrative Agent, as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Canadian Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor with the consent of the Canadian Borrower (not to be unreasonably withheld or delayed). If no successor shall have been so appointed by the Required Lenders and approved by the Canadian Borrower and shall have accepted such appointment within 45 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders with the consent of the Canadian Borrower (not to be unreasonably withheld or delayed), appoint a successor Administrative Agent which shall be a bank with an office in New York, New York and, if requested by the Canadian Borrower, an office in Toronto, Canada (or a bank having an Affiliate with such an office) having a combined capital and surplus having a Dollar Equivalent that is not less than $500.0 million or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder.

(b) The Syndication Agent may resign at any time by notifying the Lenders and the Borrowers.

(c) After the resignation by the Administrative Agent or the Syndication Agent hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent or Syndication Agent, as the case may be.

SECTION 8.04 The Administrative Agent in Its Individual Capacity . With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings, any Borrower or any of the Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent.

SECTION 8.05 Indemnification . Each Lender agrees (a) to reimburse each Agent, on demand, in the amount of its pro rata share (based on its Commitments hereunder (or if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of its applicable outstanding Loans)) of any reasonable expenses incurred for the benefit of the Lenders by such Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers or any other Loan Party and (b) to indemnify and hold harmless each Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, Taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrowers or any other Loan Party, provided that no Lender shall be liable to an Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of such Agent or any of its directors, officers, employees or agents.

SECTION 8.06 Lack of Reliance on Agents . Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder. Each of the Syndication Agent and the Co-Documentation Agents shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, the Syndication Agent and the Co-Documentation Agents shall not have or be deemed to have a fiduciary relationship with any Lender.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Notices.

(a) Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to any Loan Party, to it, c/o Telesat Canada, 1601 Telesat Court, Ottawa, Ontario, K1B 5P4, Fax: 613-748-8784, Attention: Vice President, General Counsel and Corporate Secretary (j.lecour@telesat.ca), with a copy to: (a) Chief Financial Officer (same address, fax, t.ignacy@telesat.ca) and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019, attention: William Hiller, Esq. (telecopy: (212) 728-9228) (e-mail: whiller@willkie.com); and

(ii) if to the Administrative Agent, to Morgan Stanley, One Pierrepont Plaza, 7 th Floor, Brooklyn, NY 11201, attention: Xiao Wu/Roberto Ochoa (telecopy: (212) 507-6680) (e-mail: Xiao_Wu@morganstanley.com / Roberto.Ochoa@morganstanley.com), with a copy to (a) Edward Henley, One Pierrepont Plaza, 7 th Floor, Brooklyn, New York 11201 (telecopy: (718) 754-7285) (e-mail: Edward.Henley@morganstanley.com), with a copy to Cahill Gordon & Reindel LLP, 80 Pine Street, New York, New York 10005, attention: Daniel J. Zubkoff, Esq. (telecopy: (212) 378-2383) (e-mail: dzubkoff@cahill.com).

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent and the Borrowers (on behalf of themselves and the Subsidiary Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided , further , that approval of such procedures may be limited to particular notices or communications.

(c) All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service, sent by telecopy or (to the extent permitted by paragraph (b) above) electronic means or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

(d) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02 Survival of Agreement . All covenants, agreements, representations and warranties made by the Loan Parties herein, in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans, the execution and delivery of the Loan Documents, regardless of any investigation made by such persons or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or

any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not been terminated. Without prejudice to the survival of any other agreements contained herein, indemnification and reimbursement obligations contained herein (including pursuant to Sections 2.16, 2.17, 2.18 and 9.05) shall survive the payment in full of the principal and interest hereunder and the termination of the Commitments or this Agreement.

SECTION 9.03 Binding Effect . This Agreement shall become effective when it shall have been executed by each of the Loan Parties and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the applicable Loan Party, the Administrative Agent and each Lender and their respective permitted successors and assigns.

SECTION 9.04 Successors and Assigns .

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) other than pursuant to a merger permitted by Section 6.03 or the Assumption, no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the respective Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (other than Holdings and its Subsidiaries) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and/or the Loans at the time owing to it) with the prior written consent of the Lead Arrangers; provided that no consent of the Lead Arrangers shall be required for an assignment of a Loan (a) to a Lender, an Affiliate of a Lender or Approved Fund immediately prior to giving effect to such assignment, (b) from and after the occurrence of the Rollover Conversion on the Rollover Date, (c) to Affiliates of Holdings (it being understood that Affiliates of Holdings will not be entitled to participate in any Lenders' meetings) or (d) during the primary syndication of the Commitments and/or Loans to institutions previously identified to the Canadian Borrower and the Lead Arrangers in writing (provided that the Administrative Agent has consented to such assignment); provided , further , that any liability of the Borrowers to an assignee that is an Approved Fund or Affiliate of the assigning Lender under Section 2.16 or 2.17 shall be limited to the amount, if any, that would have been payable hereunder by such Borrower in the absence of such assignment.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1.0 million, unless the Administrative Agent otherwise consents; provided that multiple contemporaneous assignments by Approved Funds may be aggregated for the purpose of compliance with the above;

(B) each partial assignment shall be made as an assignment of a proportionate part of the assigning Lender's rights and obligations being so assigned under this Agreement; and

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance including a duly executed Annex 2 thereof.

(iii) Subject to acceptance and recording thereof pursuant to paragraphs (b)(i) and (b)(iv) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender hereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 9.05). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the " Register "). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent acting for itself and, in any situation wherein the consent of the Canadian Borrower is not required, the Canadian Borrower

shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c)(i) Any Lender may, without the consent of any Borrower or the Administrative Agent or the Lead Arrangers, sell participations to one or more banks or other entities (a " Loan Participant ") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided, that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument (oral or written) pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided that (x) such agreement or instrument may provide that such Lender will not, without the consent of the Loan Participant, agree to any amendment, modification or waiver described in Section 9.04(a)(i) or clauses (i), (ii), (iii), (iv) or (v) of the first proviso to Section 9.08(b) that affects such Loan Participant and (y) no other agreement (oral or written) with respect to such participation may exist between such Lender and such Loan Participant. Subject to paragraph (c)(ii) of this Section, each of the Borrowers agree that each Loan Participant shall be entitled to the benefits of Sections 2.16, 2.17 and 2.18 (subject to the requirements and limitations therein) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Loan Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender, provided such Loan Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) A Loan Participant shall not be entitled to receive any greater payment under Section 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Loan Participant, except to the extent that the entitlement to any greater payment results from any Change in Law after the Person becomes a Loan Participant, unless the sale of the participation to such Loan Participant is made with the Canadian Borrower's prior written consent.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including (i) any pledge or assignment to secure obligations to a Federal Reserve Bank and (ii) in the case of any Lender that is an Approved Fund, any pledge or assignment to any holders of obligations owed, or securities issued, by such Lender including to any trustee for, or any other representative of, such holders, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Expenses; Indemnity .

(a) The Canadian Borrower agrees to pay all reasonable out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents or the administration of this Agreement and by the Initial Lenders in connection with the syndication of the Commitments (including expenses incurred prior to the Closing Date in connection with due diligence) or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the Transactions hereby contemplated shall be consummated) or incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made hereunder, including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel llp, counsel for the Administrative Agent and the Joint Lead Arrangers, and Osler, Hoskin & Harcourt LLP, special Canadian counsel to the Administrative Agent and the Joint Lead Arrangers, and, in connection with any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel (including the reasonable allocated costs of internal counsel if a Lender elects to use internal counsel in lieu of outside counsel) for the Administrative Agent, the Joint Lead Arrangers or all Lenders (but no more than one such counsel for all Lenders).

(b) Each Borrower agrees to indemnify the Administrative Agent, the Joint Lead Arrangers, each Lender and each of their respective affiliates, directors, trustees, officers, employees, advisors and agents (each such person being called an " Indemnitee ") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses result primarily from the gross negligence or willful misconduct (as determined in a final and non-appealable judgment of a court of competent jurisdiction) of such Indemnitee (treating, for this purpose only, the Administrative Agent, any Joint Lead Arranger, any Lender and any of their respective Related Parties as a single Indemnitee). Subject to and without limiting the generality of the foregoing sentence, each Borrower agrees to indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel or consultant fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (A) any Environmental Claim related in any way to Holdings or any of the Subsidiaries, or (B) any actual or alleged presence, Release or threatened Release of Hazardous Materials at, under, on or from any property owned, leased or operated by any predecessor of Holdings or any of the Subsidiaries, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or any of its Related Parties. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of

the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of any Agent or any Lender. All amounts due under this Section 9.05 shall be payable on written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Unless an Event of Default shall have occurred and be continuing, each Borrower shall be entitled to assume the defense of any action for which indemnification is sought hereunder with counsel of its choice at its expense (in which case any Borrower shall not thereafter be responsible for the fees and expenses of any separate counsel retained by an Indemnitee except as set forth below); provided , however , that such counsel shall be reasonably satisfactory to each such Indemnitee. Notwithstanding a Borrower's election to assume the defense of such action, each Indemnitee shall have the right to employ separate counsel and to participate in the defense of such action, and each Borrower shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the use of counsel chosen by a Borrower to represent such Indemnitee would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both any Borrower and such Indemnitee and such Indemnitee shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to a Borrower (in which case such Borrower shall not have the right to assume the defense or such action on behalf of such Indemnitee); (iii) either Borrower shall not have employed counsel reasonably satisfactory to such Indemnitee to represent it within a reasonable time after notice of the institution of such action; or (iv) a Borrower shall authorize in writing such Indemnitee to employ separate counsel at such Borrower's expense. The Borrowers will not be liable under this Agreement for any amount paid by an Indemnitee to settle any claims or actions if the settlement is entered into without such Borrower's consent, which consent may not be withheld or delayed unless such settlement is unreasonable in light of such claims or actions against, and defenses available to, such Indemnitee.

(d) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.18, this Section 9.05 shall not apply to Taxes.

SECTION 9.06 Right of Set-off . If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of Holdings or any Subsidiary against any of and all the obligations of Holdings or any Subsidiary now or hereafter existing under this Agreement or any other Loan Document held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured. The rights of each Lender under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender may have.

SECTION 9.07 Applicable Law . THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.08 Waivers; Amendment .

(a) No failure or delay of the Administrative Agent or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, Intermediate Holdco, any Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, Intermediate Holdco, any Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders and (y) in the case of any other Loan Document, pursuant to an agreement or agreements as provided for therein; provided , however , that no such agreement shall

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan, without the prior written consent of each Lender directly affected thereby,

(ii) increase or extend the Commitment of any Lender or decrease the Fees or other fees of any Lender without the prior written consent of such Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the aggregate Commitments shall not constitute an increase of the Commitments of any Lender),

(iii) extend any date on which payment of interest on any Loan is due, without the prior written consent of each Lender adversely affected thereby,

(iv) amend or modify the provisions of Section 2.19(c) in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender adversely affected thereby,

(v) amend or modify the provisions of this Section or the definition of the terms “Required Lenders,” “Majority Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender adversely affected thereby (it being understood that, with

the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date), or

(vi) release Holdings, Intermediate Holdco or all or substantially all of the Subsidiary Loan Parties from its Guarantee under this Agreement, unless, in the case of a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party is sold or otherwise disposed of in a transaction permitted by this Agreement, without the prior written consent of each Lender adversely affected thereby,

(vii) [Reserved],

(viii) change or impose any restriction on the ability of any Lender to assign any of its rights or obligations other than as provided for in Section 9.04;

provided , further , that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent acting as such at the effective date of such agreement, as applicable. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any assignee of such Lender. This Agreement and all other Loan Documents may be amended or modified without the consent or signature of the Loan Parties (other than the Borrowers) and, after giving effect to each such amendment and modification, all Loan Documents shall continue in full force and effect except no such amendment, waiver or modification to Article X of this Agreement or any other Loan Document to which such Loan Party is a party may be effective without the consent of such Loan Party.

(c) Prior to the Rollover Date, the Description of Senior Exchange Notes and the Exchange Notes Indenture may be amended or modified pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders; provided that no such agreement may amend or modify any provision thereof which, had Exchange Notes been outstanding, would have required the consent or approval of each holder of Exchange Notes or each holder of Exchange Notes so affected, unless the written approval of each Lender or each Lender so affected, as applicable, is obtained. From and after the Rollover Date, the Exchange Notes Indenture may be waived, amended or modified only in accordance with its terms.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings and the Borrowers (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

SECTION 9.09 Interest Rate Limitation . Notwithstanding anything herein to the contrary, and without limiting Sections 2.14(f)(ii) through (iv), if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the " Charges "), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the " Maximum Rate ") that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender, shall be limited to the Maximum Rate, provided that such excess amount shall be paid to such Lender on subsequent payment dates to the extent not exceeding the legal limitation.

SECTION 9.10 Entire Agreement . This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents except as expressly set forth in such agreement. Notwithstanding the foregoing, the Fee Letter shall survive the execution and delivery of this Agreement and remain in full force and effect. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 9.11 WAIVER OF JURY TRIAL . **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.**

SECTION 9.12 Severability . In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13 Counterparts . This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed original.

SECTION 9.14 Headings . Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15 Jurisdiction; Consent to Service of Process .

(a) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against Holdings or any Loan Party or their properties in the courts of any jurisdiction.

(b) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each Loan Party party hereto irrevocably and unconditionally appoints Skynet Satellite Holdings Corporation, with an office on the date hereof at 600 Third Avenue, New York, New York 10016, and its successors hereunder (the " Process Agent "), as its agent to receive on behalf of each such Loan Party and its property all writs, claims, process, and summonses in any action or proceeding brought against it in the State of New York. Such service may be made by mailing or delivering a copy of such process to the respective Loan Party in care of the Process Agent at the address specified above for the Process Agent, and such Loan Party irrevocably authorizes and directs the Process Agent to accept such service on its behalf. Failure by the Process Agent to give notice to the respective Loan Party, or failure of the respective Loan Party, to receive notice of such service of process shall not impair or affect the validity of such service on the Process Agent or any such Loan Party, or of any judgment based thereon. Each Loan Party party hereto covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of the Process Agent above in full force and effect, and to cause the Process Agent to act as such. Each Loan Party hereto further covenants and agrees to maintain at all times an agent with offices in New York City to act as its Process Agent. Nothing herein shall in any way be deemed to limit the ability to serve any such writs, process or summonses in any other manner permitted by applicable law. Skynet Satellite Holdings Corporation consents to serve as such agent.

SECTION 9.16 Confidentiality . Each of the Lenders and the Administrative Agent agrees that it shall maintain in confidence any information relating to Holdings and the other Loan Parties furnished to it by or on behalf of Holdings or the other Loan Parties (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender or the Administrative Agent without violating this Section 9.16 or (c) was available to such Lender or the Administrative Agent from a third party having, to such person's knowledge, no obligations of confidentiality to Holdings or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know or to any person that approves or administers the Loans on behalf of such Lender (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, the National Association of Insurance Commissioners or of any securities exchange on which securities of the disclosing party or any Affiliate of the disclosing party are listed or traded, (B) as part of normal reporting or review procedures to, or as requested in connection with the exercise of its regulatory authority by, any Governmental Authorities or the National Association of Insurance Commissioners, (C) to its parent companies, Affiliates or auditors (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (D) in order to enforce its rights under any Loan Document in a legal proceeding, (E) to any prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16) and (F) to any direct or indirect contractual counterparty in Swap Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section).

SECTION 9.17 Conversion of Currencies .

(a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of each Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the " Applicable Creditor ") shall, notwithstanding any judgment in a currency (the " Judgment Currency ") other than the currency in which such sum is stated to be due hereunder (the " Agreement Currency "), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, such Borrower

agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 9.17 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

SECTION 9.18 Release of Guarantees . In the event that any Loan Party conveys, sells, leases, assigns, transfers or otherwise disposes of all or any portion of its assets (including Equity Interests of any Loan Party) to a person that is not (and is not required to become) a Loan Party in a transaction not prohibited by Section 6.03 and as a result of which such Subsidiary Loan Party would cease to be a Subsidiary, the Administrative Agent shall promptly (and the Lenders hereby authorize the Administrative Agent to) take such action and execute any such documents as may be reasonably requested by Holdings or the Borrowers and at the Canadian Borrower's expense to terminate such Subsidiary Loan Party's obligations under its Guarantee. Any representation, warranty or covenant contained in any Loan Document relating to any such Equity Interests, assets or subsidiary of Holdings shall no longer be deemed to be made once such Equity Interests or assets are so conveyed, sold, leased, assigned, transferred or disposed of.

SECTION 9.19 Patriot Act . Each Lender subject to the Patriot Act or PCTFA hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act or PCTFA, as applicable, it is required to obtain, verify and record information that identifies the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the Act or PCTFA, as applicable.

SECTION 9.20 Regulatory Matters . The Lenders and the Administrative Agent hereby agree that they will not take any action under any Loan Document which would cause the Canadian Borrower to breach the "Canadian ownership and control rules" established under Section 16 of the Telecommunications Act (Canada), as amended from time to time. The Canadian Borrower agrees to take any action which any Lender may reasonably request in order to obtain from the FCC, U.S. Department of Justice, Industry Canada, CRTC or any other relevant Governmental Authority such approval as may be necessary to enable the Lenders to exercise the full rights and benefits granted to the Lenders pursuant to this Agreement.

Notwithstanding anything herein or in any of the Loan Documents to the contrary, prior to the occurrence of an Event of Default and the consent of the FCC, U.S. Department of Justice, Industry Canada, CRTC and of any other applicable Governmental Authority to the assignment or transfer of control of FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses, or other authorizations, this Agreement, and the transactions contemplated hereby and thereby do not and will not constitute, create, or have the effect of constituting or creating directly or indirectly, actual or practical ownership of any FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses or other authorizations by the Lenders or the Administrative Agent or control, affirmative or negative, direct or indirect, by Lenders or the Administrative Agent over the management or any other aspect of the operation of any FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses, or other authorizations.

SECTION 9.21 [Reserved].

SECTION 9.22 Withholding Tax .

(a) To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the forms or other documentation required by Section 2.18(e) are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to any Lender not providing such forms or other documentation, a maximum amount of the applicable withholding tax.

(b) If the Internal Revenue Service, Canada Revenue Agency or any authority of the United States of America, Canada or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

(c) If any Lender sells, assigns, grants a participation in, or otherwise transfers its rights under this Agreement, the purchaser, assignee, participant or transferee, as applicable, shall comply and be bound by the terms of Sections 2.18(e) and this Section 9.22; provided that with respect to any Loan Participant, as set forth in Section 9.04(c), such Loan Participant shall only be required to comply with the requirements of Section 2.18(e) if such Loan Participant seeks to obtain the benefits of Section 2.18.

SECTION 9.23 Conversion of Covenants; Events of Default . The parties hereto agree that without notice to or the consent of any Lender, effective as of the Rollover Conversion on the Rollover Date, the affirmative covenants set forth in Article V (other than Sections 5.13 and 5.14, which shall continue to apply), the negative covenants set forth in Article VI and the Events of Default and remedies set forth Article VII shall be deemed to have been automatically replaced (without any further action necessary by the parties hereto) by (i) the affirmative and negative covenants described under “Certain Covenants” and the Asset Sale covenant described under “Repurchase at the Option of Holders — Asset Sales” in the Description of Senior Exchange Notes and (ii) the events of default and remedies described under “Events of Default and Remedies” in the Description of Senior Exchange Notes, which replacement provisions, along with the relevant defined terms set forth under “Certain Definitions” in the Description of Senior Exchange Notes used therein for the purposes thereof, will thereupon be deemed incorporated by reference herein, with references therein to the “Issuers” and the “Trustee” being deemed to be references to the “Borrowers” and the “Administrative Agent,” respectively, and with such other modifications to this Agreement and the other Loan Documents as determined by the Administrative Agent to be necessary or appropriate to give effect to the foregoing. In furtherance of the foregoing, the Borrowers shall, at the Administrative Agent’s request, enter into such amendments to the Loan Documents necessary or appropriate to effect the foregoing including adding Change of Control prepayment offer provisions at 101% of the principal amount of outstanding Rollover Loans. From and after the Rollover Conversion, each Lender will have the option to fix the rate of interest due on such Lenders Rollover Loans at the rate applicable at the time the fixed rate option is exercised.

SECTION 9.24 Obligations of the Borrowers Joint and Several . With respect to all Loans made hereunder, from and after the Assumption each of the Canadian Borrower and the U.S. Borrower hereby acknowledges that such Loans are made for the benefit of each of the Canadian Borrower and the U.S. Borrower and, in consideration thereof, agrees to be jointly and severally liable with each other for such Loans and the Obligations related thereto.

ARTICLE X

GUARANTEE

SECTION 10.01 The Guarantee . Holdings, Intermediate Holdco (before and until the Assumption), U.S. Borrower (from and after the Assumption) and each Subsidiary Guarantor (it being understood that any entity signing this Agreement whose signature is shown to be effective only upon completion of the transactions described in the Steps Memorandum set forth in Schedule 6.14 shall not be a Subsidiary Guarantor until such completion) and Initial Canadian Borrower (from and after the Assumption, the " Guarantors ") hereby, jointly and severally guarantee, as a primary obligor and not as a surety to each Lender and the Administrative Agent and their respective successors and assigns, the prompt payment in full when due (whether at stated maturity, by required prepayment, declaration, demand, by acceleration or otherwise) of the principal of and interest (including any interest, fees, costs or charges that would accrue but for the provisions of the Title 11 of the United States Code or other applicable bankruptcy or insolvency legislation after any bankruptcy or insolvency petition under Title 11 of the United States Code, the BIA, the CCAA, the WURA or other applicable bankruptcy or insolvency legislation) on the Loans made by the Lenders to, and the promissory notes held by each Lender of, the Borrowers and all other Obligations from time to time owing to the Lenders or Administrative Agent by any Loan Party under any Loan Document, in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the " Guaranteed Obligations "). The Guarantors hereby jointly and severally agree that if the Borrowers or other Guarantor(s) shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantors will promptly pay the same in cash, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 10.02 Obligations Unconditional . The obligations of the Guarantors under Section 10.01 shall constitute a guaranty of payment and to the fullest extent permitted by applicable law, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations of the Borrowers under this Agreement, the promissory notes, if any, or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor (except for payment in full). Without limiting the generality of

the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above:

(i) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement or the promissory notes, if any, or any other agreement or instrument referred to herein or therein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under the Loan Documents or any other agreement or instrument referred to herein or therein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien or security interest granted to, or in favor of any Lender or Agent as security for any of the Guaranteed Obligations shall fail to be perfected; or

(v) the release of any other Guarantor pursuant to Section 10.09.

The Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Borrower under this Agreement or the promissory notes, if any, or any other agreement or instrument referred to herein or therein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations. The Guarantors waive any and all notice of the creation, renewal, extension, waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon this Guarantee or acceptance of this Guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee, and all dealings between the Borrowers and the Administrative Agent and the Lenders shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. This Guarantee shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by the Administrative Agent or any Lender, and the obligations and liabilities of the Guarantors hereunder shall not be conditioned or contingent upon the pursuit by the Administrative Agent and the Lenders or any other person at any time of any right or remedy against any Borrower or against any other person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and the successors and assigns thereof, and shall inure to the benefit of the Administrative Agent and the Lenders, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

SECTION 10.03 Reinstatement . The obligations of the Guarantors under this Article X shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrowers or other Loan Party in respect of the applicable Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the applicable Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

SECTION 10.04 Subrogation; Subordination . Each Guarantor hereby agrees that until the indefeasible payment and satisfaction in full in cash of all applicable Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall waive any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 10.01, whether by subrogation or otherwise, against any Borrower or any other Guarantor of any of the applicable Guaranteed Obligations or any security for any of the applicable Guaranteed Obligations. Any Indebtedness of any Loan Party permitted pursuant to Section 6.01(A)(b) shall be subordinated to such Loan Party's Obligations in the manner set forth in the Intercompany Note evidencing such Indebtedness.

SECTION 10.05 Remedies . The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of either Borrower under this Agreement, the promissory notes, if any, and any other agreement or instrument referred to herein or therein may be declared to be forthwith due and payable as provided in Article VII (and shall be deemed to have become automatically due and payable in the circumstances provided in said Article VII) for purposes of Section 10.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Borrowers and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrowers) shall forthwith become due and payable by the applicable Guarantors for purposes of Section 10.01.

SECTION 10.06 Instrument for the Payment of Money . Each Guarantor hereby acknowledges that the guarantee in this Article X constitutes an instrument for the payment of money, and consents and agrees that any Lender or Agent, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.

SECTION 10.07 Continuing Guarantee . The guarantee in this Article X is a continuing guarantee of payment, and shall apply to all applicable Guaranteed Obligations whenever arising.

SECTION 10.08 General Limitation on Guarantee Obligations . In any action or proceeding involving any state corporate limited partnership or limited liability company law, or any applicable state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Guarantor under Section 10.01 would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 10.01, then, notwithstanding any other provision to the contrary, the amount of such liability shall,

without any further action by such Guarantor, any Loan Party or any other person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 10.09 Release of Guarantors . If, in compliance with the terms and provisions of the Loan Documents, all or substantially all of the Equity Interests or property of any Guarantor are sold or otherwise transferred (a " Transferred Guarantor ") to a person or persons, none of which is Holdings, Intermediate Holdco, Borrowers or a Subsidiary, such Transferred Guarantor shall, upon the consummation of such sale or transfer, be released from its obligations under this Agreement (including under Section 9.05 hereof).

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

TELESAT HOLDINGS INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

TELESAT INTERCO INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

4363230 CANADA INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

TELESAT LLC

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

INFOSAT COMMUNICATIONS, INC.*
INFOSAT ABLE HOLDINGS, INC.*
ABLE INFOSAT COMMUNICATIONS, INC.*
TELESAT SATELLITE HOLDINGS CORPORATION* (formerly known as Skynet Satellite Holdings Corporation)
SKYNET SATELLITE CORPORATION*
TELESAT INTERNATIONAL, L.L.C.* (formerly known as Loral Skynet International, L.L.C.)
TELESAT BRAZIL HOLDINGS LLC* (formerly known as Loral Brazil Holdings LLC)
TELESAT NETWORK SERVICES, INC.* (formerly known as Loral Skynet Network Services, Inc.)
TELESAT NETWORK SERVICES INTERNATIONAL, INC.* (formerly known as Loral CyberStar International, Inc.)
TELESAT NS, INC.* (formerly known as Loral CyberStar Services, Inc.)
TELESAT NS HOLDINGS, L.L.C.* (formerly known as Loral CyberStar Holdings, L.L.C.)
TELESAT NETWORK SERVICES HOLDINGS L.L.C.* (formerly known as Loral Skynet Network Services Holdings L.L.C.)
TELESAT NS, L.L.C.* (formerly known as Loral CyberStar, L.L.C.)
TELESAT NETWORK SERVICES, L.L.C.* (formerly known as CyberStar, L.L.C.)
TELESAT SATELLITE GP, LLC* (formerly known as Skynet International LLC)
TELESAT SATELLITE LP* (formerly known as Skynet Satellite LP)
TELESAT COMMUNICATIONS SERVICES, INC.* (formerly known as Loral Communications Services, Inc.

By: /s/ Daniel Goldberg
Name: Daniel Goldberg
Title: Authorized Signatory for each of the foregoing

*The signature of this subsidiary will be effective upon completion of the transactions described in the Steps Memorandum.

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent and as a Lender

By: /s/ Andrew Earls
Name: Andrew Earls
Title: Vice President

MORGAN STANLEY & CO. INCORPORATED,
as a Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Andrew Earls
Name: Andrew Earls
Title: Managing Director

UBS SECURITIES LLC,
as Syndication Agent and as Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Mary Evans
Name: Mary Evans
Title: Associate Director
Banking Products Services, US

By: /s/ David Julie
Name: David Julie
Title: Associate Director
Banking Products Services, US

UBS AG, STAMFORD BRANCH,
as a Lender

By: /s/ Mary Evans
Name: /s/ Mary Evans
Title: Associate Director
Banking Products Services, US

By: /s/ Irja Otsa
Name: Irja Otsa
Title: Associate Director
Banking Products Services, US

J.P. MORGAN SECURITIES INC.,
as a Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Jacob Steinberg
Name: Jacob Steinberg
Title: Executive Director

JPMORGAN CHASE BANK, N.A.,
as a Co-Documentation Agent and as a Lender

By: /s/ Richard Smith
Name: Richard Smith
Title: Executive Director

THE BANK OF NOVA SCOTIA,
as a Co-Documentation Agent and as a Lender

By: /s/ Robert King
Name: Robert King
Title: Director

SCOTIABANC INC.,
as a Lender

By: /s/ J. F. Todd
Name: J. F. Todd
Title: Managing Director

JEFFERIES FINANCE LLC,
as a Co-Documentation Agent

By: /s/ E.J. Hess
Name: E.J. Hess
Title: Managing Director

JEFFERIES FINANCE CP FUNDING LLC,
as a Lender

By: /s/ E.J. Hess
Name: E.J. Hess
Title: Managing Director

Exhibit 99.3
[EXECUTION VERSION]

SENIOR SUBORDINATED BRIDGE LOAN AGREEMENT

Dated as of October 31, 2007

among

TELESAT HOLDINGS INC.,
as Holdings

TELESAT INTERCO INC.,
as Initial Canadian Borrower

4363230 CANADA INC.
(which on the Closing Date will amalgamate with TELESAT CANADA),
as Canadian Borrower

TELESAT LLC,
as U.S. Borrower

THE GUARANTORS PARTY HERETO,

THE LENDERS PARTY HERETO,

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent,

and

UBS SECURITIES LLC,
as Syndication Agent

MORGAN STANLEY & CO. INCORPORATED
UBS SECURITIES LLC
and
J.P. MORGAN SECURITIES INC.,
as Joint Lead Arrangers and Joint Book Running Managers
and

JPMORGAN CHASE BANK, N.A.,
THE BANK OF NOVA SCOTIA
and
JEFFERIES FINANCE LLC,
as Co-Documentation Agents

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Exhibits and Schedules

SENIOR SUBORDINATED BRIDGE LOAN AGREEMENT dated as of October 31, 2007 (this " Agreement "), among TELESAT INTERCO INC., a Canada corporation (" Initial Canadian Borrower "), TELESAT HOLDINGS INC., a Canada corporation (" Holdings "), 4363230 CANADA INC. (" Intermediate Holdco " or, from and after each of the Assumption and the amalgamation with Telesat Canada to continue as Telesat Canada, the " Canadian Borrower "), TELESAT LLC, a Delaware limited liability company and a wholly owned subsidiary of the Initial Canadian Borrower (the " U.S. Borrower " and, together with the Initial Canadian Borrower (before and after the Assumption) and Canadian Borrower, the " Borrowers "), certain subsidiaries of Holdings as Guarantors, the LENDERS party hereto from time to time, MORGAN STANLEY SENIOR FUNDING, INC., as administrative agent (in such capacity, the " Administrative Agent ") for the Lenders, UBS SECURITIES LLC (" UBSS "), as syndication agent (in such capacity, the " Syndication Agent "), JPMORGAN CHASE BANK, N.A., THE BANK OF NOVA SCOTIA and JEFFERIES FINANCE LLC, as co-documentation agents (in such capacity, the " Co-Documentation Agents ") and MORGAN STANLEY & CO. INCORPORATED (" MS "), UBSS and J.P. MORGAN SECURITIES INC., as joint lead arrangers and joint book running managers (in such capacities, the " Joint Lead Arrangers " and only MS and UBSS, together in such capacities, the " Lead Arrangers ").

W I T N E S S E T H :

WHEREAS, Loral Space & Communications Inc., a Delaware corporation (" Loral "), or its subsidiary, Loral Space & Communications Holdings Corporation, a Delaware corporation (" LSCH "), formed Loral Holdings Corporation, a Delaware corporation (" Loral Holdings "), which together with Public Sector Pension Investment Board, a Canadian federal special Act corporation (" PSP "), or Red Isle Private Investments Inc., its wholly owned subsidiary (collectively, " PSPIB "), John P. Cashman and Collin D. Watson (together, the " Designees ") formed Holdings and Holdings subsequently formed Initial Canadian Borrower;

WHEREAS, on December 16, 2006, Initial Canadian Borrower, BCE Inc., a Canadian corporation (" Seller "), and Telesat Canada, a Canadian corporation (the " Company "), entered into the Acquisition Agreement, pursuant to which Initial Canadian Borrower intends to purchase (the " Acquisition ") all of the outstanding capital shares of the Company and the Safe Income Notes (as defined in the Acquisition Agreement);

WHEREAS, pursuant to the Skynet Contribution Documents, concurrently with the Acquisition, Holdings will directly or indirectly acquire substantially all of the assets of Loral Skynet Corporation, a Delaware corporation (" Skynet "), and its subsidiaries used in the Business (as defined in the Asset Transfer Agreement) (the " Skynet Contribution ");

WHEREAS, immediately after receiving the Skynet Contribution, Holdings will transfer all of the assets received on the Skynet Contribution and the cash received from PSPIB and the Designees to the Initial Canadian Borrower in exchange for common shares of Initial Canadian Borrower;

WHEREAS, on the Closing Date, Holdings and the Borrowers will enter into the Senior Secured Credit Facilities, under which the Borrowers will obtain approximately $2,200 million in senior secured loans and commitments;

WHEREAS, on the Closing Date, Holdings and the Borrowers will enter into the Senior Bridge Loan Facility, under which the Borrowers will obtain $692,825,000 in senior interim loans;

WHEREAS, to finance (in part) the purchase price for the Acquisition, the Skynet Contribution and the Refinancing and to pay fees and expenses in connection therewith, the Borrowers and the Guarantors desire to enter into this Agreement;

WHEREAS, promptly after the closing of the Acquisition, Initial Canadian Borrower shall transfer to Intermediate Holdco the outstanding capital shares of the Company and the Safe Income Notes (in consideration of, among other things, the Assumption (as defined below);

WHEREAS, immediately following consummation of the Acquisition, the Canadian Borrower shall assume Initial Canadian Borrower's obligations under this Agreement, Initial Canadian Borrower shall become a Guarantor and Canadian Borrower's Guarantee of Initial Canadian Borrower's obligations under this Agreement shall be released pursuant to an Assumption Agreement in substantially the form attached hereto as Exhibit I (the " Assumption ");

WHEREAS, immediately after the Assumption, Intermediate Holdco will amalgamate with the Company to form a company also called "Telesat Canada," and through such amalgamation, by operation of law, Telesat Canada shall become the Canadian Borrower;

WHEREAS, immediately after the amalgamation, certain Subsidiaries of the Company shall become Guarantors;

WHEREAS, immediately after the amalgamation, Telesat Interco, Inc. will transfer to the Company the assets constituting the Skynet Contribution in exchange for common shares of the Company and the Company will transfer certain of such assets to its Subsidiaries which have become Guarantors;

NOW, THEREFORE, the Lenders are willing to extend senior subordinated unsecured credit to the Borrowers on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Defined Terms . As used in this Agreement, the following terms shall have the meanings specified below:

" ABR Borrowing " shall mean a Borrowing comprised of ABR Loans.

" ABR Loan " shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

" Acceptable Exclusions " shall mean, in the case of any insurance procured in accordance with Section 5.02(b), (i) war, invasion, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by: (a) any government or sovereign power (de jure or de facto); or (b) any authority maintaining or using a military, navy or air force; or (c) a military, navy, or air force; or (d) any agent of any such government, power, authority or force, (ii) any anti-satellite device, or device employing atomic or nuclear fission and/or fusion, or device employing laser or directed energy beams, (iii) insurrection, strikes, labor disturbances, riots, civil commotion, rebellion, revolution, civil war, usurpation, or action taken by a government authority in hindering, combating or defending against such an occurrence, whether there be declaration of war or not, (iv) confiscation, nationalization, seizure, restraint, detention, appropriation, requisition for title or use by or under the order of any government or governmental authority or agent (whether secret or otherwise and/or whether civil, military or de facto) or public or local authority or agency, (v) nuclear reaction, nuclear radiation, or radioactive contamination of any nature, whether such loss or damage be direct or indirect, except for radiation naturally occurring in the space environment, (vi) electromagnetic or radio frequency interference, except for physical damage to a Satellite directly resulting from such interference, (vii) willful or intentional acts of the directors or officers of the named insured, acting within the scope of their duties, designed to cause loss or failure of a Satellite, (viii) an act of one or more persons, whether or not agents of a sovereign power, for political or terrorist purposes and whether the loss, damage or failure resulting therefrom is accidental or intentional, (ix) any unlawful seizure or wrongful exercise of control of a Satellite made by any person or persons acting for political or terrorist purposes, (x) loss of revenue, incidental damages and/or consequential loss, (xi) extra expenses, other than the expenses insured under a policy, (xii) third party liability, (xiii) loss of a redundant component(s) that does not cause a transponder failure, and (xiv) such other similar exclusions as may be customary for policies of such type as of the date of issuance or renewal of such coverage.

" Acquired EBITDA " shall mean, with respect to any Acquired Entity or Business, any Converted Restricted Subsidiary, any Sold Entity or Business or any Converted Unrestricted Subsidiary (any of the foregoing, a " Pro Forma Entity ") for any period, the amount for such period of Consolidated EBITDA of such Pro Forma Entity (determined using such definitions as if references to Holdings and its Subsidiaries therein were to such Pro Forma Entity and its Subsidiaries), all as determined on a consolidated basis for such Pro Forma Entity in accordance with Canadian GAAP.

" Acquired Entity or Business " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Acquisition " shall have the meaning assigned to such term in the recitals to this Agreement.

" Acquisition Agreement " shall mean the Share Purchase Agreement, dated as of December 16, 2006 among Initial Canadian Borrower, Seller and the Company.

" Acquisition Documents " shall mean the Acquisition Agreement and all other material agreements and documents governing or relating to the Acquisition that are listed on Schedule 1.01(c) hereto.

" Actual Nimiq 4 Revenue Contract Amount " means the amount of contracted revenue attributable to Nimiq 4 to be paid to Holdings and its Restricted Subsidiaries in accordance with Canadian GAAP in respect of the portion of the Test Period in which the in-service date of Nimiq 4 occurs from and after such in-service date.

" Adjusted LIBO Rate " shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the result of dividing (a) the LIBO Rate in effect for such Interest Period by (b) 1.00 minus the Statutory Reserves applicable to such Eurodollar Borrowing, if any.

" Administrative Agent " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Affiliate " shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified and shall also include any Person that directly or indirectly owns more than 10% of any class of Equity Interests of the Person specified.

" Aggregate In-Orbit Insurance Amount " shall mean (a) 100% of the aggregate net book value of all Covered Satellites other than any Excluded Satellite and (b) 50% of the aggregate net book value of any Excluded Satellite that is a Named Satellite. For purposes of this definition, aggregate net book value with respect to a Satellite shall exclude any liability of a Satellite Purchaser to pay the Satellite Manufacturer any satellite performance incentive payments and any liability of a Satellite Manufacturer to pay the Satellite Purchaser any satellite performance warranty paybacks.

" Agreed Guarantee Principles " shall mean:

(i) No provision of a guarantee by any Person organized outside the U.S. or Canada shall be made that would:

(a) result in any breach of corporate benefit, financial assistance, capital preservation, fraudulent preference, thin capitalization rules, retention of title claims or any other law or regulation (or analogous restriction) of the jurisdiction of organization of such Person; or

(b) result in any risk to the officers or directors of such Person of a civil or criminal liability.

(ii) It is expressly acknowledged that in certain jurisdictions (a) it may be impossible or impractical (including for legal and regulatory reasons) to grant guarantees in which event such guarantees will not be granted or (b) it may take longer than agreed

to grant guarantees in which event the Administrative Agent will act reasonably in granting the necessary extension of timing for obtaining such guarantees; provided that in each case with respect to subclauses (a) and (b) the relevant Guarantor has exercised due diligence and reasonable efforts in providing such guarantees.

(iii) It is expressly acknowledged that the form of the guarantee may vary from the forms contained herein or attached hereto in order to conform to local requirements and customs.

" Agreement " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Agreement Currency " shall have the meaning assigned to such term in Section 9.17(b).

" All Risks Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite and the related Associated Equipment, including all components thereof, at all times during the manufacture, testing, storage, payload processing and transport of such Satellite and such Associated Equipment, if any, up to the time of Launch, in the case of such Satellite, and until delivery to the applicable Satellite Purchaser, in the case of such Associated Equipment.

" Alternate Base Rate " shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Rate and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate, including the failure of the Federal Reserve Bank of New York to publish rates or the inability of the Administrative Agent to obtain quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

" Ancillary Agreement " shall mean the Ancillary Agreement, dated as of August 7, 2007, among Loral, Skynet, PSP, Holdings and Intermediate Holdco as in effect on the Closing Date.

" Annualized Nimiq 4 Revenue Contract Amount " means, the amount of contracted revenue attributable to Nimiq 4 that would have been realized by Holdings and its Restricted Subsidiaries during the applicable Test Period prior to the in-service date of Nimiq 4 had such in-service date occurred on the first day of such Test Period. Such amount shall be calculated by taking the Actual Nimiq 4 Revenue Contract Amount and applying such amount on a pro rata basis to the portion of such Test Period prior to such in-service date as if Nimiq 4 had been in service from the first day of such Test Period.

" Anti-Terrorism Laws and Anti-Money Laundering Laws " shall mean Requirements of Law related to terrorism financing or money laundering, including the Executive Order or any enabling legislation or implementing legislation relating thereto, the Patriot Act, the Bank Secrecy Act, Part II.1 of the Criminal Code (Canada), the Proceeds of Crime (money laundering) and Terrorist Financing Act (Canada) (" PCTFA "), the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism (Canada) and the United Nations Al-Qaida and Taliban Regulations (Canada).

" Applicable Amount " shall mean on any date (the " Reference Date ") (A) the sum of, without duplication, (i)(x) for purposes of Sections 6.06(c) and 6.07(a), $75.0 million and (y) for purposes of Section 6.05(j), $100.0 million, and (ii) if positive, 50% of Cumulative Consolidated Net Income Available to Stockholders, provided that, in each case, the amount in clause (ii) shall only be available if the Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings for the Test Period last ended is less than 6.00:1.00, determined on a pro forma basis after giving effect to any investment, dividend, prepayment, repurchase or redemption actually made pursuant to Sections 6.05(j), 6.06(c) or 6.07(a) hereof or Capital Expenditures actually made in accordance with Section 6.11 of the Senior Secured Credit Facilities, plus (B) the amount of any capital contributions (other than the Equity Financing and other than Permitted Cure Securities) made in cash to Holdings from and including the Business Day immediately following the Closing Date through and including the Reference Date, minus (C) the sum at the time of determination of (i) the aggregate amount of Investments made since the Closing Date pursuant to Section 6.05(j) in reliance upon the Applicable Amount, (ii) the aggregate amount of dividends made since the Closing Date pursuant to Section 6.06(c) in reliance upon the Applicable Amount, (iii) the aggregate amount of prepayments, repurchases and redemptions made since the Closing Date pursuant to Section 6.07(a) in reliance upon the Applicable Amount; provided that the Company can pay accrued dividends on the Holdings PIK Securities to reduce the outstanding principal amount thereof to $150.0 million without such payment deemed being made in reliance on (or deemed utilizing) the Applicable Amount and (iv) the aggregate amount of Capital Expenditures made pursuant to Section 6.11 of the Senior Secured Credit Facilities in reliance upon the Applicable Amount (as defined therein). For purposes of this definition, "Capital Expenditure" shall have the meaning ascribed to such term in the Senior Secured Credit Facilities. The Applicable Amount may not be a negative number.

" Applicable Canadian Pension Legislation " means, at any time, any applicable Canadian federal or provincial pension benefits standards legislation, including all regulations made thereunder and all rules, regulations, rulings, guidelines, directives and interpretations made or issued by any Governmental Authority in Canada having or asserting jurisdiction in respect thereof, each as amended or replaced from time to time.

" Applicable Creditor " shall have the meaning assigned to such term in Section 9.17(b).

" Applicable Margin " means:

(a) with respect to Bridge Loans, 5.12%, which amount shall increase by an additional 1.00% at the end of the first six-month period after the Closing Date and shall

further increase by an additional 0.50% at the end of each subsequent three-month period thereafter as long as Bridge Loans are outstanding (including the Rollover Date); and

(b) with respect to Rollover Loans, at the Rollover Date, the Applicable Margin in respect of Bridge Loans in effect on the Rollover Date, increasing by 0.50% at the end of the first three-month period after Rollover Date and by an additional 0.50% at the end of each subsequent three-month period thereafter.

" Approved Fund " shall mean any person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered, managed or advised by a Lender, an Affiliate of a Lender or an entity (including an investment advisor) or an Affiliate of such entity that administers, manages or advises a Lender.

" APT Security Agreement " shall mean the Security Agreement by and among APT Satellite Company Limited, Loral Orion Inc. and Bank of China (HK) Limited, dated as of October 8, 2004, as amended prior to the date hereof.

" APT Transactions " shall mean the transactions identified on Schedule 1.01(e) .

" APT Transponders " shall mean those transponders subject to that Satellite Transponder Agreement dated as of August 26, 2003 between APT Satellite Company Limited and Loral Orion, Inc, as amended as of November 16, 2003.

" Arrangers " means the Joint Lead Arrangers and The Bank of Nova Scotia and Jefferies & Company, Inc.

" Asset Purchase Agreement " shall mean that certain Asset Purchase Agreement dated August 7, 2007, by and among Skynet, Skynet Satellite Corporation and Loral, as amended from time to time prior to the date hereof.

" Asset Sale Event " shall mean any sale, transfer or other disposition of any business units, assets or other property of Holdings or any of the Restricted Subsidiaries not in the ordinary course of business (including any sale, transfer or other disposition of any capital stock of any Subsidiary of Holdings owned by Holdings or a Restricted Subsidiary, including any sale or issuance of any capital stock of any Restricted Subsidiary). Notwithstanding the foregoing, the term "Asset Sale Event" shall not include any transaction permitted by Section 6.04, other than transactions permitted by Sections 6.04(b) and 6.04(f).

" Asset Transfer Agreement " shall mean that certain Asset Transfer Agreement dated August 7, 2007, by and among Holdings, Skynet and Loral, as amended from time to time.

" Assignment and Acceptance " shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent and the Canadian Borrower (if required by such assignment and acceptance), substantially in the form of Exhibit A (including the Annexes thereto) or such other form as shall be approved by the Administrative Agent.

" Associated Equipment " shall mean, with respect to any Satellite, the equipment to be delivered by the Satellite Manufacturer with respect thereto pursuant to the terms of the applicable Satellite Purchase Agreement.

" Assumption " shall have the meaning assigned to such term in the recitals to this Agreement.

" Bank Indebtedness " shall mean "Secured Obligations" as such definition is used in the Senior Secured Credit Facilities as in effect on the Closing Date.

" BIA " shall mean the Bankruptcy and Insolvency Act (Canada), as amended.

" Board " shall mean the Board of Governors of the Federal Reserve System of the United States of America.

" Borrowers " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Borrowing " shall mean any Loans of the same Type and currency made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

" Borrowing Request " shall mean a request by a Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit B , or such other form approved by the Administrative Agent and Canadian Borrower.

" Bridge Loan " shall mean each of the interim bridge loans made to Initial Canadian Borrower pursuant to Section 2.01(a).

" Bridge Loan Borrowing " shall mean a borrowing of Bridge Loans.

" Bridge Loan Maturity Date " shall mean the date that is 12 months from the Closing Date.

" Bridge Note " shall have the meaning set forth in Section 2.10(e).

" Business Day " shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or Toronto are authorized or required by law to remain closed; provided that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market.

" Calculation Date " shall mean (a) the last Business Day of each calendar month and (b) if an Event of Default under Section 7.01(b) or (d) has occurred and is continuing, any Business Day as determined by the Administrative Agent in its sole discretion.

" Canada Pension Plan " shall mean the universal pension plan established and maintained by the Federal Government of Canada.

" Canadian Borrower " shall have the meaning given to such term in the introductory paragraph of this Agreement.

" Canadian Dollar ", " CAD " and " CND$ " mean the lawful currency of Canada.

" Canadian Dollar Equivalent " shall mean, on any date of determination, (a) with respect to any amount in Canadian Dollars, such amount and (b) with respect to any amount in Dollars, the equivalent in Canadian Dollars of such amount as determined by the Administrative Agent pursuant to Section 1.03 using the Exchange Rate with respect to Dollars at the time in effect under the provisions of such Section.

" Canadian GAAP " shall mean generally accepted accounting principles in effect from time to time in Canada, applied on a consistent basis, subject to the provisions of Section 1.02. Unless otherwise indicated, references to GAAP herein shall be to Canadian GAAP.

" Canadian Pension Event " means, with respect to any Canadian Plan, (a) the termination or wind-up, in full or in part, of such Canadian Plan (including the institution of any steps by any Person to terminate or wind up or order the termination or wind-up, in full or in part, of such Canadian Plan) or any act or omission with respect to such Canadian Plan that, individually or in the aggregate, could reasonably be expected to adversely affect the tax status of such Canadian Plan or result in any liability, fine or penalty on any Loan Party or (b) the failure to make full payment when due of all amounts which, under the provisions of such Canadian Plan, any agreement relating thereto or Applicable Canadian Pension Legislation, any Loan Party is required to pay as contributions thereto.

" Canadian Plan " means any plan, program, agreement or arrangement that is a pension plan for the purposes of Applicable Canadian Pension Legislation or under the *Income Tax Act* (Canada) (whether or not registered under such law) that is maintained or contributed to, or to which there is or may be an obligation to contribute, by Holdings or any of its Subsidiaries in respect of their respective employees in Canada, but does not include the Canada Pension Plan or the Quebec Pension Plan that is mandated by the Government of Canada or the Province of Quebec, respectively.

" Capital Expenditures " shall mean, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including in all events all amounts expended or capitalized under Capital Leases, but excluding any amount representing capitalized interest) by Holdings and the Restricted Subsidiaries during such period that, in conformity with Canadian GAAP, are or are required to be included as additions during such period to property, plant or equipment reflected in the consolidated balance sheet of Holdings and its Subsidiaries, provided that the term "Capital Expenditures" shall not include (a) expenditures made in connection with the replacement, substitution, restoration or repair of assets (i) to the extent financed from insurance proceeds paid on account of the loss of or damage to the assets being replaced, restored or repaired or (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced, (b) the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment to the extent that the gross amount of such purchase price is reduced by the credit granted by the seller of such equipment for the equipment being traded in at such time, (c) the purchase of plant,

property or equipment made within two years of the sale of any asset to the extent purchased with the proceeds of such sale, (d) expenditures that constitute any part of Consolidated Lease Expense, (e) capitalized interest in connection with the purchase of Satellites, (f) expenditures that are accounted for as capital expenditures of such person and that actually are paid for by a third party (other than Holdings or any Subsidiary thereof) for which neither Holdings nor any Subsidiary thereof has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such third party or any other person (whether before, during or after such period) or (g) expenditures to the extent they are made with proceeds of the issuance of Equity Interests of Holdings after the Closing Date which are contributed to the common equity of the Initial Canadian Borrower.

" Capital Lease " shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with Canadian GAAP, is, or is required to be, accounted for as a capital lease on the balance sheet of that Person, provided that the following leases which were treated as operating leases in Projections provided to Lenders as of the Closing Date shall be treated as operating leases and not as Capital Leases: (a) Satellite Relocation and Lease Agreement dated as of November 22, 2006, between the Company and DirectTV Enterprises, LLC and (b) Amendment No. 1 entered into as of the 22nd day of November 2006 to the Memorandum of Agreement entered into by the Company and DirectTV Enterprises, LLC on December 23, 2003, subsequently amended and restated on March 10, 2005 and further amended and restated on October 6, 2005; provided that such leases shall not be treated as Capital Leases only so long as they are not amended in a manner materially adverse to the Lenders after the Closing Date.

" Capitalized Lease Obligations " shall mean, as applied to any Person, all obligations under Capital Leases of such Person or any of its Subsidiaries, in each case taken at the amount thereof accounted for as liabilities in accordance with Canadian GAAP.

" Casualty Event " shall mean, with respect to any property (including any Satellite) of any Person, any loss of or damage to, or any condemnation or other taking by a Governmental Authority of, such property for which such Person or any of its Restricted Subsidiaries receives insurance proceeds, or proceeds of a condemnation award or other compensation.

" CCAA " shall mean the Companies' Creditors Arrangement Act (Canada), as amended.

" Change in Law " shall mean (a) the adoption of any law, rule or regulation after the Closing Date, (b) any change in law, rule or regulation or in the official interpretation or application thereof by any Governmental Authority after the Closing Date or (c) compliance by any Lender (or, for purposes of Section 2.16(b), by any lending office of such Lender or by such Lender's holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Closing Date.

" Change of Control " shall mean and be deemed to have occurred if (a) (i) Permitted Investors shall at any time not own, in the aggregate, directly or indirectly, beneficially and of record, at least 30% of the voting power of the outstanding Voting Stock of Holdings (other than as the result of one or more widely distributed offerings of the common stock of Holdings or any direct or indirect holding company of Holdings, in each case whether by Holdings or the Permitted Investors) and/or (ii) any person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall at any time have acquired direct or indirect beneficial ownership of a percentage of the voting power of the outstanding Voting Stock of Holdings that exceeds the percentage of the voting power of such Voting Stock then beneficially owned, in the aggregate, by Permitted Investors, unless, in the case of either clause (i) or (ii) above, Permitted Investors have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the board of directors of Holdings; and/or (b) at any time Continuing Directors shall not constitute at least a majority of the board of directors of Holdings; and/or (c) a Change of Control (as defined in the Senior Secured Credit Facilities, the Senior Bridge Loan Facility, the Exchange Notes, the Senior Exchange Notes, any Permitted Senior Bridge Refinancing or any Permitted Senior Subordinated Bridge Refinancing) shall have occurred; and/or (d) Holdings shall cease to own, directly or indirectly, 100% of the Voting Stock of the Borrowers.

" Charges " shall have the meaning assigned to such term in Section 9.09.

" Closing Date " shall mean the date on which all of the conditions precedent required to effectuate the Transactions have been satisfied.

" Code " shall mean the Internal Revenue Code of 1986, as amended from time to time.

" Co-Documentation Agents " shall have the meaning given to such term in the introductory paragraph of this Agreement.

" Commitment " shall mean, with respect to any Lender, such Lender's commitment to make Bridge Loans under Section 2.01(a) in the amount set forth opposite such Lender's name on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Commitment, as applicable, in each case as the same may be reduced from time to time pursuant to Section 2.09. The aggregate amount of Commitments of all Lenders on the Closing Date is $217,175,000.

" Company " shall have the meaning assigned to such term in the recitals to this Agreement.

" Company Refinancing " shall mean the deposit of funds in accordance with Section 4.01(n) to redeem the Telesat Notes and the repayment of the existing credit facility between the Company and the Bank of Montreal with the proceeds from the Senior Secured Loans, the Senior Bridge Loans, the Bridge Loans and the Equity Financing.

" Compliance Certificate " shall mean the certificate required to be delivered by the Canadian Borrower to the Administrative Agent under Section 5.04(d).

" Consolidated Earnings " shall mean, for any period, "income (loss) before the deduction of income taxes" of Holdings and the Restricted Subsidiaries, excluding (a) extraordinary items, for such period, determined in a manner consistent with the manner in which such amount was determined in accordance with the financial statements referred to in Section 5.04(a) and (b) the cumulative effect of a change in accounting principles during such period.

" Consolidated EBITDA " shall mean, for any period, the sum, without duplication, of the amounts for such period of:

(a) Consolidated Earnings; plus

(b) to the extent (and in the same proportion after giving effect to the exclusion in clause (ii) in the proviso to this definition) already deducted in arriving at Consolidated Earnings, the following:

(i) interest expense as used in determining such Consolidated Earnings,

(ii) depreciation expense,

(iii) amortization expense,

(iv) extraordinary losses and unusual or non-recurring charges (including severance, relocation costs and one-time compensation charges),

(v) non-cash charges (provided that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period),

(vi) losses on asset dispositions,

(vii) restructuring charges or reserves (including costs related to closure of facilities),

(viii) in the case of any period that includes a period ending prior to or during the fiscal year ending December 31, 2007, Transaction Expenses,

(ix) any expenses or charges incurred in connection with any issuance of debt, equity securities or any refinancing transaction or any amendment or other modification of any debt instrument,

(x) any fees and expenses related to Permitted Acquisitions,

(xi) any deductions attributable to minority interests,

(xii) any impairment charge or asset write-off pursuant to Financial Accounting Standards Board Statement No. 142 or No. 144 and the amortization of intangibles arising pursuant to No. 141,

(xiii) foreign withholding taxes paid or accrued in such period,

(xiv) non-cash charges related to stock compensation expense,

(xv) loss from the early extinguishment of Indebtedness or hedging obligations or other derivative instruments and

(xvi) consulting fees paid pursuant to the Consulting Agreement as in effect on the Closing Date in Mezzanine Securities to Loral permitted by this Agreement; plus

(c) the amount of net cost savings projected by Canadian Borrower in good faith to be realized as a result of specified actions taken during such period (calculated on a pro forma basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; provided that (x) such cost savings are reasonably identifiable and factually supportable, (y) such actions are taken within 18 months after the Closing Date and (z) the aggregate amount of cost savings added pursuant to this clause (i) shall not exceed the net cost saving amounts identified in Schedule 1.01(b) as being expected to be realized during the time periods described therein;

(d) to the extent the in-service date of Nimiq 4 occurs during a Test Period, an amount equal to 90% of the Annualized Nimiq 4 Revenue Contract Amount, provided that the Company in good faith reasonably believes that Holdings and its Restricted Subsidiaries will realize revenue in accordance with Canadian GAAP in respect of Nimiq 4 during the next Test Period in an amount not less than the Annualized Revenue Contract Amount plus the Actual Nimiq 4 Revenue Contract Amount in respect of Nimiq 4 realized during such prior Test Period; plus

(e) collections on investments in sale-type leases during such period; plus

(f) in the event of any loss of any Satellite during the period, 90% of the contracted for revenues that would reasonably have been expected to be realized but for such loss for that portion of the period following such loss attributable to such Satellite (less revenue actually realized in respect of such Satellite during such period after such event of loss) so long as insurance for such satellite required to be maintained under this Agreement is maintained in accordance with this Agreement and the Company has filed a notice of loss with the applicable insurers and believes in good faith that the insurers will pay funds (and the applicable insurer(s) have not indicated that they will not pay such funds in amounts that the Company reasonably believes will be sufficient to replace such Satellite with a replacement Satellite that generates annual revenues for the Company and its Restricted Subsidiaries not less than the revenue generated by such replaced Satellite during the four-quarter period ended immediately prior to such event of loss; but such

amounts may only be added to Consolidated EBITDA so long as the Canadian Borrower intends promptly to replace such Satellite and is working reasonably to do so; (provided that the amount added to Consolidated EBITDA under this clause (f) shall not exceed $55,000,000 for any Test Period);

less to the extent included in arriving at Consolidated Earnings, the sum of the following amounts for such period of:

(a) extraordinary gains and non-recurring gains,

(b) non-cash gains (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period),

(c) gains on asset sales,

(d) any gross profit on sales-type leases included in Consolidated Earnings for such period, except for collection on investments in sales-type leases during such period, to the extent included in Consolidated Earnings for such period, and

(e) any income from the early extinguishment of Indebtedness or hedging obligations on other derivative instruments,

in each case, as determined on a consolidated basis for Holdings and the Restricted Subsidiaries in accordance with Canadian GAAP, provided that

(i) except as provided in clause (iv) below, there shall be excluded from Consolidated Earnings for any period the income from continuing operations before income taxes and extraordinary items of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Earnings, except to the extent actually received in cash by Holdings or its Restricted Subsidiaries during such period through dividends or other distributions,

(ii) there shall be excluded from Consolidated Earnings for any period the non-cash loss from continuing operations before income taxes and extraordinary items of each Joint Venture for such period corresponding to the percentage of capital stock or other equity interests in such Joint Venture owned by Holdings or its Restricted Subsidiaries,

(iii) there shall be excluded in determining Consolidated EBITDA currency transaction gains and losses (including the net loss or gain resulting from Swap Agreements for currency exchange risk),

(iv)(x) there shall be included in determining Consolidated EBITDA for any period the Acquired EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) acquired to the extent not subsequently sold, transferred or otherwise disposed of (but not including the Acquired EBITDA of any related Person,

property, business or assets to the extent not so acquired) by Holdings or any Restricted Subsidiary during such period (each such Person, property, business or asset acquired and not subsequently so disposed of, an " Acquired Entity or Business "), and the Acquired EBITDA of any Unrestricted Subsidiary that is converted into a Restricted Subsidiary during such period (each, a " Converted Restricted Subsidiary "), in each case based on the actual Acquired EBITDA of such Acquired Entity or Business or Converted Restricted Subsidiary for such period (including the portion thereof occurring prior to such acquisition or conversion) and (y) for purposes of determining the Consolidated Total Debt to Consolidated EBITDA Ratio only, there shall be excluded in determining Consolidated EBITDA for any period the Acquired EBITDA of any Person, property, business or asset (other than an Unrestricted Subsidiary) sold, transferred or otherwise disposed of, closed or classified as discontinued operations by Holdings or any Restricted Subsidiary during such period (each such Person, property, business or asset so sold or disposed of, a " Sold Entity or Business "), and the Acquired EBITDA of any Restricted Subsidiary that is converted into an Unrestricted Subsidiary during such period (each, a " Converted Unrestricted Subsidiary "), in each case based on the actual Acquired EBITDA of such Sold Entity or Business or Converted Unrestricted Subsidiary for such period (including the portion thereof occurring prior to such sale, transfer, disposition or conversion),

(v) there shall be excluded from Consolidated Earnings and the determination of Consolidated EBITDA for any period the effects of adjustments in component amounts required or permitted by the Financial Accounting Standards Board Statements of Financial Accounting Standards Nos. 141 and 142 and related authoritative pronouncements, as a result of the Transactions or Permitted Acquisitions or the amortization or write-off of any amounts in connection therewith and related financings thereof, and

(vi) without duplication, there shall be included in Consolidated EBITDA the amount of net cost savings projected by Canadian Borrower in good faith to be realized as a result of specified actions taken during such period with respect to any disposition (other than dispositions entered into in connection with the Transactions) (calculated on a pro forma basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; provided that (x) such cost savings are reasonably identifiable and factually supportable and (y) such actions are taken within 18 months after such disposition.

Notwithstanding anything to the contrary contained herein, Consolidated EBITDA shall be deemed to be CND$84,069,000, CND$79,863,000 and CND$88,709,000 for the fiscal quarters ended December 31, 2006, March 31, 2007 and June 30, 2007, respectively.

" Consolidated Lease Expense " shall mean, for any period, all rental expenses of Holdings and the Restricted Subsidiaries during such period under operating leases for real or personal property (including in connection with Permitted Sale Leasebacks), excluding real estate taxes, insurance costs and common area maintenance charges and net of sublease income, other than (a) obligations under vehicle leases entered into in the ordinary course of business,

(b) all such rental expenses associated with assets acquired pursuant to a Permitted Acquisition to the extent that such rental expenses relate to operating leases in effect at the time of (and immediately prior to) such acquisition and (c) Capitalized Lease Obligations, all as determined on a consolidated basis in accordance with Canadian GAAP, provided that there shall be excluded from Consolidated Lease Expense for any period the rental expenses of all Unrestricted Subsidiaries for such period to the extent otherwise included in Consolidated Lease Expense.

" Consolidated Net Income " shall mean, for any period, the consolidated net income (or loss) after the deduction of income taxes of Holdings and the Restricted Subsidiaries, determined on a consolidated basis in accordance with Canadian GAAP.

" Consolidated Total Debt " shall mean, as of any date of determination, (a) the sum of (i) all Indebtedness of Holdings and the Restricted Subsidiaries for borrowed money (adjusted (up or down) for the effects of currency swap agreements) outstanding on such date and (ii) all Capitalized Lease Obligations of Holdings and the Restricted Subsidiaries outstanding on such date, all calculated on a consolidated basis in accordance with Canadian GAAP minus (b) the aggregate amount of cash included in the cash accounts listed on the consolidated balance sheet of Holdings and the Restricted Subsidiaries as at such date to the extent the use thereof for application to payment of Indebtedness is not prohibited by law or any contract to which Holdings or any of the Restricted Subsidiaries is a party.

" Consolidated Total Debt to Consolidated EBITDA Ratio " shall mean, as of any date of determination, the ratio of (a) Consolidated Total Debt as of the last day of the relevant Test Period to (b) Consolidated EBITDA for such Test Period.

" Consulting Agreement " means the Consulting Services Agreement dated as of the Closing Date among Loral and the Company.

" Continuing Director " shall mean, at any date, an individual (a) who is a member of the board of directors of Holdings on the date hereof, (b) who, as at such date, has been a member of such board of directors for at least the 12 preceding months, (c) who has been nominated to be a member of such board of directors, directly or indirectly, by a Permitted Investor or Persons nominated by a Permitted Investor or (d) who has been nominated to be a member of such board of directors by a majority of the other Continuing Directors then in office or a nominating committee in which directors nominated by Permitted Investors form the majority of the members thereof.

" Control " shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and " Controlling " and " Controlled " shall have meanings correlative thereto.

" Converted Restricted Subsidiary " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Converted Unrestricted Subsidiary " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" Covered Satellite " means any Satellite that is owned or leased by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

" CRTC " shall mean the Canadian Radio-Television and Telecommunications Commission or any successor authority of the Government of Canada substituted therefor.

" Cumulative Consolidated Net Income Available to Stockholders " shall mean, as of any date of determination, Consolidated Net Income less cash dividends paid by Holdings with respect to its capital stock for the period (taken as one accounting period) commencing on the Closing Date and ending on the last day of the most recent fiscal quarter for which financial statements have been delivered to the Lenders under Section 5.04.

" Debt Incurrence Event " shall mean any issuance or incurrence by Holdings or any of the Restricted Subsidiaries of any Indebtedness (including any issuance of Permanent Securities or other Permitted Senior Subordinated Bridge Refinancing) but excluding any other Indebtedness permitted to be issued or incurred under Section 6.01.

" Default " shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

" Defaulting Lender " shall mean any Lender with respect to which a Lender Default is in effect.

" Description of Senior Subordinated Exchange Notes " means the Description of Senior Subordinated Exchange Notes attached hereto as Exhibit C .

" Designated Senior Indebtedness " shall mean (1) the Bank Indebtedness, (2) any Indebtedness in respect of the Senior Bridge Facility or the Senior Exchange Notes and (3) any other Senior Indebtedness which, at the date of determination, has an aggregate principal amount outstanding of, or under which, at the date of determination, the holders thereof are committed to lend up to, at least $50.0 million and is specifically designated in the instrument evidencing or governing such Senior Indebtedness as "Designated Senior Indebtedness" for purposes of this Agreement.

" Designees " shall have the meaning assigned to such term in the recitals of this Agreement.

" Director Voting Preferred Shares " shall mean preferred shares in Holdings which have a nominal dividend and return of capital and vote only for the election of directors.

" Disqualified Capital Stock " shall mean any Equity Interest which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Rollover Loan Maturity Date, (b) is convertible into or

exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any Equity Interests referred to in (a) above, in each case at any time on or prior to the first anniversary of the Rollover Loan Maturity Date, or (c) contains any repurchase obligation which may come into effect prior to payment in full of all Obligations; provided , however , that any Equity Interests that would not constitute Disqualified Capital Stock but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of a change of control or an asset sale occurring prior to the first anniversary of the Rollover Loan Maturity Date shall not constitute Disqualified Capital Stock if such Equity Interests provide that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the repayment in full of the Obligations. For clarity, the Holdings PIK Securities shall constitute Qualified Capital Stock rather than Disqualified Capital Stock.

" Dollar Equivalent " shall mean, on any date of determination (a) with respect to any amount in Dollars, such amount, and (b) with respect to any amount in Canadian Dollars, the equivalent in Dollars of such amount, determined by the Administrative Agent pursuant to Section 1.03 using the Exchange Rate with respect to Canadian Dollars at the time in effect under the provisions of such Section.

" Dollars " or " $ " shall mean lawful money of the United States of America.

" Embargoed Person " or " Embargoed Persons " shall have the meanings assigned to such terms in Section 6.19.

" Employee Benefit Plan " shall mean an employee benefit plan (as defined in Section 3(3) of ERISA), other than a Non-U.S. Pension Plan, that is maintained by Holdings or any Subsidiary, or with respect to an employee benefit plan subject to Title IV of ERISA, any ERISA Affiliate, or with respect to which Holdings or any Subsidiary could incur liability.

" Environment " shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

" Environmental Claims " shall mean any and all administrative, regulatory or judicial actions, suits, formal demands, demand letters, claims, liens, notices of non-compliance or violation, or potential responsibility investigations or proceedings relating in any way to any Environmental Law or any permit issued, or any approval given, under any such law (hereafter " Claims "), including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief in connection with alleged injury or threat of injury to health, safety or the environment due to the presence of or exposure to Hazardous Materials.

" Environmental Laws " shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, guidelines or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the protection of the Environment, preservation or reclamation of natural resources, the generation, management, Release or threatened Release of, or exposure to, any Hazardous Material or to health and safety matters (to the extent relating to the Environment or exposure to Hazardous Materials).

" Equity Financing " shall mean the common and preferred equity investments (which are Qualified Capital Stock) made in cash of not less than $525.0 million by the Equity Investors (provided that such investments may be made by the purchase of common or preferred stock (which is Qualified Capital Stock) or capital contribution to Holdings, by the repayment of interest and premium on the 14% Senior Secured Notes due 2015 of Skynet or by the redemption of the preferred stock of Skynet in connection with the Skynet Refinancing (or the repayment of debt incurred by Skynet from Valley National Bank to pay such redemption price)) and the Skynet Contribution.

" Equity Interests " of any person shall mean any and all shares, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such person, including any preferred stock, convertible preferred equity certificate (whether or not equity under local law), any limited or general partnership interest and any limited liability company membership interest.

" Equity Investors " shall mean Loral or one of its subsidiaries and PSPIB.

" ERISA " shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

" ERISA Affiliate " shall mean any trade or business (whether or not incorporated) that, together with Holdings, the Borrowers or a Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

" ERISA Event " shall mean (a) any Reportable Event; (b) with respect to any Plan, the failure to satisfy the minimum funding standard of Section 412 of the Code and Section 302 of ERISA, whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303 (d) of ERISA (or Section 412(c) of the Code and Section 302(c) of ERISA, as amended by the Pension Protection Act of 2006) of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 412(m) of the Code (or Section 430(j) of the Code, as amended by the Pension Protection Act of 2006) with respect to any Plan or the failure to make any required contribution to a Multiemployer Plan; (d) the incurrence by Holdings, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Holdings, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or the occurrence of any event or condition which could reasonably be expected to constitute grounds under ERISA for the termination of or the appointment of a trustee to administer any Plan; (f) the incurrence by

Holdings, a Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (g) the receipt by Holdings, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Holdings, Intermediate Holdco, a Subsidiary or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; or (h) the substantial cessation of operations within the meaning of Section 4062(e) of ERISA with respect to a Plan; or the occurrence of a nonexempt prohibited transaction (within the meaning of Section 4975 of the Code or Section 406 of ERISA) which could result in liability to Holdings, a Subsidiary or any ERISA Affiliate.

" Eurodollar Borrowing " shall mean a Borrowing comprised of Eurodollar Loans.

" Eurodollar Loan " shall mean any Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

" Event of Default " shall have the meaning assigned to such term in Section 7.01.

" Exchange Act " means the Securities Exchange Act of 1934, as amended.

" Exchange Date " shall have the meaning assigned to such term in Section 2.01(d)(ii).

" Exchange Notes " shall have the meaning assigned to such term in Section 2.01(d)(i).

" Exchange Notes Indenture " shall mean the indenture to be entered into relating to the Exchange Notes, and containing the covenants and other provisions set forth in the Description of Senior Subordinated Exchange Notes (with such changes to cure any ambiguity, omission, defect or inconsistency, in each case, as the Lead Arrangers and the Canadian Borrower shall agree), as the same may be amended, modified or supplemented from time to time.

" Exchange Notice " shall have the meaning assigned to such term in Section 2.01(d)(i).

" Exchange Trigger Event " shall mean on and after the Rollover Date, any receipt by the Administrative Agent of one or more Exchange Notices which, individually or together, represent at least (a) $25.0 million aggregate principal amount of Rollover Loans or (b) if less than $25.0 million aggregate principal amount of Rollover Loans are outstanding at such time, the remainder of the then outstanding Rollover Loans.

" Exchange Rate " shall mean on any day, for purposes of determining the Dollar Equivalent or Canadian Dollar Equivalent of any other currency, the rate at which such other currency may be exchanged into Dollars or Canadian Dollars (as applicable), as set forth in the Wall Street Journal published on such date for such currency. In the event that such rate does not appear in such copy of the Wall Street Journal, the Exchange Rate shall be determined by

reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Canadian Borrower, or, in the absence of such an agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent (or if the Administrative Agent is not a bank, a bank mutually selected by the Canadian Borrower and the Administrative Agent) in the market where its foreign currency exchange operations in respect of such currency are then being conducted, at or about 10:00 a.m., New York City time, on such date for the purchase of Dollars or Canadian Dollars (as applicable) for delivery two Business Days later; provided that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may, in consultation with the Canadian Borrower, use any reasonable method it deems appropriate to determine such rate, and such determination shall be prima facie evidence thereof.

" Excluded Satellites " shall mean (a) the Satellites owned by the Canadian Borrower and its Restricted Subsidiaries commonly referred to as Skynet EDS, Telesat Anik F1, Nimiq 2 and the transponders for which the Canadian Borrower or its Restricted Subsidiaries have a right to use on Satmex 5, (b) the Satellites leased by the Canadian Borrower and its Subsidiaries commonly referred to as Nimiq 3 and Nimiq 4iR, (c) any other Satellite, other than a Named Satellite, that (i) is not expected or intended, in the good faith determination of the board of directors of the Canadian Borrower and/or Holdings, as applicable, and evidenced by a board resolution delivered to the Administrative Agent, to earn future revenues from the operation of such Satellite in excess of $25.0 million in any fiscal year, and (ii) has a book value of less than $50.0 million, (d) any other Satellite, other than a Named Satellite, with one year or less of in-orbit life remaining (it being understood and agreed that such Satellite shall be deemed to have "in-orbit life" only for so long as it is maintained in station kept orbit) and (e) any other Satellite designated as an Excluded Satellite by the board of directors of the Canadian Borrower and/or Holdings, as applicable, and evidenced by a board resolution delivered to the Administrative Agent if the board of directors of the Canadian Borrower and/or Holdings, as applicable, determines in good faith that (i)(A) such Satellite's performance and/or operating status has been adversely affected by anomalies or component exclusions and Holdings and its Restricted Subsidiaries are unlikely to receive insurance proceeds from a future failure thereof or (B) there are systemic failures or anomalies applicable to Satellites of the same model and (ii) Holdings and its Restricted Subsidiaries are unlikely to obtain usual and customary coverage in the satellite insurance market for the Satellite at a premium amount that is, and on other terms and conditions that are, commercially reasonable despite commercially reasonable efforts to obtain such coverage (including efforts to minimize the exclusions and insurance deductibles, subject to usual and customary exclusions consistent with the anomalies and/or operating status of the Satellite).

" Excluded Taxes " shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of a Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the jurisdiction under the laws of which such recipient is organized or by any jurisdiction in which such recipient is deemed to be doing business (other than a business arising from or deemed to arise from any of the Transactions contemplated by this Agreement or any other Loan Document related to this Agreement), in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits tax or any

similar tax that is imposed by any jurisdiction described in clause (a) above, (c) in the case of a Non-U.S. Lender (other than an assignee pursuant to a request by a Borrower under Section 2.20(b)), any U.S. federal withholding tax imposed by the United States that is attributable to such Lender's failure to comply with Section 2.18(e) with respect to such Loans and (d) any withholding taxes imposed by Canada on a Person who does not deal at arm's length within the meaning of the Income Tax Act (Canada) with any Loan Party.

" Executive Order " means Executive Order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079) (2001).

" Facility " shall mean the respective facility and commitments utilized in making Loans and credit extensions hereunder, i.e ., the Bridge Loan Facility and the Rollover Loan Facility.

" FCC " means the Federal Communications Commission or any governmental authority in the United States substituted therefor.

" FCC Licenses " shall mean all authorizations, orders, licenses and permits issued by the FCC to Holdings or any of its Subsidiaries, under which Holdings or any of its Subsidiaries is authorized to launch and operate any of its Satellites or to operate any of its transmit only, receive only or transmit and receive earth stations.

" Federal Funds Effective Rate " shall mean, for any day, the weighted average (rounded upward, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded upward, if necessary, to the next 1/100 of 1%) of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

" Fee Letter " shall mean that certain Fourth Amended and Restated Fee Letter dated February 1, 2007, by and among Holdings, MS, MSSF, MSSFNS, UBSS, UBS Loan Finance LLC, JPMorgan Chase Bank, N.A., JPMorgan Securities Inc., The Bank of Nova Scotia, Citigroup Global Markets Inc., Jefferies & Company, Inc. and Jefferies Finance LLC.

" Fees " shall have the meaning assigned to such term in Section 2.13(a).

" Financial Officer " of any person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer or Controller of such person.

" Funded Debt " shall mean all indebtedness of Holdings and the Restricted Subsidiaries for borrowed money that matures more than one year from the date of its creation or matures within one year from such date that is renewable or extendable, at the option of Holdings or any Restricted Subsidiary, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit

during a period of more than one year from such date, including all amounts of Funded Debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Borrowers, Indebtedness in respect of the Loans, the Senior Secured Loans and the Senior Loans.

" Governmental Authority " shall mean any federal, state, provincial, local or foreign court or tribunal or governmental agency, authority, instrumentality or regulatory or legislative body.

" Guarantee Exception Amount " shall mean, at any time: (a) $200.0 million minus (b) the sum of (i) the aggregate amount of Indebtedness incurred or assumed prior to such time pursuant to Section 6.01(A)(j) or (A)(k) that is outstanding at such time and that was used to acquire, or was assumed in connection with the acquisition of, capital stock and/or assets in respect of which guarantees, pledges and security have not been given pursuant to Section 5.10, (ii) the aggregate Incremental Term Loan Commitment under the Senior Secured Credit Facilities at such time and (iii) any Indebtedness incurred by any Restricted Subsidiary that is not a Guarantor, provided that if such amount is a negative number, the Guarantee Exception Amount shall be zero.

" Guarantee Obligations " shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness of any other Person (the " primary obligor ") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such Indebtedness or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such Indebtedness or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such Indebtedness of the ability of the primary obligor to make payment of such Indebtedness or (d) otherwise to assure or hold harmless the owner of such Indebtedness against loss in respect thereof; provided , however , that the term "Guarantee Obligations" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness in respect of which such Guarantee Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

" Guarantee Requirements " shall mean, subject to the Agreed Guarantee Principles, the requirements that:

(a) as of the Closing Date, all of the Loan Documents described in Schedule 1.01(a) shall have been executed and delivered by the parties thereto; and

(b) in the case of any Subsidiary that becomes a Subsidiary Loan Party after the Closing Date, the Administrative Agent shall have received, unless it has waived such requirement for such Subsidiary Loan Party (for reasons of cost, legal limitations, tax consequences or such other matters as deemed appropriate by the Administrative Agent,

acting reasonably), an executed joinder agreement substantially in the form of Exhibit J or such other form as approved by the Administrative Agent and the Canadian Borrower.

" Guaranteed Obligations " shall have the meaning assigned to such term in Section 10.01.

" Guarantees " shall mean the guarantees issued pursuant to Article XI by Holdings, the Borrowers and the Subsidiary Guarantors.

" Guarantor Senior Indebtedness " shall mean, with respect to a Guarantor, the following obligations, whether outstanding on the Closing Date or thereafter issued or incurred, without duplication:

(1) any guarantee of the Bank Indebtedness by such Guarantor and all other guarantees by such Guarantor of Senior Indebtedness of Holdings or any Borrower or Guarantor Senior Indebtedness of any other Guarantor; and

(2) all obligations consisting of principal of and premium, if any, accrued and unpaid interest on, and fees and other amounts relating to, all other Indebtedness of such Guarantor.

Guarantor Senior Indebtedness includes interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Guarantor regardless of whether post-filing interest is allowed in such proceeding.

Notwithstanding anything to the contrary in the preceding paragraphs of this definition, Guarantor Senior Indebtedness will not include:

(1) any Indebtedness incurred in violation of this Agreement;

(2) any obligations of such Guarantor to another Subsidiary or to Holdings or a Borrower;

(3) any liability for Federal, state, local, foreign or other taxes owed or owing by such Guarantor;

(4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);

(5) any Indebtedness, guarantee or obligation of such Guarantor that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of such Guarantor, including, without limitation, any Guarantor Senior Subordinated Indebtedness and Subordinated Indebtedness of such Guarantor; or

(6) any Equity Interests (including Indebtedness represented by Disqualified Capital Stock).

" Guarantor Senior Subordinated Indebtedness " shall mean, with respect to a Guarantor, the Obligations of such Guarantor under this Agreement and any other Indebtedness of such Guarantor (whether outstanding on the Closing Date or thereafter incurred or issued) that specifically provides that such Indebtedness is to rank equally in right of payment with the Obligations of such Guarantor under this Agreement and is not expressly subordinated by its terms in right of payment to any Indebtedness of such Guarantor that is not Guarantor Senior Indebtedness of such Guarantor.

" Guarantors " shall have the meaning assigned to such term in Section 11.01.

" Hazardous Materials " shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including, without limitation, explosive or radioactive substances or petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls or radon gas, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

" Holdings " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Holdings PIK Securities " shall mean (1) any preferred capital stock or preferred equity interest of Holdings issued on the Closing Date with an aggregate liquidation preference not greater than the Canadian Dollar Equivalent of $150.0 million as of the Closing Date (plus the liquidation preference of any dividends paid in additional Holdings PIK Securities after the Closing Date) (a) that does not provide for any cash dividend payments or other cash distributions in respect thereof (other than, with respect to Holdings, if the distribution is permitted by the terms of Section 6.07 of this Agreement) and (b) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event does not (i)(x) mature or become mandatorily redeemable pursuant to a sinking fund obligation or otherwise prior to the twelfth anniversary of the Closing Date, (y) become convertible or exchangeable prior to the twelfth anniversary of the Closing Date at the option of the holder thereof for Indebtedness or preferred stock that is not Holdings PIK Securities or (z) become redeemable at the option of the holder thereof (other than as a result of a change of control), in whole or in part prior to the twelfth anniversary of the Closing Date, and (ii) provide holders thereunder with any rights upon the occurrence of a "change of control" event prior to the repayment of the Obligations under the Loan Documents if prohibited by this Agreement and (2) any Qualified Capital Stock of Holdings issued to refinance, replace or substitute any of the foregoing.

" Indebtedness " of any Person shall mean (a) all indebtedness of such Person for borrowed money, (b) the deferred purchase price of assets or services that in accordance with Canadian GAAP would be included as liabilities in the balance sheet of such Person, (c) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder, (d) all Indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such Indebtedness has been assumed (excluding any Lien created pursuant to the APT Security Agreement), (e) all Capitalized Lease Obligations of such Person, (f) all net obligations of such Person under interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency

future or option contracts, commodity price protection agreements or other commodity price hedging agreements and other similar agreements, (g) without duplication, all Guarantee Obligations of such Person and (h) any Disqualified Capital Stock; provided that Indebtedness shall not include (i) trade payables and accrued expenses, in each case payable directly or through a bank clearing arrangement and arising in the ordinary course of business, (ii) obligations to make progress or incentive payments under Satellite Purchase Agreements and Launch Services Agreements, in each case, not overdue by more than 90 days, (iii) deferred or prepaid revenue, (iv) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller, (v) obligations to make payments to one or more insurers under satellite insurance policies in respect of premiums or the requirement to remit to such insurer(s) a portion of the future revenues generated by a Satellite which has been declared a constructive total loss, in each case in accordance with the terms of the insurance policies relating thereto, (vi) customer deposits made in connection with the construction or acquisition of a Satellite being constructed or acquired at the request of one or more customers and (vii) obligations under the T10R Sale Leaseback. The amount of Indebtedness of any Person for purposes of clause (d) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as reasonably determined by such Person in good faith. The amount of Indebtedness of any Person for purposes of clause (h) shall be deemed to be equal to the greater of the voluntary or involuntary liquidation preference and maximum fixed repurchase price in respect of such Disqualified Capital Stock. For purposes hereof, the " maximum fixed repurchase price " of any Disqualified Capital Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Agreement, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the board of directors of Holdings.

" Indemnified Taxes " shall mean all Taxes other than Excluded Taxes.

" Indemnitee " shall have the meaning assigned to such term in Section 9.05(b).

" Industry Canada " shall mean Industry Canada or any successor department of the Government of Canada substituted therefor.

" Industry Canada Authorizations " shall mean all authorizations, orders, licenses and exemptions issued by Industry Canada to Holdings or any of its Subsidiaries, pursuant to authority under the *Radiocommunication Act* or the *Telecommunications Act* , as amended, under which Holdings or any of its Subsidiaries is authorized to launch and operate any of its Satellites or to operate any of its transmit only, receive only or transmit and receive earth stations or any ancillary terrestrial communications facilities.

" Information Memorandum " shall mean the Confidential Information Memorandum to be provided to prospective Lenders, as modified or supplemented.

" Initial Canadian Borrower " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Initial Lenders " shall mean Morgan Stanley Senior Funding, Inc., UBS AG, Stamford Branch, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia and Scotiabanc Inc.

" In-Orbit Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite attaching upon the expiration of the Launch Insurance therefor and renewing, during the commercial in-orbit service of such Satellite, prior to the expiration of the immediately preceding corresponding In-Orbit Insurance policy, subject to the terms and conditions set forth herein.

" In-Orbit Spare Capacity " shall mean the C-band payload of a satellite with in-orbit replacement capacity that:

(a) is available in the event of a Covered Satellite loss or failure in order to restore C-band service on the Covered Satellite;

(b) meets or exceeds the contractual performance specifications for the C-band payload being protected; and

(c) may be provided directly by any of the Loan Parties or by another satellite operator pursuant to a contractual arrangement;

provided that no Satellite or satellite being used to provide "In-Orbit Spare Capacity" with respect to a Covered Satellite may itself qualify as In-Orbit Spare Capacity.

" Intercompany Note " shall mean an intercompany note substantially in the form of Exhibit F hereto or such other form approved by the Administrative Agent and the Canadian Borrower.

" Interest Payment Date " shall mean (a) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type and (b) with respect to any ABR Loan, the last day of each calendar quarter, and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type.

" Interest Period " shall mean as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is three months thereafter, or the date any Eurodollar Borrowing is converted to an ABR Borrowing in accordance with Section 2.15 or 2.22 or repaid or prepaid in accordance with Section 2.10, 2.11 or 2.12; provided , however , that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

" Investment " shall mean, for any Person: (a) the acquisition (whether for cash, property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person (including any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such property to such Person), but excluding any such deposit, advance, loan or extension of credit having a term not exceeding 364 days arising in the ordinary course of business and excluding also any Investment in leases entered into in the ordinary course of business; or (c) the entering into of any guarantee of, or other contingent obligation with respect to, Indebtedness or other monetary liability of any other Person.

" Investment Bank " means Morgan Stanley & Co. Incorporated and such other institution engaged as such reasonably acceptable to the Lead Arrangers.

" Joint Lead Arrangers " shall have the meaning assigned to such term in the introductory paragraph of this Agreement.

" Joint Venture " shall mean any joint venture entity, whether a company, unincorporated firm, undertaking, joint venture, association, partnership or any other entity which, in each case, is not a Subsidiary of Holdings or any of its Restricted Subsidiaries but in which Holdings or a Restricted Subsidiary has a direct or indirect equity or similar interest.

" Judgment Currency " shall have the meaning assigned to such term in Section 9.17(b).

" Launch " shall mean, with respect to any Satellite, the point in time before lift-off of such Satellite at which risk of loss of such Satellite passes to the applicable Satellite Purchaser under the terms of the applicable Satellite Purchase Agreement, unless risk of loss thereunder is to pass to such Satellite Purchaser after lift-off, in which case "Launch" shall mean the intentional ignition of the first stage engines of the launch vehicle that has been integrated with such Satellite.

" Launch Insurance " shall mean, with respect to any Satellite, insurance for risks of loss of and damage to such Satellite attaching not later than the time of Launch and continuing at least until the successful or unsuccessful attempt to achieve physical separation of such Satellite from the launch vehicle that had been integrated with such Satellite.

" Launch Services Agreement " shall mean, with respect to any Satellite, the agreement between the applicable Satellite Purchaser and the applicable Launch Services Provider relating to the launch of such Satellite.

" Launch Services Provider " shall mean, with respect to any Satellite, the provider of launch services for such Satellite pursuant to the terms of the Launch Services Agreement related thereto.

" Lead Arrangers " shall have the meaning assigned to such term in the introductory paragraph to this Agreement.

" Lender " shall mean each financial institution listed on Schedule 2.01 , as well as any person that becomes a "Lender" hereunder pursuant to Section 9.04.

" Lender Default " shall mean (i) the refusal (which has not been retracted) of a Lender to make available its portion of any Borrowing, or (ii) a Lender having notified in writing the applicable Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 2.07.

" LIBO Rate " shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period by reference to the applicable Screen Rate, for a period equal to such Interest Period; provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the "LIBO Rate" shall be the average (rounded upward, if necessary, to the next 1/100 of 1%) of the respective interest rates per annum at which deposits in the currency of such Borrowing are offered for such Interest Period to major banks in the London interbank market by the Reference Banks at approximately 11:00 a.m., London time, on the Quotation Day for such Interest Period.

" Lien " shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, encumbrance, charge, deemed trust created by operation of law or security interest in or on such asset or to which such asset is subject and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

" Loan Documents " shall mean this Agreement, any promissory note issued under Section 2.10(e), each other agreement or instrument delivered pursuant to Section 5.10 hereof and, solely for the purposes of Section 7.01(c) hereof, the Fee Letter.

" Loan Participant " shall have the meaning assigned to such term in Section 9.04(c).

" Loan Parties " shall mean Holdings, Intermediate Holdco, the Borrowers and each Subsidiary Loan Party.

" Loans " shall mean the Bridge Loans and the Rollover Loans.

" Loral " shall have the meaning assigned to such term in the recitals to this Agreement.

" LSCH " shall have the meaning assigned to such term in the recitals to this Agreement.

" Majority Lenders " shall mean Lenders having Loans and Commitments representing more than 50% of the sum of all Loans and Commitments.

" Management Group " shall mean the group consisting of the directors, executive officers and other management personnel of Intermediate Holdco, the Canadian Borrower and Holdings, as the case may be, on the Closing Date together with (1) any new directors whose election or whose nomination for election was approved by a vote of a majority of the directors of Intermediate Holdco, the Canadian Borrower or Holdings, as the case may be, then still in office who were either directors on the Closing Date or whose election or nomination was previously so approved and (2) executive officers and other management personnel of Intermediate Holdco, the Canadian Borrower or Holdings, as the case may be, hired at a time when the directors on the Closing Date together with the directors so appointed constituted a majority of the directors of Intermediate Holdco, the Canadian Borrower or Holdings, as the case may be.

" Margin Stock " shall have the meaning assigned to such term in Regulation U.

" Material Adverse Effect " shall mean the existence of events, conditions and/or contingencies that have had or are reasonably likely to have (a) a materially adverse effect on the business, operations, properties, assets or financial condition of Holdings and the Subsidiaries, taken as a whole, or (b) a material impairment of the validity or enforceability of, or a material impairment of the material rights, remedies or benefits available to the Lenders or the Administrative Agent under any Loan Document.

" Material Indebtedness " shall mean Indebtedness (other than Loans) of any one or more of Holdings or any Restricted Subsidiary in an aggregate principal amount exceeding $50.0 million.

" Material Subsidiary " shall mean, at any date of determination, any Restricted Subsidiary (a) whose Total Assets at the last day of the Test Period ending on the last day of the most recent fiscal period for which financial statements have been delivered pursuant to Section 5.04(a) or (b) were equal to or greater than 2.5% of the consolidated Total Assets of Holdings and its consolidated subsidiaries at such date or (b) whose gross revenues for such Test Period were equal to or greater than 2.5% of the consolidated gross revenues of Holdings and its consolidated subsidiaries for such period, in each case determined in accordance with Canadian GAAP or (c) that is a Loan Party.

" Maximum Rate " shall have the meaning assigned to such term in Section 9.09.

" Mezzanine Securities " shall mean the Consulting Agreement Subordinated PIK Note in the form attached hereto as Exhibit K .

" MHR " shall mean MHR Fund Management LLC.

" Minority Investment " shall mean any Person (other than a Subsidiary) in which Holdings or any Restricted Subsidiary owns capital stock or other equity interests.

" Moody's " shall mean Moody's Investors Service, Inc.

" MSSFNS " shall mean Morgan Stanley Senior Funding, Nova Scotia.

" Multiemployer Plan " shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Holdings, the Borrowers, the Company or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

" Named Satellites " shall mean the Satellites commonly referred to as Nimiq 1, Anik F1R, Anik F2, Anik F3, Telstar 11N (following its successful launch and the expiry of its applicable Launch Insurance), Telstar 12, Nimiq 4 (following its successful launch and the expiry of its applicable Launch Insurance) and Nimiq 5 (following its successful launch and the expiry of its applicable Launch Insurance).

" Net Cash Proceeds " shall mean, with respect to any Prepayment Event, (a) the gross cash proceeds (including payments from time to time in respect of installment obligations, if applicable) received by or on behalf of Holdings or any of the Restricted Subsidiaries in respect of such Prepayment Event less (b) the sum of:

(i) in the case of any Prepayment Event, the amount, if any, of all taxes paid or estimated to be payable by Holdings or any of the Restricted Subsidiaries in connection with such Prepayment Event,

(ii) in the case of any Prepayment Event, the amount of any reasonable reserve established in accordance with Canadian GAAP against any liabilities (other than any taxes deducted pursuant to clause (i) above) (x) associated with the assets that are the subject of such Prepayment Event and (y) retained by Holdings or any of the Restricted Subsidiaries, provided that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such a Prepayment Event occurring on the date of such reduction,

(iii) in the case of any Prepayment Event, the amount of any Indebtedness secured by a Lien on the assets that are the subject of such Prepayment Event to the extent that the instrument creating or evidencing such Indebtedness requires that such Indebtedness be repaid upon consummation of such Prepayment Event,

(iv) in the case of any Asset Sale Event, Casualty Event or Permitted Sale Leaseback, the amount of any proceeds of such Asset Sale Event, Casualty Event or Permitted Sale Leaseback that Holdings or any Subsidiary has reinvested (or has entered into a binding commitment prior to the last day of the Reinvestment Period to reinvest in assets used or useful in the business of Holdings and its Restricted Subsidiaries and, in the case of a sale of Satellites, to be reinvested in Satellites, which Satellite shall have achieved the milestone known as preliminary design review within the Reinvestment Period and is launched within four years of receipt of such proceeds with respect to such predecessor Satellite) in the business of Holdings or any of the Restricted Subsidiaries (subject to Section 6.20), provided that any portion of such proceeds that has not been so

reinvested within such Reinvestment Period (or, in the case of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) shall, unless Holdings or a Subsidiary has entered into a binding commitment prior to the last day of such Reinvestment Period (or, in the case of the sale of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) to reinvest such proceeds, (x) be deemed to be Net Cash Proceeds of an Asset Sale Event, Casualty Event or Permitted Sale Leaseback occurring on the last day of such Reinvestment Period (or, in the case of the sale of Satellites, any replacement Satellite has not achieved the milestone known as preliminary design review within such Reinvestment Period or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite) and (y) be applied to the repayment of Loans in accordance with Section 2.11(e); provided that notwithstanding the foregoing, (I) reinvestment of proceeds from sale of Satellite Assets sold pursuant to Section 6.04(f)(i)(b) shall not so reduce Net Cash Proceeds and (II) with respect to Satellite Assets sold pursuant to Section 6.04(f)(i)(a), such reinvestment must be in replacement Satellite Assets,

(v) in the case of any Casualty Event, the amount of any payment to any customer providing a deposit or other related amounts which must be repaid in the event of a Casualty Event, including any rebates, settlement amounts or other proceeds received from a Satellite Manufacturer in relation to performance incentives or performance warranty paybacks with respect to a Satellite (it being understood that if such proceeds are in respect of a replacement Satellite which has not achieved the milestone known as preliminary design review within the relevant Reinvestment Period referred to in clause (iv) or is not launched within four years of receipt of such proceeds with respect to such predecessor Satellite referred to in clause (iv), then such proceeds need only to be applied to the Loans and Commitments to the extent of such proceeds without giving effect to clause (iv) to the extent of any duplication),

(vi) in the case of any Prepayment Event, reasonable and customary fees, commissions, expenses, issuance costs, discounts and other costs paid by Holdings or any of the Restricted Subsidiaries, as applicable, in connection with such Prepayment Event (other than those payable to Holdings or any Subsidiary of Holdings), in each case only to the extent not already deducted in arriving at the amount referred to in clause (a) above, and

(vii) for the avoidance of doubt (and without duplication of the last sentence of Section 2.11(e)), the amounts of net cash proceeds with respect to any Prepayment Event (other than with respect to proceeds from the issuance of Permanent Securities or other Permitted Senior Subordinated Bridge Refinancings) applied within the Reinvestment Period to the repayment of loans outstanding under the Senior Secured Credit Facilities or the Senior Bridge Facility or Senior Exchange Notes or any other Senior Indebtedness or Guarantor Senior Indebtedness (and to the extent involving a repayment of a revolving credit facility, a permanent commitment reduction thereunder in a corresponding amount was effected in connection with such repayment).

" Nimiq 1 " shall mean the A2100 AX (Lockheed Martin) Satellite with an expected end of commercial service life of 2024.

" Nimiq 2 " shall mean the A2100 AX (Lockheed Martin) Satellite with an expected end of commercial service life of 2023.

" Nimiq 3 " shall mean the BSS601 (Boeing) Satellite with an expected end of commercial service life of July 2010.

" Nimiq 4 " shall mean the E-3000 (EADS Astrium) Satellite currently under construction.

" Nimiq 4iR " shall mean the BSS601 (Boeing) Satellite with an expected end of commercial service life of June 2009.

" Nimiq 5 " shall mean the SS/L 1300 Satellite currently under construction.

" Non-Consenting Lender " shall have the meaning assigned to such term in Section 2.20(c).

" Non-payment Default " has the meaning set forth in Section 10.02(b).

" Non-Subsidiary Loan Party " shall mean any Subsidiary that is not a Subsidiary Loan Party.

" Non-U.S. Lender " shall mean any Lender that is organized under the laws of a jurisdiction other than the United States of America. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

" Non-U.S. Pension Plan " shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by Holdings, the Borrowers, the Company or any Subsidiary primarily for the benefit of employees of Holdings, the Borrowers, the Company or any Subsidiary residing outside the United States of America (other than in Canada), which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

" Notes " shall mean, collectively, Bridge Notes and Rollover Notes.

" Obligations " shall mean (a) obligations of the Borrowers and the other Loan Parties from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether

allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Borrowers and the other Loan Parties under this Agreement and the other Loan Documents, and (b) the due and punctual performance of all covenants, agreements, obligations and liabilities of the Borrowers and the other Loan Parties under or pursuant to this Agreement and the other Loan Documents.

" OFAC " shall have the meaning assigned to such term in Section 3.21(a).

" Organizational Documents " shall mean, with respect to any person, (i) in the case of any corporation, the certificate of incorporation, articles and by-laws (or similar documents) of such person, (ii) in the case of any limited liability company, the certificate of formation and operating agreement (or similar documents) of such person, (iii) in the case of any limited partnership, the certificate of formation or partnership declaration and limited partnership agreement (or similar documents) of such person, (iv) in the case of any general partnership, the partnership agreement (or similar document) of such person and (v) in any other case, the functional equivalent of the foregoing.

" Other Taxes " shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, the Loan Documents (but not any such tax arising solely from any transfer or assignment of, or any participation in, the Loans (or a portion thereof) or this Agreement), and any and all interest and penalties related thereto.

" Patriot Act " shall mean the Uniting and Strengthening America by Providing the Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

" Payment Blockage Notice " has the meaning set forth in Section 10.02(b).

" Payment Blockage Period " has the meaning set forth in Section 10.02(b).

" Payment Default " has the meaning set forth in Section 10.02(a).

" PBGC " shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

" Permanent Securities " means notes or other securities of any Borrower, Holdings or any of their respective subsidiaries issued pursuant to Section 5.13 to refinance the Loans.

" Permitted Acquisition " shall mean the acquisition, by merger or otherwise, by Holdings or any of the Restricted Subsidiaries of assets or capital stock or other equity interests, so long as (a) such acquisition and all transactions related thereto shall be consummated in

accordance with applicable law; (b) such acquisition shall result in the issuer of such capital stock or other equity interests to the extent applicable becoming a Restricted Subsidiary and a Subsidiary Guarantor, to the extent required by Section 5.10; (c) such acquisition shall result in the Administrative Agent, for the benefit of the applicable Lenders, being granted a security interest in any capital stock or any assets so acquired, to the extent required by Section 5.10 and (d) after giving effect to such acquisition, no Default or Event of Default shall have occurred and be continuing.

" Permitted Business " means the businesses engaged in by Holdings and its Subsidiaries on the Closing Date and businesses that are reasonably related thereto or reasonable extensions thereof.

" Permitted Cure Securities " means Permitted Cure Securities within the meaning of the Senior Secured Credit Facilities applied in accordance with Section 7.02 thereof.

" Permitted Investments " shall mean:

(a) securities or obligations issued or unconditionally guaranteed by the United States government, the Government of Canada or any agency or instrumentality thereof, in each case having maturities of not more than 24 months from the date of acquisition thereof;

(b) securities or obligations issued by any state of the United States of America, any province of Canada or any political subdivision of any such state or province or any public instrumentality thereof, having maturities of not more than 24 months from the date of acquisition thereof and, at the time of acquisition, having an investment grade rating generally obtainable from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, then from another nationally recognized rating service);

(c) commercial paper issued by any Lender or any bank holding company owning any Lender;

(d) commercial paper maturing no more than 12 months after the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service);

(e) domestic and LIBOR certificates of deposit or bankers' acceptances maturing no more than two years after the date of acquisition thereof issued by any Lender or any other bank having combined capital and surplus of not less than $250.0 million in the case of domestic banks and $100.0 million (or the Dollar Equivalent thereof) in the case of foreign banks;

(f) auction rate securities rated at least Aa3 by Moody's and AA- by S&P (or, if at any time either S&P or Moody's shall not be rating such obligations, an equivalent rating from another nationally recognized rating service);

(g) repurchase agreements with a term of not more than 30 days for underlying securities of the type described in clauses (a), (b) and (e) above entered into with any bank meeting the qualifications specified in clause (e) above or securities dealers of recognized national standing;

(h) repurchase obligations with respect to any security that is a direct obligation or fully guaranteed as to both credit and timeliness by the Government of Canada or any agency or instrumentality thereof, the obligations of which are backed by the full faith and credit of the Government of Canada, in either case entered into with any Canadian I or II bank or any trust company (acting as principal);

(i) marketable short-term money market and similar funds (x) either having assets in excess of $250.0 million or (y) having a rating of at least A-2 or P-2 from either S&P or Moody's (or, if at any time neither S&P nor Moody's shall be rating such obligations, an equivalent rating from another nationally recognized rating service in the United States);

(j) shares of investment companies that are registered under the Investment Company Act of 1940 and 95% the investments of which are one or more of the types of securities described in clauses (a) through (i) above;

(k) any other investments used by Holdings and its Restricted Subsidiaries as temporary investments permitted by the Administrative Agent in writing in its sole discretion; and

(l) in the case of Investments by Holdings or any Subsidiary organized or located in a jurisdiction other than the United States (or any political subdivision or territory thereof), or in the case of Investments made in a country outside the United States of America, other customarily utilized high-quality Investments in the country where such Subsidiary is organized or located or in which such Investment is made, all as reasonably determined in good faith by the Canadian Borrower.

" Permitted Investor " shall mean each of (i) Loral, (ii) PSPIB, (iii) MHR and (iv) Controlled Affiliates of each of the foregoing.

" Permitted Junior Securities " shall mean unsecured debt or equity securities of Holdings or any Subsidiary or any direct or indirect parent of Holdings or any successor corporation issued pursuant to a plan of reorganization or readjustment, as applicable, that are subordinated to the payment of all then outstanding Senior Indebtedness at least to the same extent that the Loans are subordinated to the payment of all Senior Indebtedness on the Closing Date, so long as to the extent that any Senior Indebtedness outstanding on the date of consummation of any such plan of reorganization or readjustment is not paid in full in cash on such date, the holders of any such Senior Indebtedness not so paid in full in cash have consented to the terms of such plan of reorganization or readjustment.

" Permitted Liens " shall mean:

(a) Liens for taxes, assessments or governmental charges or claims not yet due or which are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established in accordance with Canadian GAAP;

(b) Liens in respect of property or assets of Holdings or any of the Restricted Subsidiaries imposed by law, such as carriers', warehousemen's, storers', repairers' and mechanics' Liens and other similar Liens arising in the ordinary course of business, in each case so long as such Liens arise in the ordinary course of business and do not individually or in the aggregate have a Material Adverse Effect;

(c) Liens arising from judgments or decrees in circumstances not constituting an Event of Default under Section 7.01;

(d) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business;

(e) ground leases in respect of real property on which facilities owned or leased by Holdings or any of its Subsidiaries are located;

(f) easements, rights-of-way, restrictions, zoning, by-laws, regulations and ordinances of any Governmental Authority, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of Holdings and its Subsidiaries, taken as a whole;

(g) any interest or title of a lessor or secured by a lessor's interest under any lease permitted by this Agreement;

(h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(i) Liens on goods the purchase price of which is financed by a documentary letter of credit issued for the account of Holdings or any of its Subsidiaries, provided that such Lien secures only the obligations of Holdings or such Subsidiaries in respect of such letter of credit to the extent permitted under Section 6.01;

(j) leases or subleases granted to others not interfering in any material respect with the business of Holdings and its Subsidiaries, taken as a whole;

(k) Liens created in the ordinary course of business in favor of banks and other financial institutions over credit balances of any bank accounts of Holdings and the Restricted Subsidiaries held at such banks or financial institutions, as the case may be, to facilitate the operation of cash pooling and/or interest set-off arrangements in respect of such bank accounts in the ordinary course of business;

(l) Liens in favor of a counterparty to a Swap Agreement (to the extent such Swap Agreement is not prohibited under this Agreement) on any Loan Party's rights under such Swap Agreement;

(m) reservations, limitations, provisos and conditions expressed in any original grant from the Crown or other grants of real or immovable property, or interests therein;

(n) the right reserved to or vested in any Governmental Authority by the terms of any lease, license, franchise, grant or permit acquired by Holdings or any of its Subsidiaries or by any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(o) security given to a public utility or any Governmental Authority when required by such utility or authority in connection with the operations of Holdings or any of its Restricted Subsidiaries in the ordinary course of its business;

(p) subdivision agreements, site plan control agreements, development agreements, servicing agreements, cost sharing, reciprocal and other similar agreements with municipal and other governmental authorities affecting the development, servicing or use of a property, provided the same are complied with in all material respects;

(q) facility cost sharing, servicing, reciprocal or other similar agreements related to the use and/or operation of a property in the ordinary course of business, provided the same are complied with in all material respects;

(r) each of the liens and other encumbrances set forth Schedule B to the marked pro forma policies issued by title insurance companies and delivered pursuant to Section 4.02(e) of the Senior Secured Credit Facilities;

(s) Liens in favor of customers on Satellites or portions thereof (including insurance proceeds relating thereto) or the satellite construction or acquisition agreement being relating thereto in the event such Satellites or portions thereof are being constructed or acquired at the request of one or more customers to secure repayment of such deposits and related amounts;

(t) Liens arising in connection with a Permitted Sale Leaseback;

(u) restrictions in condosat agreements relating to transponders that restrict sales, dispositions, leases or security interests on satellites to any third party purchaser, lessee or secured party unless such purchaser or lessee of such satellite agrees to (or, in the case of a security interest in such satellite, the secured party agrees pursuant to a non-disturbance agreement that in connection with the enforcement of any such security interest or the realization upon any such security interest, such secured party agrees that,

prior to or concurrently with the transfer becoming effective, the person to whom the satellite bus shall be transferred shall agree that such transferee shall) be subject to the terms of the applicable condosat agreement so long as such agreement is (in the case of any such restriction on a security interest) otherwise reasonably satisfactory to the Administrative Agent in its sole discretion (who may in its sole discretion condition its consent to the terms of such agreement (a) not providing for any liability on the part of the secured party or lenders prior to such secured party taking possession of the Satellite and (b) being of no force and effect upon release of such security interest) and provided that the applicable Loan Parties shall have used their commercially reasonable efforts in negotiating such condosat agreements so that such agreements do not contain such restrictions; and

(v) deemed trusts created by operation of law in respect of amounts which are (i) not yet due and payable (ii) immaterial, (iii) being contested in good faith and by appropriate proceedings for which appropriate reserves have been established in accordance with Canadian GAAP or (iv) have not been paid due to inadvertence after exercising due diligence.

" Permitted Sale Leaseback " shall mean (a) any Sale Leaseback consummated by Holdings or any of the Restricted Subsidiaries after the Closing Date, provided that any such Sale Leaseback not between the Borrowers and any Guarantor or any Guarantor and another Guarantor is consummated for fair value as determined at the time of consummation in good faith by Holdings (which such determination may take into account any retained interest or other Investment of Holdings or such Restricted Subsidiary in connection with, and any other material economic terms of, such Sale Leaseback) and (b) the T10R Sale Leaseback.

" Permitted Senior Bridge Refinancing " means any refinancings, extensions, renewals and replacements of any Senior Loans or Senior Exchange Notes (or, in each case, any Permitted Senior Bridge Refinancings thereof incurred in accordance with the proviso below) (including for the avoidance of doubt through the issuance of notes or bonds), provided that such refinancing, extending, renewal or replacement Indebtedness (A) shall not be in a principal amount that exceeds the principal amount of the Indebtedness being refinanced, extended, renewed or replaced (plus any accrued but unpaid interest and premium or penalty payable by the terms of such Indebtedness thereon and reasonable fees and expenses associated therewith), (B) shall not, by its terms or the terms of any related agreement or of any security or Indebtedness into which it is convertible or exchangeable, mature or otherwise be mandatorily redeemable or repayable (whether automatically, pursuant to the occurrence of an event or otherwise, other than pursuant to customary change of control, asset sale and/or event of loss provisions) prior to the final stated maturity of the Senior Rollover Loans as in effect on the Closing Date and (C) shall not contain covenants or restrictions more restrictive (taken together as a whole, in any material respect) than those contained in the Indebtedness being refinanced, extended, renewed or replaced.

" Permitted Senior Subordinated Bridge Refinancing " means any refinancings, extensions, renewals and replacements of any Loans under this Agreement or Exchange Notes (or, in each case, any Permitted Senior Subordinated Bridge Refinancings thereof incurred in

accordance with the proviso below) (including for the avoidance of doubt through the issuance of notes or bonds), provided that such refinancing, extending, renewal or replacement Indebtedness either (i) shall be in the form of Permanent Securities issued pursuant to Section 5.13 hereof or (ii) (A) shall not be in a principal amount that exceeds the principal amount of the Indebtedness being refinanced, extended, renewed or replaced (plus any accrued but unpaid interest and premium or penalty payable by the terms of such Indebtedness thereon and reasonable fees and expenses associated therewith), (B) shall not, by its terms or the terms of any related agreement or of any security or Indebtedness into which it is convertible or exchangeable, mature or otherwise be mandatorily redeemable or repayable (whether automatically, pursuant to the occurrence of an event or otherwise, other than pursuant to customary change of control, asset sale and/or event of loss provisions) prior to the final stated maturity of the Rollover Loans as in effect on the Closing Date, (C) shall not contain covenants or restrictions more restrictive (taken together as a whole, in any material respect) than those contained in the Loan Documents and (D) shall contain subordination provisions providing that such new Indebtedness is not senior in right of payment to the Loans.

" Person " or " person " shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

" Plan " shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code and in respect of which Holdings, any Subsidiary (including the Company) or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

" PMRR " means the Quebec register of personnel and moveable real rights.

" PPSA " shall mean the Personal Property Security Act as in effect from time to time (except as otherwise specified) in an applicable Province or territory of Canada.

" Prepayment Event " shall mean any Asset Sale Event, Debt Incurrence Event, Casualty Event or any Permitted Sale Leaseback (other than the T10R Sale Leaseback).

" primary obligor " shall have the meaning assigned to such term in the definition of "Guarantee Obligations."

" Prime Rate " shall mean the rate of interest per annum announced from time to time by as the Wall Street Journal prime rate; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective.

" Projections " shall mean the projections of Holdings and the Subsidiaries included in the Information Memorandum and any other projections and any forward-looking statements (including statements with respect to booked business) of such entities furnished to the Lenders or the Administrative Agent by or on behalf of Holdings, Intermediate Holdco, the Borrowers or any of the Subsidiaries prior to the Closing Date.

" PSP " shall have the meaning assigned to such term in the recitals to this Agreement.

" PSPIB " shall have the meaning assigned to such term in the recitals to this Agreement.

" Qualified Capital Stock " of any person shall mean any Equity Interests of such person that are not Disqualified Capital Stock.

" Quebec Pension Plan " shall mean the universal pension plan established and maintained by the Provincial Government of Quebec.

" Quotation Day " shall mean, with respect to any Eurodollar Borrowing and any Interest Period, the second Business Day of such Interest Period. If such quotations would normally be given by prime banks on more than one day, the Quotation Day will be the last of such days.

" Rate Cap " means 12.5% per annum.

" Rate Floor " means 10.5% per annum.

" Rating Agency " shall mean Moody's and S&P or if Moody's or S&P or both shall not make a rating on the Facilities publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Canadian Borrower (in the case of this Agreement, as certified by a board resolution) which shall be substituted for Moody's or S&P or both, as the case may be.

" Reference Banks " has the meaning ascribed to such term in the Senior Secured Credit Facilities with respect to the use of such term thereunder for purposes of "LIBO Rate."

" Refinancing " shall mean collectively the Company Refinancing and the Skynet Refinancing.

" Register " shall have the meaning assigned to such term in Section 9.04(b).

" Registration Rights Agreement " shall mean the Registration Rights Agreements described in the Description of Senior Subordinated Exchange Notes under the heading "Registration Rights" (with such changes to cure ambiguity, omission, defect or inconsistency as the Lead Arrangers and the Canadian Borrower shall approve), as may be amended, modified or supplemented.

" Regulation U " shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

" Regulation X " shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

" Reinvestment Period " shall mean 14 months following the date of the receipt of proceeds in respect of such Asset Sale Event or Casualty Event.

" Related Parties " shall mean, with respect to any specified person, such person's Affiliates and the respective directors, officers, employees, agents and advisors of such person and such person's Affiliates.

" Release " shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

" Reportable Event " shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan.

" Required Lenders " shall mean, at any time, Lenders having more than 50% of the aggregate outstanding Loans. Outstanding Loans held by any Affiliates of Holdings shall be disregarded in determining Required Lenders at any time.

" Requirements of Law " shall mean, collectively, any and all requirements of any Governmental Authority that are applicable, including any and all applicable laws, judgments, orders, Executive Orders, decrees, ordinances, rules, regulations, statutes or case law.

" Reset Date " shall have the meaning assigned to such term in Section 1.03.

" Responsible Officer " of any person shall mean any executive officer (including the chief legal officer) or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement.

" Restricted Subsidiary " shall mean a Subsidiary of Holdings other than an Unrestricted Subsidiary. Unless the context otherwise requires, Restricted Subsidiaries of Holdings shall be deemed to include the Borrowers.

" Rollover Borrowing " shall mean a borrowing of Rollover Loans.

" Rollover Conversion " shall have the meaning set forth in Section 2.01(b).

" Rollover Date " shall mean the Bridge Loan Maturity Date provided the Rollover Conversion occurs on such date.

" Rollover Loan " shall have the meaning assigned to such term in Section 2.01(b).

" Rollover Loan Maturity Date " shall mean the date that is nine years from the Rollover Date.

" Rollover Note " shall have the meaning set forth in Section 2.10(e).

" S&P " shall mean Standard & Poor's Ratings Group, Inc.

" Sale Leaseback " shall mean any transaction or series of related transactions pursuant to which Holdings or any of the Restricted Subsidiaries (a) sells, transfers or otherwise disposes of any property, real or personal, whether now owned or hereafter acquired, and (b) as part of such transaction, thereafter rents or leases such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, transferred or disposed.

" Satellite " shall mean any satellite owned by, leased to or for which a contract to purchase has been entered into by, Holdings or any of its Subsidiaries, whether such satellite is in the process of manufacture, has been delivered for launch or is in orbit (whether or not in operational service).

" Satellite Assets " means orbital slots or locations, transponders, Satellites and related equipment (including TT&C Stations) associated with the conduct of the Permitted Business by Holdings and its Subsidiaries.

" Satellite Manufacturer " shall mean, with respect to any Satellite, the prime contractor and manufacturer of such Satellite.

" Satellite Purchase Agreement " shall mean, with respect to any Satellite, the agreement between the applicable Satellite Purchaser and either (i) the applicable Satellite Manufacturer relating to the manufacture, testing and delivery of such Satellite or (ii) the applicable seller relating to the purchase and sale of such Satellite.

" Satellite Purchaser " shall mean Holdings or a Restricted Subsidiary that is a party to a Satellite Purchase Agreement or Launch Services Agreement, as the case may be.

" Satmex 5 " shall mean the BSS601 HP (Boeing Satellite Systems) known as Satmex 5 on which Holdings or its Restricted Subsidiaries have a right to use transponders.

" Screen Rate " shall mean the British Bankers Association Interest Settlement Rate for the applicable Interest Period displayed on the appropriate page of the Telerate screen selected by the Administrative Agent. If the relevant page is replaced or the service ceases to be available, the Administrative Agent (after consultation with the Canadian Borrower and the Lenders) may specify another page or service displaying the appropriate rate.

" SEC " shall mean the Securities and Exchange Commission or any successor thereto.

" Securities Act " shall mean the Securities Act of 1933, as amended.

" Securities Demand " has the meaning set forth in Section 5.13(a).

" Securities Demand Period " has the meaning set forth in Section 5.13(a).

" Seller " shall have the meaning assigned to such term in the recitals to this Agreement.

" Senior Bridge Loan Facility " means that Senior Bridge Loan Agreement, dated as of the Closing Date, among the Initial Canadian Borrower, the Canadian Borrower, the U.S. Borrower, the Guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent, UBS Securities LLC, as syndication agent, the other agents and arrangers party thereto, including the guarantees, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements thereof.

" Senior Bridge Loans " means "Bridge Loans" as defined in the Senior Bridge Loan Facility.

" Senior Exchange Notes " means "Exchange Notes" as defined in the Senior Bridge Loan Facility.

" Senior Indebtedness " shall mean, whether outstanding on the Closing Date or thereafter issued, created, incurred or assumed, all amounts payable by any Borrower under or in respect of Indebtedness of such Borrower, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to such Borrower at the rate specified in the documentation with respect thereto whether or not a claim for post-filing interest is allowed in such proceeding) and fees relating thereto; provided , however , that Senior Indebtedness will not include:

(1) any Indebtedness incurred in violation of this Agreement;

(2) any obligation of such Borrower to any Subsidiary, another Borrower or to Holdings;

(3) any liability for Federal, state, foreign, local or other taxes owed or owing by such Borrower;

(4) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities);

(5) any Indebtedness, guarantee or obligation of such Borrower that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of such Borrower, including, without limitation, any Senior Subordinated Indebtedness and any Subordinated Indebtedness; or

(6) any Equity Interests (including Indebtedness represented by Disqualified Capital Stock).

" Senior Loan Documents " means the "Loan Documents" as defined in the Senior Bridge Loan Facility.

" Senior Loans " means "Loans" as defined in the Senior Bridge Loan Facility.

" Senior Obligation " shall mean any principal, interest, penalties, fees, indemnification, reimbursements, costs, expenses, damages and other liabilities payable under the documentation governing any Senior Indebtedness.

" Senior Representative " shall mean any trustee, agent or representative (if any) of an issue of Senior Indebtedness; provided that when used in connection with the Senior Secured Credit Facilities or the Senior Bridge Loan Facility (or any Permitted Senior Bridge Refinancing thereof constituting Senior Indebtedness), the term "Senior Representative" shall refer to the applicable administrative agent or trustee thereunder.

" Senior Rollover Loans " means "Rollover Loans" as defined in the Senior Bridge Loan Facility.

" Senior Secured Credit Facilities " means that Credit Agreement, dated as of the Closing Date, among the Initial Canadian Borrower, the Canadian Borrower, the U.S. Borrower, the Guarantors, the lenders party thereto from time to time, Morgan Stanley Senior Funding, Inc., as administrative agent, UBS Securities LLC, as syndication agent, and the other agents and arrangers party thereto, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or extends the maturity thereof.

" Senior Secured Loan Documents " means "Loan Documents" as defined in the Senior Secured Credit Facilities.

" Senior Secured Loans " means "Loans" as defined in the Senior Secured Credit Facilities.

" Senior Subordinated Indebtedness " shall mean the Obligations and any other Indebtedness of any Borrower that specifically provides that such Indebtedness is to rank equally with the Obligations in right of payment and is not subordinated by its terms in right of payment to any Indebtedness or other obligation of any Borrower that is not Senior Indebtedness.

" Skynet " shall have the meaning assigned to such term in the recitals to this Agreement.

" Skynet Bonds " shall mean the $126 million principal amount of 14% Senior Secured Notes due 2015 of Skynet.

" Skynet Contribution " shall have the meaning assigned to such term in the recitals to this Agreement.

" Skynet Contribution Documents " shall mean the Asset Transfer Agreement, Asset Purchase Agreement and the Ancillary Agreement, collectively.

" Skynet EDS " shall mean the SS/L 1300 Satellite with an expected end of commercial service life of 2010.

" Skynet Refinancing " shall mean the redemption of the preferred stock of Skynet, the repayment of the Skynet Bonds (and the repayment of indebtedness to Valley National Bank incurred to make such repayment).

" Sold Entity or Business " shall have the meaning provided in the definition of the term "Consolidated EBITDA."

" SSL " shall mean Space Systems/Loral, Inc., a Delaware corporation, and its successors and assigns.

" Statutory Reserves " shall mean, with respect to any currency, any reserve, liquid asset or similar requirements established by any Governmental Authority of the United States of America or of the jurisdiction of such currency or any jurisdiction in which Loans in such currency are made to which banks in such jurisdiction are subject for any category of deposits or liabilities customarily used to fund loans in such currency or by reference to which interest rates applicable to Loans in such currency are determined.

" Subordinated Indebtedness " shall mean Indebtedness of the Borrowers or any Guarantor that is by its terms subordinated in right of payment to the Obligations of the Borrowers and such Guarantor.

" subsidiary " shall mean, with respect to any person (herein referred to as the " parent "), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled, or held (or that is, at the time any determination is made, otherwise Controlled) by the parent or one or more subsidiaries of the parent.

" Subsidiary " shall mean, unless the context otherwise requires, a subsidiary of Holdings.

" Subsidiary Guarantor " shall mean each Subsidiary of Holdings that is or becomes a party to this Agreement pursuant to Section 5.10.

" Subsidiary Loan Party " shall mean (i) each Material Subsidiary (if any) and (ii) each Person that becomes a Material Subsidiary after the Closing Date (whether as a result of creation, formation, acquisition or growth in the assets or revenues of such Person), it being understood and agreed that a Person acquired after the Closing Date shall be considered a Material Subsidiary as of the date of such acquisition if such Person would have been a Material

Subsidiary as of the end of the most recently ended fiscal quarter if such Person had been a Subsidiary at such time, subject, in each case, to Section 5.10(f).

" Successor Borrower " shall have the meaning assigned to such term in Section 6.03(a).

" Swap Agreement " shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions, provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Holdings or any of its Subsidiaries shall be a Swap Agreement.

" Syndication Agent " shall mean UBSS in its capacity as such.

" T10R Sale Leaseback " shall mean a Sale Leaseback relating to the replacement satellite to the satellite known as Telstar 10 pursuant to Sections 9.9 and 9.10 of that certain Lease Agreement dated August 18, 1999 by and between LAPS(HK) and APT Satellite Company Limited

" Taxes " shall mean any and all present or future taxes, levies, imposts, duties (including stamp duties), deductions, charges (including ad valorem charges) or withholdings imposed by any Governmental Authority and any and all interest and penalties related thereto.

" Telesat Anik F1 " shall mean the BSS702 (Boeing) Satellite with an expected end of commercial service life of 2013.

" Telesat Notes " means the Company's CND$125.0 million aggregate principal amount of 8.20% Series 2001 Notes due 2008.

" Test Period " shall mean, on any date of determination, the period of four consecutive fiscal quarters of Holdings then most recently ended (taken as one accounting period).

" Third Party Indemnity Payment " means indemnity payments to Holdings or any of its Restricted Subsidiaries by third parties in relation to taxes of Subsidiaries of Holdings in Hong Kong.

" Third Party Launch Liability Insurance " shall mean insurance for legal liability for property loss or damage and bodily injury caused by any Satellite or the launch vehicle used to launch such Satellite and procured by the Launch Services Provider with respect to such Satellite in accordance with the terms of the related Launch Services Agreement.

" Total Assets " shall mean, as of any date of determination with respect to any Person, the amount that would, in conformity with Canadian GAAP, be set forth opposite the caption "total assets" (or any like caption) on a balance sheet of such Person at such date.

" Transaction Documents " shall mean the Acquisition Documents, the Skynet Contribution Documents, the Loan Documents, the Senior Secured Loan Documents and the Senior Loan Documents.

" Transaction Expenses " shall mean any fees or expenses incurred or paid by Holdings or any of its Subsidiaries in connection with the Transactions, this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby.

" Transactions " shall mean, collectively, the transactions to occur on or prior to the Closing Date pursuant to the Transaction Documents, including (a) the consummation of the Acquisition; (b) the execution and delivery of the Loan Documents and the initial borrowings hereunder; (c) the Skynet Contribution; (d) the execution and delivery of the Senior Secured Loan Documents and the initial borrowings thereunder; (e) the execution and delivery of the Senior Loan Documents and the initial borrowings thereunder; (f) the Refinancing; and (g) the payment of all fees and expenses to be paid on or prior to the Closing Date and owing in connection with the foregoing.

" Transferred Guarantor " shall have the meaning assigned to such term in Section 11.09.

" Trustee " shall have the meaning assigned to such term is Section 5.14.

" TT&C Station " shall mean an earth station operated by Holdings or any of its Restricted Subsidiaries for the purpose of providing tracking, telemetry, control and monitoring of any Satellite.

" Type ," when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term " Rate " shall include the Adjusted LIBO Rate and the Alternate Base Rate.

" UCC " shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

" Unrestricted Subsidiary " shall mean (a) The Access Center LLC and The SpaceConnection, Inc., (b) any Subsidiary of Holdings that is formed or acquired after the Closing Date, provided that at such time (or promptly thereafter) the Canadian Borrower designates such Subsidiary an Unrestricted Subsidiary in a written notice to the Administrative Agent, (c) any Restricted Subsidiary subsequently re-designated as an Unrestricted Subsidiary by the Canadian Borrower in a written notice to the Administrative Agent, provided that in the case of (a), (b) and (c), (x) such designation or re-designation shall be deemed to be an Investment on the date of such designation or re-designation in an Unrestricted Subsidiary in an amount equal to the sum of (i) Holdings' direct or indirect equity ownership percentage of the net worth of

such designated or re-designated Restricted Subsidiary immediately prior to such designation or re-designation (such net worth to be calculated without regard to any guarantee provided by such designated or re-designated Restricted Subsidiary) and (ii) the aggregate principal amount of any Indebtedness owed by such designated or re-designated Restricted Subsidiary to Holdings or any other Restricted Subsidiary immediately prior to such designation or re-designation, all calculated, except as set forth in the parenthetical to clause (i), on a consolidated basis in accordance with Canadian GAAP and (y) no Default or Event of Default would result from such designation or re-designation and (d) each Subsidiary of an Unrestricted Subsidiary; provided , however , that at the time of any written designation or re-designation by the Canadian Borrower to the Administrative Agent that any Unrestricted Subsidiary shall no longer constitute an Unrestricted Subsidiary, such Unrestricted Subsidiary shall cease to be an Unrestricted Subsidiary to the extent no Default or Event of Default would result from such designation or re-designation. On or promptly after the date of its formation, acquisition, designation or re-designation, as applicable, each Unrestricted Subsidiary shall have entered into a tax sharing agreement containing terms that, in the reasonable judgment of the Administrative Agent, provide for an appropriate allocation of tax liabilities and benefits.

" U.S. Bankruptcy Code " shall mean Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

" U.S. Borrower " shall have the meaning assigned to such term in the recitals of this Agreement.

" U.S. GAAP " shall mean generally accepted accounting principles in effect from time to time in the United States.

" Voting Stock " of any Person means, as of any date, capital stock of such Person of any class or kind ordinarily having the power to vote for the election of the board of directors of such Person; provided that with respect to Holdings, the term "Voting Stock" shall not include any Director Voting Preferred Shares for so long as such Director Voting Preferred Shares are held and voted by directors nominated by a committee consisting of Continuing Directors or by PSP or by Loral.

" Wholly Owned Subsidiary " of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors' qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person.

" Withdrawal Liability " shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

" WURA " shall mean the Winding-Up and Restructuring Act (Canada), as amended.

SECTION 1.02 Terms Generally . The definitions set forth or referred to in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context

may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with Canadian GAAP, as in effect from time to time; provided that if Holdings notifies the Administrative Agent that (a) Holdings is changing any accounting or reporting practice permitted under Canadian GAAP or (b) Holdings requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in Canadian GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies Holdings that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in practice or in Canadian GAAP or in the application thereof, then such provision shall be interpreted on the basis of Canadian GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. For the purposes of determining compliance with Articles V, VI and VII with respect to any amount in a currency other than Dollars, amounts shall be deemed to equal the Dollar Equivalent thereof determined using the Exchange Rate calculated as of the Business Day on which such amounts were incurred or expended, as applicable. This definition shall not limit the rights of the Administrative Agent and the Lenders hereunder. Any certificate delivered by an officer, Financial Officer, director or attorney-in-fact pursuant to the terms of this Agreement or any other Loan Document shall be given without personal liability.

SECTION 1.03 Exchange Rates . Not later than 1:00 p.m., New York City time, on each Calculation Date, the Administrative Agent shall (i) determine the Exchange Rate as of such Calculation Date and (ii) give notice thereof to the applicable Borrower. The Exchange Rates so determined shall become effective on the first Business Day immediately following the relevant Calculation Date (a " Reset Date "), shall remain effective until the next succeeding Reset Date, and shall for all purposes of this Agreement (other than any other provision expressly requiring the use of an Exchange Rate calculated as of a specified date) be the Exchange Rates employed in converting any amounts between Dollars and Canadian Dollars.

SECTION 1.04 Effectuation of Transactions . Each of the representations and warranties of Holdings and the Borrowers contained in this Agreement (and all corresponding definitions) are made after giving effect to the Transactions and the other events described in the recitals to this Agreement, unless the context otherwise requires.

ARTICLE II

THE CREDITS

SECTION 2.01 Commitments .

(a) Bridge Loans . Subject to the terms and conditions set forth herein, each Lender agrees severally, and not jointly, to make interim unsecured bridge loans to Canadian Borrower and U.S. Borrower in Dollars in an amount not to exceed its Commitment; provided that (i) all such Bridge Loans shall be incurred by Canadian Borrower and U.S. Borrower pursuant to a single drawing on the Closing Date and (ii) any Bridge Loan that is repaid may not be reborrowed.

(b) Rollover Loans . Subject to satisfaction of the conditions set forth in Section 2.01(c), the Borrowers, jointly and severally, and each Lender, severally and not jointly, agree that if the Bridge Loans have not been repaid in full by the latest time specified for payment in Section 2.19 on the Bridge Loan Maturity Date, the then outstanding principal amount of each Lender's Bridge Loan shall, immediately after such latest specified time for payment, automatically be converted (a " Rollover Conversion ") into a loan (individually, a " Rollover Loan " and, collectively, the " Rollover Loans ") on the Rollover Date in an aggregate principal amount equal to the then outstanding principal amount of such Lender's Bridge Loan; provided , however , that if the conditions set forth in Section 2.01(c) have not been satisfied by such time on the Bridge Loan Maturity Date, then the Bridge Loans will immediately accelerate and become automatically due and payable at such time. Upon a Rollover Conversion on the Rollover Date, the Bridge Loans shall be deemed to have been prepaid and the Borrowers will be required to make any payments due under Section 2.17 with respect thereto. Any Rollover Loan that is repaid may not be reborrowed. On the Rollover Date, certain covenants and provisions applicable to the Rollover Loans shall convert as set forth in Section 9.23 hereof.

(c) Conditions to Rollover Loans . On the Rollover Date, the automatic Rollover Conversion of Bridge Loans into Rollover Loans is subject to the following conditions: (i) that at the time of such Rollover Conversion, there shall exist no Default or Event of Default, (ii) no order, judgment, decree or injunction of any Governmental Authority purporting to restrain or enjoin the refinancing of such Bridge Loans pursuant to such Rollover Conversion shall be issued or pending, (iii) promissory notes evidencing the obligations under the Rollover Loans shall have been issued to each Lender so requesting, (iv) the Borrowers shall have delivered a notice to the Administrative Agent by not later than 11:00 a.m., New York City time, three Business Days prior to the Rollover Date stating the amount of the Bridge Loans to be converted to Rollover Loans and that the conditions set forth herein have been satisfied, (v) that at the time of such Rollover Conversion, each of (x) the Exchange Notes Indenture and (y) the Registration Rights Agreement shall have been executed and delivered and shall be in forms contemplated hereby and (vi) the Administrative Agent shall have received all fees payable to it, the Arrangers or any Lender on or prior to the Rollover Date and, to the extent invoiced, all other amounts due and payable pursuant to the Loan Documents on or prior to the Rollover Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of U.S. and Canadian counsel to the Administrative Agent) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document.

(d) Exchange Notes .

(i) Subject to satisfaction of the provisions of this Section 2.01(d), on and after the Rollover Date, each Lender will have the option to notify (an " Exchange Notice ") the Administrative Agent in writing of its request for exchange notes (individually, an " Exchange Note " and, collectively, the " Exchange Notes ") in exchange for its Rollover Loan. Each Lender's Exchange Notice shall indicate the aggregate principal amount of its Rollover Loan that such Lender desires to exchange for Exchange Notes pursuant to this Section 2.01(d), which shall be in denominations of $2,000 and integral multiples of $1,000 thereof and, if such Lender holds Rollover Notes, be accompanied by the Rollover Notes to be exchanged for Exchange Notes.

(ii) Notwithstanding the foregoing, such Lender's Rollover Loan shall only be exchanged for Exchange Notes hereunder upon the occurrence of an Exchange Trigger Event, notice of which shall be provided to the Borrowers and each such Lender that has delivered an Exchange Notice that has given rise to such Exchange Trigger Event by the Administrative Agent. Thereafter, the Borrowers shall set a date (the " Exchange Date ") for the exchange of Rollover Loans for Exchange Notes, which date shall be no less than five Business Days and no more than ten Business Days after such Exchange Trigger Event. On such Exchange Date, the Borrowers shall execute and deliver to each Lender that elects to exchange a Rollover Loan, an Exchange Note in the principal amount equal to 100% of the principal amount of such Rollover Loan for which such Exchange Note is being exchanged (which at such Lender's option may be all or a portion of such Lender's Rollover Loans). The Exchange Notes shall be governed by the Exchange Notes Indenture. Upon issuance of the Exchange Notes, any corresponding Rollover Notes delivered hereunder shall be canceled by the Borrowers and the corresponding amount of the Rollover Loans deemed repaid and all accrued and unpaid interest and other amounts due thereon (including under Section 2.17) shall at such time be due and payable. If a Default shall have occurred and be continuing on the Exchange Date, any notices given or cure periods commenced while the Rollover Loan was outstanding shall be deemed given or commenced (as of the actual dates thereof) for all purposes with respect to the Exchange Notes (with the same effect as if the Exchange Notes had been outstanding as of the actual dates thereof).

SECTION 2.02 Loans and Borrowings .

(a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Sections 2.15 and 2.22, all Loans shall be incurred and maintained as Eurodollar Loans with an Interest Period of three months, with the first such Interest Period commencing on (x) the Closing Date with respect to Bridge Loans and (y) the Rollover Date with respect to Rollover Loans. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrowers to repay such Loan in accordance with the terms of this Agreement.

SECTION 2.03 Requests for Borrowings . To request any Borrowing of Bridge Loans, the Initial Canadian Borrower shall notify the Administrative Agent of such request by hand delivery or telecopy, a duly completed and executed Borrowing Request not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing. Each such written Borrowing Request shall be irrevocable and specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing (expressed in Dollars);

(ii) the date of such Borrowing, which shall be a Business Day; and

(iii) the location and number of the Borrowers' account (or such other account as the Borrowers may specify) to which funds are to be disbursed.

Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04 [Reserved].

SECTION 2.05 [Reserved].

SECTION 2.06 [Reserved].

SECTION 2.07 Funding of Borrowings .

(a) Each Lender shall make each Bridge Loan to be made by it hereunder on the Closing Date by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make the proceeds of funds made available to it pursuant to the preceding sentence available to the Borrowers by promptly crediting the amounts so received, in like funds, to an account of the Borrowers maintained with the Administrative Agent in New York City.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, the amount so made available by the Administrative Agent shall be a separate loan to the Borrowers which loan the applicable Lender and the Borrowers jointly and severally agree to pay to the Administrative Agent forthwith on demand (without duplication) such corresponding amount (with demand to be first made on such Lender if legally possible) with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds

Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrowers, the interest rate applicable to Eurodollar Loans (for the avoidance of doubt, subject to Sections 2.15 and 2.22). If such Lender pays such amount to the Administrative Agent, then such payment shall discharge the Borrowers' obligations to pay such demand loan and from that time shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08 [Reserved].

SECTION 2.09 Termination and Reduction of Commitments .

(a) The Bridge Loan Commitment of each Lender shall terminate at 5:00 p.m. New York City time on the Closing Date and the Rollover Loan Commitment of each Lender shall terminate at 5:00 p.m. New York City time on the Bridge Loan Maturity Date.

(b) The Borrowers may at any time terminate, or from time to time reduce, the Commitments; provided that each such reduction shall be in an amount that is an integral multiple of $1.0 million and not less than $5.0 million (or, if less, the remaining amount of the Commitments).

(c) The Canadian Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Canadian Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Canadian Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Canadian Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

SECTION 2.10 Repayment of Loans; Evidence of Debt, etc .

(a) The Borrowers, jointly and severally, hereby unconditionally promise to pay (i) on the Bridge Loan Maturity Date in Dollars to the Administrative Agent the then unpaid principal amount of each Bridge Loan made to the Borrowers (unless converted to a Rollover Loan in accordance with Section 2.01), and (ii) on the Rollover Loan Maturity Date in Dollars to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Rollover Loan of such Lender (unless exchanged for an Exchange Note in accordance with Section 2.01).

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount and currency of each Loan made hereunder, the Facility and Type thereof and the Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Canadian Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and substantially in the form of Exhibit E-1 (each, a " Bridge Note ") or E-2 (each, a " Rollover Note "), as the case may be, for the Bridge Loans and Rollover Loans, respectively. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11 Prepayments, etc .

(a) The Borrowers shall have the right at any time and from time to time to prepay any Borrowing of any Bridge Loan or Rollover Loan (provided the same has not been exchanged for an Exchange Note) in whole or in part, without premium or penalty (but subject to Section 2.17), in an aggregate principal amount that is an integral multiple of $1.0 million and not less than $5.0 million or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.11(g).

(b) [Reserved].

(c) [Reserved].

(d) [Reserved].

(e) Subject to clause (f) below, Net Cash Proceeds shall be applied to prepay outstanding Loans. Notwithstanding the foregoing, no such prepayment pursuant to this Section 2.11(e) (other than with respect to prepayments with proceeds from an issuance of Permanent Securities or other Permitted Senior Subordinated Bridge Refinancing) shall be required to be made to the extent such Net Cash Proceeds are applied within the Reinvestment Period to the repayment of loans outstanding under the Senior Secured Credit Facilities or the Senior Bridge Facility or Senior Exchange Notes or any other Senior Indebtedness or Guarantor Senior Indebtedness (and to the extent involving a repayment of a revolving credit facility, a permanent commitment reduction thereunder in a corresponding amount was effected in connection with such repayment).

(f) Any Lender holding Loans may elect, on not less than two Business Days' prior written notice to the Administrative Agent with respect to any mandatory prepayment with respect to a Prepayment Event (other than with respect to a Debt Incurrence Event), not to have such prepayment applied to such Lender's Loans, in which case the amount not so applied shall be retained by the Borrowers.

(g) Prior to any repayment of any Borrowing under any Facility hereunder, the Borrowers shall notify the Administrative Agent in writing of such selection not later than 2:00 p.m., New York City time, three Business Days before the scheduled date of such repayment. Each repayment of a Borrowing shall be applied ratably to the Loans included in the repaid Borrowing.

SECTION 2.12 Change of Control Prepayment Offer . Unless otherwise prepaid in accordance with Section 2.11(a) hereof, the Borrowers shall make an offer to prepay all of the Bridge Loans pursuant to the offer described below (the " Change of Control Offer ") at a price in cash (the " Change of Control Payment ") equal to 100% of the aggregate principal amount thereof plus accrued and unpaid interest to the date of purchase, subject to the right of Lenders of record on the relevant record date to receive interest due on the relevant interest payment date. Within 60 days following any Change of Control, the Canadian Borrower will send notice of such Change of Control Offer by first-class mail, with a copy to the Administrative Agent and to each Lender to the address of such Lender appearing in the Register with a copy to the Administrative Agent, with the following information:

(i) that a Change of Control Offer is being made pursuant to this Section 2.12 and that all Bridge Loans accepted to prepayment in accordance with the terms of this Agreement will be accepted for payment by the Borrowers;

(ii) the prepayment price and date of prepayment, which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed (the " Change of Control Payment Date ");

(iii) that any Bridge Loans not properly accepted for prepayment pursuant to this Agreement will remain outstanding and continue to accrue interest;

(iv) that unless the Borrowers default in the payment of the Change of Control Payment, all Bridge Loans accepted for prepayment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(v) that Lenders will be entitled to withdraw their election to require the Borrowers to prepay such Bridge Loans, provided that the Administrative Agent receives, not later than the close of business on the 30th day following the date of the Change of Control notice, a telegram, telex, facsimile transmission or letter setting forth the name of the Lender, the principal amount of Bridge Loans accepted for prepayment, and a statement that such Lender is withdrawing its election to have such Bridge Loans prepaid; and

(vi) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, the Borrowers will, to the extent permitted by law,

(i) prepay all Bridge Loans, or portions thereof, accepted for prepayment in accordance with this Section 2.12 pursuant to the Change of Control Offer,

(ii) deposit with the Administrative Agent an amount equal to the aggregate Change of Control Payment in respect of all Bridge Loans or portions thereof so accepted for prepayment, and

(iii) deliver, or cause to be delivered, to the Administrative Agent an officer's certificate to the Administrative Agent stating that such Loans or portions thereof have been prepaid by the Borrowers.

Notwithstanding the foregoing, the Borrowers shall not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements of this Section 2.12 and prepays all Bridge Loans validly accepted for prepayment under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Prior to making any Change of Control Prepayment, the Borrowers shall, within 60 days of the occurrence of the Change of Control, cause all outstanding obligations under the Senior Secured Credit Facilities or any other Senior Indebtedness or Guarantor Senior Indebtedness prohibiting such prepayment to be repaid in full or obtain the requisite consents thereunder to make such prepayment of the Bridge Loans.

SECTION 2.13 Fees .

(a) The Canadian Borrower agrees to pay to the Administrative Agent and the Arrangers, for their respective accounts, the fees set forth in the Fee Letter, as amended, restated, supplemented or otherwise modified from time to time, at the times specified therein (the " Fees ").

(b) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances, except as expressly set forth in the Fee Letter.

SECTION 2.14 Interest .

(a) [Reserved].

(b) Subject to Sections 2.15 and 2.22, the Loans shall bear interest at the greater of (x) the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin and (y) the Rate Floor, but shall not exceed the Rate Cap (plus , for the avoidance of doubt, payments made in respect thereof pursuant to Section 2.18 and increases pursuant to Section 2.14(c) and amounts owed in respect of the Registration Rights Agreement).

(c) Notwithstanding the foregoing (and notwithstanding the interest provisions of Section 2.15), during the continuance of an Event of Default, the Loans shall bear interest, and any other overdue amounts shall, to the extent permitted by law, bear interest, in each case after as well as before judgment, at a rate per annum equal to 2% plus the rate otherwise applicable to the Loans as provided in the preceding paragraphs of this Section or Section 2.15, as applicable.

(d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan, (ii) in the case of Bridge Loans, on the Bridge Loan Maturity Date and (iii) in the case of Rollover Loans or an Exchange Date and/or, on the Rollover Loan Maturity Date; provided that interest accrued pursuant to paragraph (c) of this Section shall be payable on demand.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be prima facie evidence thereof.

(f) Criminal Interest Rate/Interest Act (Canada) .

(i) For purposes of the Interest Act (Canada), whenever any interest is calculated on the basis of a period of time other than a year of 365 or 366 days, as applicable, the annual rate of interest to which each rate of interest utilized pursuant to such calculation is equivalent is such rate so utilized multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in such calculation. For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest will not apply to any interest calculation under the Loan Documents, and the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

(ii) If any provision of this Agreement or any of the other Loan Documents would obligate the Canadian Borrower to make any payment of interest or other amount payable to any Lender under any Loan Documents in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Lender of interest at a criminal rate (as construed under the Criminal Code (Canada)), then notwithstanding that provision, that amount

or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by that Lender of interest at a criminal rate, the adjustment to be effected, to the extent necessary, (A) first , by reducing the amount or rate of interest required to be paid to the affected Lender under this Section 2.14 and (B) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the Criminal Code (Canada).

(iii) Notwithstanding clause (ii) above, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received an amount in excess of the maximum permitted by the Criminal Code (Canada), then the Canadian Borrower shall be entitled, by notice in writing to the affected Lender, to obtain reimbursement from that Lender in an amount equal to the excess, and pending reimbursement, the amount of the excess shall be deemed to be an amount payable by that Lender to the Canadian Borrower.

(iv) Any amount or rate of interest referred to in this Section 2.14(f) shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term of this Agreement on the assumption that any charges, fees or expenses that fall within the meaning of interest (as defined in the Criminal Code (Canada)) shall be prorated over that period of time and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Administrative Agent shall be conclusive for the purposes of that determination.

SECTION 2.15 Alternate Rate of Interest . If prior to the commencement of any Interest Period for a Eurodollar Borrowing denominated in any currency:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Majority Lenders under a Facility that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Canadian Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Canadian Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, such Borrowing shall be converted to an ABR Borrowing and such Loans shall bear interest during such period at the greater of (x) the Alternate Base Rate plus the Applicable Margin less 100 base points and (y) the Rate Floor, but shall not exceed the Rate Cap (plus, for the avoidance of doubt, payments made in respect thereof pursuant to Section 2.18 and increases pursuant to Section 2.14(c).

SECTION 2.16 Increased Costs .

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), in each case determined to be material by such Lender, then the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) and determined to be material by such Lender, then from time to time the Borrowers shall pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section (as well as reasonably detailed calculations thereof) shall be delivered to the Borrowers and shall be prima facie evidence of the amounts thereof. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender has determined that it will make a request for increased compensation pursuant to this Section 2.16, such Lender shall notify the Canadian Borrower thereof. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that no Borrower shall be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Canadian Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided , further , that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.17 Break Funding Payments . In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Canadian Borrower pursuant to Section 2.20, then, in any such event, the Canadian Borrower shall compensate each Lender for the loss, cost and expense (but exclusive of lost profit or margin) attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to be the amount reasonably determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue a Eurodollar Loan, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in Euros of a comparable amount and period from other banks in the Eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Canadian Borrower and shall be prima facie evidence of the amounts thereof. The Canadian Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.18 Taxes .

(a) Any and all payments by or on account of any obligation of any Loan Party hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if a Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or any Lender, as applicable, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions and (iii) such Loan Party shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Each Loan Party shall indemnify the Administrative Agent, each Lender, within 20 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by such Administrative Agent or Lender, as applicable, on or with respect to any payment by or on account of any obligation of such Loan Party hereunder (including any such Tax imposed under Part XIII of the Income Tax Act (Canada) and arising on an assignment (other than an assignment that is not effected in accordance with the provisions of this Agreement) of all or part of a Loan to a person resident of or deemed resident of Canada that is

withheld from or paid by the Lender or Administrative Agent, and also including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability (accompanied by official receipts, if available, of the relevant Governmental Authority evidencing payment of Indemnified Taxes or Other Taxes by Lender or Administrative Agent), delivered to the applicable Loan Party by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as reasonably practicable after any payment of Indemnified Taxes or Other Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, if any, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Lender that is entitled to an exemption from or reduction of withholding Tax under the law of the jurisdiction in which a Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to such Borrower (with a copy to the Administrative Agent), to the extent such Lender is legally entitled to do so, such properly completed and executed documentation prescribed by applicable law and at such times as may reasonably be requested by such Borrower, in either case to permit such payments to be made without such withholding tax or at a reduced rate; provided that no Lender shall have any obligation under this paragraph (e) with respect to any withholding Tax imposed by any jurisdiction other than the United States or Canada if in the reasonable judgment of such Lender such compliance would subject such Lender to any material unreimbursed cost or expense or to the extent it would otherwise be disadvantageous to such Lender in any material respect.

(f) If the Administrative Agent or a Lender determines, in good faith and in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which such Loan Party has paid additional amounts pursuant to this Section 2.18, it shall promptly pay over such refund to such Loan Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 2.18 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender (including any Taxes imposed with respect to such refund) as is determined by the Administrative Agent or Lender in good faith and in its sole discretion and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that such Loan Party, upon the request of the Administrative Agent or such Lender, agrees to repay as soon as reasonably practicable the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the Loan Parties or any other Person.

SECTION 2.19 Payments Generally; Pro Rata Treatment; Sharing of Set-Offs .

(a) Unless otherwise specified, each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees or of amounts payable under Section 2.16, 2.17 or 2.18, or otherwise) prior to 2:00 p.m., New York City time, on the date when due, in immediately available funds, without condition or deduction for any defense, recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to such Borrower by the Administrative Agent, except that payments pursuant to Sections 2.16, 2.17, 2.18, and 9.05 shall be made directly to the persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder or under another Loan Document shall be made in Dollars. Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) If at any time insufficient funds are received by and available to the Administrative Agent from the Borrowers to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first , towards payment of interest and fees then due from hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties and (ii) second , towards payment of principal then due hereunder.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans, resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph (c) shall not be construed to apply to any payment made by a Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to Holdings or any of its Subsidiaries (as to which the provisions of this paragraph (c) shall apply).

(d) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.07(b) or 2.19(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

SECTION 2.20 Mitigation Obligations; Replacement of Lenders .

(a) If any Lender requests compensation under Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the sole good faith judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.16 in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.16, or if a Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.18, or is a Defaulting Lender, then such Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or such Borrower (in the case of all other amounts) and (ii) in the case of any such assignment resulting from a claim for compensation under Section 2.16 or payments required to be made pursuant to Section 2.18, such assignment will result in a reduction in such compensation or payments. Nothing in this Section 2.20 shall be deemed to prejudice any rights that any Borrower may have against any Lender that is a Defaulting Lender.

(c) If any Lender (such Lender, a " Non-Consenting Lender ") has failed to consent to a proposed amendment, waiver, discharge or termination which pursuant to the terms of Section 9.08 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then provided no Event of Default then exists, the Canadian Borrower shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans, and its Commitments hereunder to one or more assignees reasonably acceptable to the Administrative Agent, provided that (a) all Obligations of Borrowers owing to such Non- Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (b) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment the Canadian Borrower, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 9.04.

SECTION 2.21 [Reserved].

SECTION 2.22 Illegality . If any Lender reasonably determines that any change in law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable lending office to make or maintain any Eurodollar Loans, then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, any obligations of such Lender to make or continue Eurodollar Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall upon demand from such Lender (with a copy to the Administrative Agent), convert all Eurodollar Borrowings of such Lender to ABR Borrowings which shall bear interest by the rates set forth in Section 2.15, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Borrowings to such day, or immediately, if such Lender may not lawfully continue to maintain such Loans. Upon any such conversion, the Borrowers shall also pay accrued interest on the amount so converted.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to each of the Lenders that:

SECTION 3.01 Organization; Powers . Except as set forth on Schedule 3.01 , each Loan Party and each of their Restricted Subsidiaries (a) is a partnership, limited partnership, limited liability company, exempted company or corporation duly organized and validly existing and, except where the failure to be in good standing could not reasonably be expected to have a Material Adverse Effect, in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States) under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property

and assets and to carry on its business as now conducted, (c) is qualified to do business in each jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to have a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Canadian Borrower or Initial Canadian Borrower, as applicable, to borrow and otherwise obtain credit hereunder.

SECTION 3.02 Authorization . The execution, delivery and performance by each Loan Party of each of the Loan Documents, the Exchange Notes Indenture, the Exchange Notes (and the related guarantees) and the Registration Rights Agreement to which it is, or will be, as applicable, a party, and the borrowings and other transactions contemplated hereunder and thereunder (a) have been duly authorized by all corporate, stockholder, shareholder, limited liability company, partnership or limited partnership action required to be obtained by such Loan Party and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation, memorandum of association or other constitutive documents or by-laws or articles of association of such Loan Party, (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (C) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which such Loan Party is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or to a loss of a material benefit under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3.02, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any material property or assets now owned or hereafter acquired by any Loan Party.

SECTION 3.03 Enforceability . This Agreement has been duly executed and delivered by each Loan Party and constitutes, and each other Loan Document, the Exchange Notes Indenture, the Exchange Notes (and the related guarantees) and the Registration Rights Agreement when executed and delivered by each Loan Party that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against each such Loan Party in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (iii) implied covenants of good faith and fair dealing.

SECTION 3.04 Governmental Approvals . No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions or the execution, delivery and performance of the Exchange Notes Indenture, the Exchange Notes (and the related guarantees) and the Registration Rights Agreement, except for (a) the filing of UCC and PPSA financing statements and applications for registration in the PMRR in respect of the Senior Secured Credit Facilities, (b) recordation of the mortgages in respect of the Senior Secured Credit Facilities, (c) such consents, approvals, registrations, and

filings with or by the FCC, U.S. Department of Justice, Industry Canada (and, if required, the CRTC) or any Governmental Authority outside of the United States of America or Canada as may be required in connection with the exercise of rights under the Security Documents in respect of the Senior Secured Credit Facilities following an Event of Default, (d) such consents, approvals, registrations, and filings with or by the FCC, U.S. Department of Justice, Industry Canada or any Governmental Authority outside of the United States of America or Canada as may be required in the ordinary course of business of Holdings and its Subsidiaries in connection with the use of proceeds of the Loans hereunder, (e) the registration requirements with the SEC contemplated by the Registration Rights Agreement, (f) such as have been made or obtained and are in full force and effect, (g) such actions, consents and approvals the failure to be obtained or made which could not reasonably be expected to have a Material Adverse Effect and (h) filings or other actions listed on Schedule 3.04 .

SECTION 3.05 Financial Statements .

(a) Holdings has heretofore furnished to the Lenders (i) the audited consolidated balance sheets as of December 31, 2006 and 2005 and the related audited consolidated statements of income and cash flows of the Company and its subsidiaries for the fiscal years ended December 31, 2004, December 31, 2005 and December 31, 2006 and the unaudited interim consolidated balance sheet as of June 30, 2007 and the related unaudited interim consolidated statements of income and cash flows of the Company and its subsidiaries for the six-month period ended June 30, 2007 and (ii) the audited consolidated balance sheets as of December 31, 2006 and 2005 and the related audited consolidated statements of income and cash flows of Loral Skynet Corporation and its subsidiaries for the fiscal year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004 and the unaudited interim consolidated balance sheet as of June 30, 2007 and the related unaudited interim consolidated statements of income and cash flows of Loral Skynet Corporation and its consolidated subsidiaries for the six-month period ended June 30, 2007. The consolidated balance sheets of the Company and its subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2006, as audited by Deloitte & Touche LLP, an independent registered public accounting firm, present fairly in all material respects the financial position of the Company and its subsidiaries as of December 31, 2004, 2005 and 2006, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2006 is in conformity with Canadian GAAP (with a reconciliation footnote which indicates differences from U.S. GAAP). The unaudited interim financial statements furnished to the Lenders for the Company and its subsidiaries present fairly in all material respects the financial position of the Company and its subsidiaries as of June 30, 2007 and for the period then ended in accordance with Canadian GAAP (with a reconciliation footnote which indicates differences from U.S. GAAP). The consolidated balance sheets of Loral Skynet Corporation and its subsidiaries as of December 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004, as audited by Deloitte & Touche LLP, an independent registered public accounting firm, present fairly in all material respects the

financial position of Loral Skynet Corporation and its subsidiaries as of December 31, 2005 and 2006, and the results of their operations and cash flows of the year ended December 31, 2006, for the period from October 2, 2005 to December 31, 2005, for the period from January 1, 2005 to October 1, 2005 and for the year ended December 31, 2004 is in conformity with U.S. GAAP. The unaudited interim financial statements furnished to the Lenders for Loral Skynet Corporation and its subsidiaries present fairly in all material respects the financial position of Loral Skynet Corporation and its subsidiaries as of June 30, 2007 and for the six-month period then ended in accordance with U.S. GAAP.

(b) Holdings has heretofore furnished to the Lenders its unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 and the related unaudited pro forma consolidated statement of income for the fiscal year ended December 31, 2006 and for the six months ended June 30, 2007. The unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 and the related unaudited pro forma consolidated statement of income for the fiscal year ended December 31, 2006 and for the six months ended June 30, 2007 (i) comply as to form in all material respects with the applicable accounting requirements of Regulations S-X, promulgated under the Securities Act and all other accounting rules and regulations of the SEC promulgated thereunder applicable to a Registration Statement on Form S-1 thereunder and (ii) have been properly computed on the basis described therein; the assumptions used in the preparation of the pro forma financial data and other pro forma financial information are reasonable and the adjustments used therein are appropriate to give effect to the transactions or circumstances referred to therein. Such pro forma consolidated balance sheets and the related unaudited pro forma consolidated statements of income have been prepared in good faith based on the assumptions believed by Holdings to have been reasonable at the time made and to be reasonable as of the Closing Date (it being understood that such assumptions are based on good faith estimates with respect to certain items and that the actual amounts of such items on the Closing Date is subject to variation).

SECTION 3.06 No Material Adverse Effect . Since September 30, 2006 (but after giving effect to the Transactions) no Material Adverse Effect has occurred.

SECTION 3.07 Title to Properties; Possession Under Leases; Casualty Proceeds .

(a) Each of the Loan Parties and their Restricted Subsidiaries has good and marketable title to all real property and good title to all personal property owned by it and good and marketable title to a leasehold estate in the real and personal property leased by it, free and clear of all liens, charges, encumbrances or restrictions, except (i) as set forth in Schedule 3.07 and (ii) as created or expressly permitted by Section 6.02, except where the failure to have such title could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Each of the Loan Parties and their Restricted Subsidiaries has complied with all obligations under all leases to which it is a party, except where the failure to comply would not have a Material Adverse Effect, and all such leases are in full force and effect, except leases in respect of which the failure to be in full force and effect could not reasonably be expected to have a Material Adverse Effect. Each of the Loan Parties and each of their Subsidiaries enjoys peaceful and undisturbed possession under all such leases, other than leases

in respect of which the failure to enjoy peaceful and undisturbed possession could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Each of the Loan Parties and their Restricted Subsidiaries owns or possesses, or could obtain ownership or possession of, on terms not materially adverse to it, all patents, trademarks, industrial designs, service marks, trade names, copyrights, licenses and rights with respect thereto necessary for the present conduct of its business, without any known conflict with the rights of others, and free from any burdensome restrictions, except where such conflicts and restrictions could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) [Reserved].

(e) [Reserved].

(f) As of the Closing Date, neither the Company nor any Restricted Subsidiary has received any notice of, nor has any knowledge of, the occurrence or pendency or contemplation of any Casualty Event affecting all or any portion of its property except where such Casualty Event could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.08 Subsidiaries .

(a) As of the Closing Date, after giving effect to the Transactions the corporate structure of Holdings and its Restricted Subsidiaries is in all material respects as set forth on Schedule 3.08(a) .

(b) Schedule 3.08(b) sets forth as of the Closing Date the name and jurisdiction of incorporation, formation or organization of each Material Subsidiary and, as to each such Material Subsidiary, the percentage of each class of Equity Interests owned by Holdings or by any such Material Subsidiary, subject to such changes as are reasonably satisfactory to the Administrative Agent.

(c) As of the Closing Date, there are no outstanding subscriptions, options, warrants, calls, rights or other similar agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Equity Interests of the Loan Parties, the Company or any of their Restricted Subsidiaries, except as set forth on Schedule 3.08(c) .

SECTION 3.09 Litigation; Compliance with Laws .

(a) Except as set forth on Schedule 3.09 , there are no actions, suits, investigations or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of Holdings, threatened in writing against or affecting Holdings or any of its Restricted Subsidiaries or any business, property or rights of any such person which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) None of the Loan Parties, the Material Subsidiaries and their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, Environmental Law, ordinance, code or approval or any building permit), or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.10 Federal Reserve Regulations .

(a) None of the Loan Parties and their Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or Regulation X.

SECTION 3.11 Investment Company Act . None of the Loan Parties and their Subsidiaries is required to register as an "investment company" as defined in the Investment Company Act of 1940, as amended.

SECTION 3.12 Use of Proceeds . The Initial Canadian Borrower will use the proceeds of Bridge Loans solely to finance, in part, the Acquisition and the Refinancing and to pay fees and expenses incurred in connection with the Transactions.

SECTION 3.13 Tax Returns . Except as set forth on Schedule 3.13 :

(a) each of the Loan Parties (i) has timely filed or caused to be timely filed all U.S. and Canadian federal, state, provincial, local and other non-U.S. Tax returns required to have been filed by it and each such Tax return is true and correct, which returns, if not filed or not true and correct, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect and (ii) has timely paid or caused to be timely paid all Taxes shown thereon to be due and payable by it and all other Taxes or assessments, except Taxes or assessments that are being contested in good faith by appropriate proceedings in accordance with Section 5.03 and for which Holdings, Intermediate Holdco, the Company or any of the Material Subsidiaries (as the case may be) has set aside on its books adequate reserves which Taxes, if not timely paid, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect;

(b) each of Holdings, the Borrowers and the Material Subsidiaries has paid in full or made adequate provision (in accordance with U.S. or Canadian GAAP, as applicable) for the payment of all Taxes due with respect to all periods or portions thereof ending on or before the Closing Date, which Taxes, if not paid or adequately provided for, could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect; and

(c) with respect to each of Holdings, the Borrowers and their Material Subsidiaries, (i) there are no audits, investigations or claims being asserted in writing with respect to any Taxes which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect, (ii) no presently effective waivers or extensions of statutes of limitation with respect to Taxes have been given or requested which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect and (iii) no Tax returns are being examined by, and no written notification of intention to examine has been received from, the Internal Revenue Service, Canada Revenue Agency, Quebec Ministry of Revenue or, with respect to any potential Tax liability, any other taxing authority which could reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.14 No Material Misstatements . (a) All information, other than the projections described below, that has been or is hereafter made available to any Arranger or any of the Lenders by any Loan Party or Subsidiary or any of their respective representatives (or on such Loan Party or Subsidiary's behalf) or to such Loan Party or Subsidiary's knowledge by any of the Company or any of its affiliates or representatives (or on their behalf) in connection with any aspect of the Transactions (the " Information ") is and will be complete and correct in all material respects as of the date such Information was furnished to the Lenders and (in the case of Information delivered prior to the Closing Date) as of the Closing Date and does not and will not, when taken as a whole, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances under which such statements were made and (b) all material financial projections (including the Projections and information delivered pursuant to Section 5.04(f)) concerning the Loan Parties that have been or are hereafter made available to any Joint Lead Arranger or any of the Lenders by any Loan Party or Subsidiary or their respective representatives (or on such Loan Party or Subsidiary's behalf) or to such Loan Party or Subsidiary's knowledge by any of the Company or its affiliates or representatives (or on their behalf) have been or will be prepared in good faith based upon assumptions you believe to be reasonable at the time made.

SECTION 3.15 Employee Benefit Plans .

(a) Except as would not reasonably be expected to have a Material Adverse Effect, each of Holdings, the Restricted Subsidiaries and the ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Employee Benefit Plans and the regulations and published interpretations thereunder and any similar applicable non-U.S. law. No Reportable Event has occurred during the past five years as to which Holdings, any of the Restricted Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC, other than reports that have been filed and reports the failure of which to file could not reasonably be expected to have a Material Adverse Effect. The excess of the present value of all benefit liabilities under each Plan of Holdings, the Subsidiaries and the ERISA Affiliates (based on those assumptions used to fund such Plan), as of the last annual valuation date applicable thereto for which a valuation is available, over the value of the assets of

such Plan could not reasonably be expected to have a Material Adverse Effect, and the excess of the present value of all benefit liabilities of all underfunded Plans (based on those assumptions used to fund each such Plan) as of the last annual valuation dates applicable thereto for which valuations are available, over the value of the assets of all such underfunded Plans could not reasonably be expected to have a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events which have occurred or for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. None of Holdings, the Restricted Subsidiaries and the ERISA Affiliates has received any written notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, or has knowledge that any Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, where such reorganization or termination has had or could reasonably be expected to have a Material Adverse Effect.

(b) Except as would not reasonably be expected to have a Material Adverse Effect, each Non-U.S. Pension Plan has been maintained in compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations, orders and published interpretations thereunder and has been maintained, where required, in good standing with applicable regulatory authorities. All contributions required to be made with respect to a Non-U.S. Pension Plan have been timely made. None of Holdings, the Company or any Restricted Subsidiary has incurred any obligation in connection with the termination of, or withdrawal from, any Non-U.S. Pension Plan. The excess, if any, of the present value of the accrued benefit liabilities (whether or not vested) under each Non-U.S. Pension Plan, determined as of the end of the Company's most recently ended fiscal year on the basis of actuarial assumptions, each of which is reasonable, over the current value of the assets of such Non-U.S. Pension Plan allocable to such benefit liabilities could not reasonably be expected to have a Material Adverse Effect.

(c) Except as would not reasonably be expected to have a Material Adverse Effect, (i) all Canadian Plans are duly established, registered, administered and invested in compliance with the terms thereof, any applicable collective agreements and Applicable Canadian Pension Legislation (including the Income Tax Act (Canada)); (ii) no events have occurred and no action has been taken by any Person which would reasonably be likely to result in the wind-up or termination, in whole or in part, of any Canadian Plan, whether by declaration of any federal or provincial pension regulatory authority or otherwise; (iii) none of the obligors or any of their respective Subsidiaries has withdrawn any assets held in respect of any Canadian Plan except as permitted under the terms thereof and Applicable Canadian Pension Legislation and all reports, returns and filings required to be made thereunder have been made; (iv) no Canadian Plan has a solvency deficiency or going concern unfunded liability that is not funded in accordance with the regular funding requirements under Applicable Canadian Pension Legislation; (v) all contributions, premiums and other payments required to be paid to or in respect of each Canadian Plan have been paid in a timely fashion in accordance with the terms thereof and Applicable Canadian Pension Legislation, and no Taxes, penalties or fees are owing or eligible in respect of any Canadian Plan; (vi) no actions, suits, claims or proceedings are pending or, to the knowledge of the obligors, threatened in respect of any Canadian Plan or its assets, other than routine claims for benefits; and (vii) no Canadian Plan is a multi-employer plan within the meaning of Applicable Canadian Pension Legislation.

SECTION 3.16 Environmental Matters . Except as to matters that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (i) no written notice, request for information, order, complaint or penalty has been received by the Borrowers or any of the Material Subsidiaries relating to Holdings, the Borrowers or any of the Material Subsidiaries, and there are no judicial, administrative or other actions, claims, suits or proceedings relating to Holdings, the Borrowers or any of the Material Subsidiaries pending or, to the knowledge of the Borrowers, threatened which allege a violation of or liability under any Environmental Laws, (ii) each of Holdings, the Borrowers and the Material Subsidiaries has all permits necessary for its current operations to comply with all applicable Environmental Laws and is in compliance with the terms of such permits and with all other applicable Environmental Laws, (iii) there has been no written environmental audit Phase I or Phase II Environmental Assessment conducted since January 1, 2003 by Holdings, the Borrowers or any of the Material Subsidiaries of any property currently owned or leased by Holdings, the Borrowers or any of the Material Subsidiaries which has not been made available to the Administrative Agent prior to the date hereof, (iv) there has been no Release of any Hazardous Materials at, on, under or from any property currently, or to the knowledge of Holdings, the Borrowers or any of the Material Subsidiaries formerly owned or leased by Holdings, the Borrowers or any of the Material Subsidiaries which would reasonably be expected to result in any liability of Holdings, the Borrowers or any of the Material Subsidiaries under any Environmental Law, (v) no Hazardous Material generated, owned or controlled by Holdings, the Borrowers or any of the Material Subsidiaries has been transported to, or treated or disposed of at, any location in a manner that would reasonably be expected to result in any liability of any of them under any Environmental Laws, (vi) neither Holdings, the Borrowers or any of the Material Subsidiaries are currently conducting or financing, either individually or together with other potentially responsible parties, any investigation, response or other corrective action at any location pursuant to any Environmental Law, (vii) neither Holdings, the Borrowers or any of the Material Subsidiaries has contractually assumed or undertaken responsibility for any liability or obligation of any other Person arising under or relating to Environmental Laws.

SECTION 3.17 [Reserved].

SECTION 3.18 Location of Real Property and Leased Premises .

(a) Schedule 3.18(a) lists completely and correctly as of the Closing Date all material real property owned by each Loan Party and the addresses thereof. Each Loan Party owns in fee all the real property set forth as being owned by them on such Schedule.

(b) Schedule 3.18(b) lists completely and correctly as of the Closing Date all material real property leased by each Loan Party and the addresses thereof. As of the Closing Date, each Loan Party has valid leases in all the real property set forth as being leased by them on such Schedule.

SECTION 3.19 Solvency .

(a) Immediately after giving effect to the Transactions (1) (i) the fair value of the assets of Holdings and its Restricted Subsidiaries taken as a whole, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of Holdings and its

Restricted Subsidiaries taken as a whole; (ii) the present fair saleable value of the property of Holdings and its Restricted Subsidiaries taken as a whole will be greater than the amount that will be required to pay the probable liability of Holdings and its Restricted Subsidiaries taken as a whole on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) Holdings and its Restricted Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) Holdings and its Restricted Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date; and (2) (i) the property of Holdings and its Restricted Subsidiaries, taken as a whole, if disposed of (as a going concern) at a fairly conducted sale under legal process, would be sufficient to enable payment of all their obligations, due and accruing due, (ii) the property of Holdings and its Restricted Subsidiaries, taken as a whole, is, at a fair valuation, sufficient to enable payment of all their obligations, due and accruing due; (iii) none of the Canadian Loan Parties has ceased paying its current obligations in the ordinary course of business as they generally become due; and (iv) Holdings and its Restricted Subsidiaries are able to meet their obligations as they generally become due.

(b) Neither Holdings nor any Borrower intends to, and does not believe that it or any of the Material Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such subsidiary.

SECTION 3.20 Labor Matters . There are no strikes pending or threatened against Holdings, the Borrowers or any of the Material Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The hours worked and payments made to employees of Holdings, the Borrowers and the Material Subsidiaries have not been in violation in any material respect of the Fair Labor Standards Act or any other applicable law dealing with such matters. All material payments due from Holdings, Intermediate Holdco or any of the Material Subsidiaries or for which any claim may be made against Holdings, the Borrowers or any of the Material Subsidiaries, on account of wages and employee health and welfare and employment insurance and other benefits have been paid or accrued as a liability on the books of Holdings, the Borrowers or such Material Subsidiary to the extent required by Canadian GAAP. Except as set forth on Schedule 3.20 , consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Holdings, the Borrowers or any of the Material Subsidiaries (or any predecessor) is a party or by which Holdings, the Borrowers or any of the Material Subsidiaries (or any predecessor) is bound, other than collective bargaining agreements that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.21 Foreign Asset Control Regulations, Anti-Terrorism Laws and Anti-Money Laundering Laws and the Patriot Act .

(a) None of the requesting or borrowing of the Loans, the requesting or issuance, extension or renewal of any Letters of Credit or the use of the proceeds of any thereof will violate any Requirements of Law imposed by the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended) (" TWEA ") or any of the foreign assets control regulations of the United States Treasury Department's Office of Foreign Assets Control (31 C.F.R., Subtitle B, Chapter V, as amended) (" OFAC ") (the " Foreign Assets Control Regulations "), or any Requirement of Law relating to Anti-Terrorism Laws and Anti-Money Laundering Laws, as defined herein, except where such violation is not reasonably likely to expose Lenders to material liability or material detriment, including reputational harm.

(b) To the knowledge of Holdings, neither it nor any of its Subsidiaries nor any other Loan Party or Affiliate or broker or other agent of any Loan Party acting or benefiting in any capacity in connection with the Loans is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Laws and Anti-Money Laundering Laws; or

(iv) a Person that is named on the list of "Specially Designated Nationals and Blocked Persons" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list.

(c) To the knowledge of each Borrower, neither the Borrowers nor any of their Subsidiaries nor any other Loan Party or Affiliate or broker or other agent of any Loan Party engages in transactions, with any Person described in Sections 3.21(b)(i) through (iv), except where such transactions would not be reasonably likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 3.22 FCC Licenses, etc . As of the date hereof, Schedule 3.22 accurately and completely lists for each Satellite (a) all space station licenses for the launch and operation of Satellites with C-band or Ku-band transponders issued by the FCC to Holdings or any Restricted Subsidiary and (b) all licenses and all other approvals, orders or authorizations issued or granted by any Governmental Authority outside of the United States of America (including Industry Canada) to launch and operate any such Satellite. As of the date hereof, the FCC Licenses and the other licenses, approvals or authorizations listed on Schedule 3.22 with respect to any Satellite include all material authorizations, licenses and permits issued by the FCC, U.S. Department of Justice, Industry Canada or any other Governmental Authority that are required or necessary to launch or operate such Satellite, as applicable. Except as could not reasonably be expected to have a Material Adverse Effect, each such license is validly issued and in full force and effect, and Holdings and its Restricted Subsidiaries have fulfilled and performed in all material respects all of their obligations with respect thereto and have full power and authority to operate thereunder.

SECTION 3.23 Satellites . Schedule 3.23 accurately and completely lists as of the date hereof each of the Satellites owned by Holdings and its Restricted Subsidiaries on the date hereof, and sets forth for each such Satellite that is in orbit the orbital slot and number and frequency band of the transponders on such Satellite.

ARTICLE IV

CONDITIONS OF LENDING

SECTION 4.01 Closing Conditions . The obligations of the Lenders to make Bridge Loans on the Closing Date are subject to the satisfaction of the following conditions:

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03.

(b) The representations and warranties set forth in Sections 3.01, 3.02, 3.03, 3.10 and 3.11 shall be true and correct in all material respects on and as of the date of such Borrowing, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(c) At the time of and immediately after such Borrowing, no Event of Default or Default shall have occurred and be continuing.

(d) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(e) The Administrative Agent shall have received, on behalf of itself, the Syndication Agent and the Lenders on the Closing Date, a favorable written opinion of (i) Willkie Farr & Gallagher LLP, special New York counsel for the Loan Parties and (ii) McCarthy Tetrault LLP, Canadian counsel for the Loan Parties, each in form and substance as attached hereto as Exhibits M and N, respectively, and reasonably satisfactory to the Administrative Agent and covering such other matters relating to the Loan Documents and the Transactions as the Administrative Agent shall reasonably request, and Holdings hereby instructs its counsel to deliver such opinions.

(f) All legal matters incident to this Agreement, the borrowings and extensions of credit hereunder and the other Loan Documents shall be reasonably satisfactory to the Administrative Agent.

(g) The Administrative Agent shall have received in the case of each person that is a Loan Party on the Closing Date each of the items referred to in clauses (ii), (iii), (iv) and (v) below:

(i) a copy of the certificate or articles of incorporation, memorandum and articles of association, partnership agreement or limited liability agreement, including all amendments thereto, of each Loan Party, (x) in the case of a corporation, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing under the jurisdiction of its organization (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Loan Party as of a recent date from such Secretary of State (or other similar official), or (y) in the case of a partnership or limited liability company, certified by the manager, Secretary or Assistant Secretary or other appropriate officer of each such Loan Party;

(ii) a certificate of the manager, director, Secretary or Assistant Secretary or similar officer of each Loan Party dated the Closing Date and certifying

(A) that attached thereto is a true and complete copy of the by-laws (or partnership agreement, limited liability company agreement, articles of association or other equivalent governing documents) of such Loan Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of the Loan Documents, the Exchange Notes Indenture, the Exchange Notes (and related guarantees) and the Registration Rights Agreement to which such person is a party and, in the case of Borrowers, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date,

(C) that the certificate or articles of incorporation, memorandum and articles of association, partnership agreement or limited liability agreement of such Loan Party have not been amended since the date of the last amendment thereto disclosed pursuant to clause (i) above, which shall be a date prior to the date of the resolutions described in clause (B) above,

(D) as to the incumbency and specimen signature of each officer or director executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party and

(E) as to the absence of any pending proceeding for the dissolution, winding-up or liquidation of such Loan Party or, to the knowledge of such person, threatening the existence of such Loan Party;

(iii) a certificate of another officer, director or attorney-in-fact as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate pursuant to clause (ii) above; and

(iv) such other documents as the Administrative Agent may reasonably request (including, without limitation, tax identification numbers and addresses).

(h) The Guarantee Requirements shall have been satisfied or waived by the Administrative Agent.

(i) The Acquisition Agreement (together with all exhibits and schedules thereto), shall not have been amended or modified in a manner materially adverse to the Lenders without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld). There shall have been delivered to the Administrative Agent true and correct copies certified as such by the Secretary or Assistant Secretary of Holdings of the Acquisition Documents. The Acquisition shall have been consummated (or shall be consummated concurrently with the closing under this Agreement) in accordance in all material respects with the terms and conditions of the Acquisition Agreement (without amendment, modification or waiver thereof which is materially adverse to the Lenders without the prior written consent of the Administrative Agent, which consent will not be unreasonably withheld).

(j) The Equity Financing shall have been consummated.

(k) Initial Canadian Borrower and Canadian Borrower shall have received (x) with respect to the Senior Secured Credit Facilities not less than (i) CAD 200 million in borrowings under the Term Loan A Facility, (ii) US$1,754 million in borrowings under the Term Loan B Facility, (iii) US$150 million in commitments under the Delayed Draw Senior Secured Term Loan B Facility and (iv) CAD 153 million in commitments under the Revolving Credit Facility and (y) gross cash proceeds (calculated before underwriting fees) of not less than $692,825,000 from the Senior Bridge Loans. There shall have been delivered to the Administrative Agent true and correct copies certified as such by the Secretary or Assistant Secretary of Holdings of the Senior Secured Loan Documents and the Senior Loan Documents.

(l) After giving effect to the Transactions and the other transactions contemplated hereby, Holdings and its Subsidiaries shall have outstanding no Indebtedness other than (i) the Loans and other extensions of credit under the Senior Secured Credit Facilities, (ii) the Loans and the Senior Loans and (iii) other Indebtedness permitted pursuant to Section 6.01.

(m) The Skynet Contribution shall have been consummated (or shall be consummated on the Closing Date) in accordance in all material respects with the terms and conditions of the Skynet Contribution Documents (without amendment, modification or waiver thereof which is materially adverse to the Lenders (as reasonably determined by the Administrative Agent) without the prior written consent of the Administrative Agent) and all applicable laws.

(n) The Refinancing shall have been consummated (or shall be consummated concurrently with the closing under this Agreement or, in the case of the redemption of the preferred stock of Skynet, funds sufficient to pay the redemption price in full shall have been irrevocably deposited in trust for such purpose with Mellon Investor Services LLC, or, in the case of the letters of credit issued under the Bank of Montreal credit agreement, arrangements to cash collateralize such letters of credit shall have been made). The lien securing the Skynet Bonds shall have been released and the Canadian Borrower shall have delivered evidence thereof to the Administrative Agent (and the Administrative Agent shall have acknowledged receipt thereof). The Company shall have given irrevocable notice of redemption of the Telesat Notes (or made arrangements with the trustee in respect thereof to provide such notice) and shall have deposited funds in a segregated account with The Bank of Nova Scotia sufficient to pay the redemption price. Payoff letters in respect of the existing credit facility between the Company and Bank of Montreal and the loan agreement between Skynet and Valley National Bank, each in form and substance reasonably satisfactory to the Administrative Agent shall have been delivered.

(o) The Lenders shall have received the financial statements referred to in Sections 3.05(a) and (b).

(p) The Lenders shall have received the Projections.

(q) No provision of any applicable law or regulation and no judgment or order shall prohibit the consummation of the Transactions except for laws, regulations, judgments or orders which do not and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All material actions by or in respect of or material filings with any Governmental Authority required to permit the consummation of the Transactions shall have been taken, made or obtained, except for any such actions or filings the failure of which to take, make or obtain would not and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect or are not required pursuant to Agreed Security Principles under the Senior Secured Credit Facilities. For purposes of this clause (q), the term Transactions shall not include the Acquisition.

(r) The Administrative Agent shall have received all fees payable to it, the Arrangers or any other Lender on or prior to the Closing Date and, to the extent invoiced, all other amounts due and payable pursuant to the Loan Documents on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of Cahill Gordon & Reindel llp and Osler, Hoskin & Harcourt LLP) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document.

(s) The Lenders shall have received, sufficiently in advance of the Closing Date, all documentation and other information that may be required by the Lenders in order to enable compliance with applicable "know your customer" and anti-money laundering rules and regulations, including the United States PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the " Patriot Act ") including the information described in Section 9.19, provided such information shall have been requested at least 5 Business Days in advance of the Closing Date.

(t) There shall not have occurred, following September 30, 2006 and prior to the Closing Date, a Material Adverse Effect (as such term is defined in the Acquisition Agreement) with respect to Company and its Subsidiaries as determined by the Lenders who hold a majority of the commitments with respect to the Facilities.

(u) The Administrative Agent shall have received a solvency certificate in the form of Exhibit G , dated the Closing Date and signed by the chief financial officer of Holdings.

(v) The Administrative Agent shall have received an officer's certificate in the Form of Exhibit L , dated the Closing Date and signed by an officer of Holdings certifying that all the conditions in Sections 4.01(b), (c) and (d) have been met.

ARTICLE V

AFFIRMATIVE COVENANTS

Subject to Section 9.23, each of Holdings and the Loan Parties covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full, unless the Required Lenders shall otherwise consent in writing, each Loan Party will, and (other than Sections 5.04 and 5.05) will cause each of the Restricted Subsidiaries to:

SECTION 5.01 Existence; Businesses and Properties .

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.03, and except for the liquidation or dissolution of Subsidiaries if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by Holdings or a Wholly Owned Subsidiary of Holdings in such liquidation or dissolution; provided that, except as otherwise permitted under Section 6.03, Subsidiary Loan Parties may not be liquidated into Non-Subsidiary Loan Parties unless the liquidation is treated as an Investment and permitted by Section 6.05 or such liquidation is set forth on Schedule 6.03 .

(b) Except where the failure is not reasonably likely to have a Material Adverse Effect, do or cause to be done all things reasonably necessary to (i) obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, patents, industrial designs, trademarks, service marks, trade names, copyrights, licenses and rights with

respect thereto necessary to the normal conduct of its business, (ii) comply in all respects with all applicable laws, rules, regulations and judgments, writs, injunctions, decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, and (iii) at all times maintain and preserve all property necessary to the normal conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case except as expressly permitted by this Agreement).

SECTION 5.02 Insurance .

(a) Generally . Holdings will, and will cause each of the Restricted Subsidiaries to, at all times maintain in full force and effect, with insurance companies that the Canadian Borrower believes (in the good faith judgment of the management of the Canadian Borrower) are financially sound and responsible at the time the relevant coverage is placed or renewed, insurance in at least such amounts and against at least such risks (and with such risk retentions) as are usually insured against in the same general area by companies engaged in the same or a similar business; and will furnish to the Lenders, upon written request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried.

(b) Covered Satellites . Holdings will, and will cause each of its Restricted Subsidiaries to, maintain insurance with respect to Satellites as follows:

(i) All Risks Insurance . Holdings will procure or will cause each Satellite Manufacturer to procure at its own expense and maintain in full force and effect, at all times prior to the Launch of any satellite purchased by Holdings or any of its Restricted Subsidiaries pursuant to the terms of a Satellite Purchase Agreement, All Risks Insurance with such terms as are reasonably commercially available and customary in the industry with respect to such satellite, it being understood that if a Satellite Manufacturer procures All Risks Insurance for satellites in accordance with the requirements of the applicable Satellite Purchase Agreement, Holdings' obligations under this clause (i) with respect to such satellites shall be satisfied. In no event shall Holdings be required to, or be required to cause any Satellite Manufacturer to, procure or maintain All Risks Insurance to insure risks that may be required to be insured by, or that covers the same risks or the same period of coverage as, Launch Insurance.

(ii) Launch Insurance . Holdings will, or will cause the relevant Satellite Manufacturer to, obtain, maintain and keep in full force and effect with respect to each Covered Satellite that is to be launched, Launch Insurance (it being understood that if a Satellite Manufacturer procures Launch Insurance for Covered Satellites in accordance with the terms of this clause (ii), Holdings' obligations under this clause (ii) with respect to such Covered Satellites shall be satisfied), to be procured prior to the launch of such Covered Satellite, which insurance shall attach not later than at Launch and continue in full force and effect until no sooner than the completion of initial in-orbit testing, provided that Holdings shall have no obligation to obtain or maintain Launch Insurance for any satellite for which there is neither risk of loss to Holdings or a Restricted Subsidiary nor an obligation by Holdings or a Restricted Subsidiary to make any

payments to the Satellite Manufacturer that exceed $5 million in the aggregate prior to risk of loss passing to Holdings or such Restricted Subsidiary. The Launch Insurance for each Covered Satellite:

(A) shall provide coverage for all of the risks of loss of and damage to such Covered Satellite (other than any risks borne by the relevant Launch Services Provider pursuant to any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer in accordance with the terms of the applicable Satellite Purchase Agreement), including for partial loss, constructive total loss and total loss, subject to (x) Acceptable Exclusions and (y) such other exclusions, deductibles or limitations of coverage as are then customary in the satellite insurance market and as are prudent, as reasonably determined by the Company;

(B) shall be in an amount not less than the aggregate of the purchase price of such Covered Satellite, the purchase price of launch services therefor (other than for risks borne by the relevant Launch Services Provider pursuant to any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer in accordance with the terms of the applicable Satellite Purchase Agreement) and the premium payable for such insurance;

(C) shall name the applicable Satellite Purchaser as the named insured;

(D) shall provide that it will not be cancelled or reduced, amended or allowed to lapse without renewal, except after not less than 15 days' prior notice to the Administrative Agent; provided that if such policy notice provisions are not available on commercially reasonable terms such notice shall be provided to the Administrative Agent by the Canadian Borrower not less than 15 days in advance, if such cancellation, reduction, amendment or lapse without renewal is initiated by the Canadian Borrower and otherwise at such time as the Canadian Borrower becomes aware of, or receives notice of any cancellation, reduction, amendment, or lapse without renewal; and

(E) shall, in the case of a Satellite a portion of which is owned by Holdings or any of its Restricted Subsidiaries and the balance of which is owned by any Person that is not an Affiliate of either Holdings or any of its Restricted Subsidiaries (other than solely by reason of Holdings or any Restricted Subsidiary holding a non-Controlling equity interest in such Person), only be required with respect to that portion of such Satellite that is owned by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

(iii) In-Orbit Risk Management . Other than with respect to (A) Excluded Satellites and (B) the C-band payload of any Covered Satellite that is not a Named Satellite protected by In-Orbit Spare Capacity, Holdings will, and will cause its

Restricted Subsidiaries to, obtain, maintain and keep in full force and effect, with respect to each Covered Satellite, In-Orbit Insurance with respect to each Covered Satellite.

(A) Attachment of In-Orbit Insurance . Any In-Orbit Insurance procured with respect to such Covered Satellite shall attach (A) upon the expiration of the Launch Insurance or any In-Orbit Insurance then in effect, as the case may be or (B) upon the withdrawal of the protection provided by In-Orbit Spare Capacity to such Covered Satellite, and in each such case shall continue in full force and effect until the Commitments shall have been terminated and all amounts owing hereunder shall have been paid in full or until such Covered Satellite is again protected by In-Orbit Spare Capacity.

(B) Terms of In-Orbit Insurance . Any In-Orbit Insurance procured with respect to such Covered Satellite:

(1) shall provide coverage for all of the risks of loss of and damage to such Covered Satellite (other than the risks borne by the relevant Launch Services Provider pursuant to any launch risk guarantee in accordance with the terms of the applicable Launch Services Agreement or by the relevant Satellite Manufacturer pursuant to the terms of the applicable Satellite Purchase Agreement), including for partial loss, constructive total loss and total loss, subject to (x) Acceptable Exclusions and (y) such other exclusions, deductibles or limitations of coverage with respect to Covered Satellites that would otherwise be Excluded Satellites under paragraph (e) of the definition of "Excluded Satellites" but for the commercially reasonable efforts by Holdings and its Restricted Subsidiaries to minimize the exclusions and insurance deductibles;

(2) with respect to Covered Satellites, In-Orbit Insurance shall be in an amount not less than 75% of the Aggregate In-Orbit Insurance Amount (with the allocation of such insurance among such Covered Satellites being in the Canadian Borrower's discretion; provided that, with respect to each Named Satellite, In-Orbit Insurance shall be in an amount not less than 50% of such Named Satellite's net book value), it being understood that (i) any Covered Satellite protected by In-Orbit Spare Capacity shall be deemed to be insured for 100% of the net book value of the C-band payload portion of such Covered Satellite, (ii) any Excluded Satellite with one year or less of in-orbit life remaining shall be deemed to be insured for 100% of its net book value (it being understood and agreed that such Excluded Satellite shall be deemed to have "in-orbit life" only for so long as it is maintained in station kept orbit) and (iii) any Excluded Satellite for which Holdings and its Restricted Subsidiaries have procured and maintain In-Orbit Insurance in accordance with Section 5.02(b)(iii)(B)(1) shall be deemed to be insured for the amount of such insurance procured and maintained; in the event any loss, damage or failure affecting a Covered Satellite or the expiration and non-renewal of

an insurance policy for a Covered Satellite resulting from a claim of loss under such policy that causes a failure to comply with this clause (2), Holdings and its Restricted Subsidiaries shall be deemed to be in compliance with this clause (2) for the 120 days immediately following such loss, damage or failure or policy expiration, provided that Holdings procures such insurance or provides In-Orbit Spare Capacity as necessary to comply with this clause (2) within such 120 day period;

(3) shall name the applicable Satellite Purchaser as the named insured;

(4) shall provide that it will not be cancelled or reduced, amended or allowed to lapse without renewal, except after not less than 15 days' prior notice to the Administrative Agent; provided that if such policy notice provisions are not available on commercially reasonable terms such notice shall be provided to the Administrative Agent by the Canadian Borrower not less than 15 days in advance, if such cancellation, reduction, amendment or lapse without renewal is initiated by the Canadian Borrower and otherwise at such time as the Canadian Borrower becomes aware of, or receives notice of any cancellation, reduction, amendment, or lapse without renewal; and

(5) shall, in the case of a Satellite a portion of which is owned by Holdings or any of its Restricted Subsidiaries and the balance of which is owned by any Person that is not an Affiliate of either Holdings or any of its Restricted Subsidiaries (other than solely by reason of Holdings or any Restricted Subsidiary holding a non-Controlling equity interest in such Person), only be required with respect to that portion of the Satellite that is owned by Holdings or any of its Restricted Subsidiaries or for which Holdings or any of its Restricted Subsidiaries otherwise retains the risk of loss.

(iv) Third Party Launch Liability Insurance . Holdings will cause each Launch Services Provider to procure and maintain Third Party Launch Liability Insurance in full force and effect for the period required under the relevant Launch Services Agreement and to name the Administrative Agent and the Lenders as additional insureds thereunder.

(v) Delivery of Insurance Policies . The Canadian Borrower shall use commercially reasonable efforts to deliver to the Administrative Agent not later than 30 days before the then-scheduled launch of any Covered Satellite and, with respect to In-Orbit Insurance procured, not later than 15 days before the expiration of the relevant Launch Insurance, a preliminary draft of the Launch Insurance policy and the In-Orbit Insurance policy, as the case may be, with respect thereto, and not later than ten (10 business days after the date on which such insurance is required to be procured as provided in clause (ii) or clause (iii) above, as the case may be, shall deliver to the Administrative Agent the final agreed form of such policy together with certificates of insurance with respect thereto, confirming (A) that such insurance is in full force and

effect as of such date, (B) the names and percentages of the relevant insurance companies, (C) the amount and expiration dates of such policy, (D) that all premiums and other amounts currently due for such insurance have been paid in full, and (E) that the Administrative Agent (and, in the case of Third Party Launch Liability Insurance policies, the Lenders) is named as additional insured and the Administrative Agent is named as loss payee thereunder as its interests may appear, to the extent required hereby.

(c) Procurement of Insurance by Administrative Agent . Without limiting the obligations of Holdings or any Restricted Subsidiary under this Section 5.02, in the event the Canadian Borrower or any Restricted Subsidiary shall fail to maintain in full force and effect insurance as required by this Section 5.02, then the Administrative Agent may, but shall have no obligation to, upon reasonable prior notice to the Canadian Borrower of its intention to do so, procure insurance covering the interests of the Lenders and the Administrative Agent in such amounts and against such risks as are required hereby, and the Canadian Borrower shall reimburse the Administrative Agent in respect of any premiums paid by the Administrative Agent in respect thereof.

(d) In the event of the unavailability of In-Orbit Spare Capacity for any reason, Holdings shall within 120 days of such loss or unavailability, be required to have in effect In-Orbit Insurance complying with clauses (b)(ii) or (b)(iii) of this Section 5.02, as applicable, with respect to all Satellites that the In-Orbit Spare Capacity was intended to protect so long as In-Orbit Spare Capacity is unavailable, provided that Holdings and its Restricted Subsidiaries shall be considered in compliance with this Section 5.02 for the 120 days immediately following such loss or unavailability as the case may be.

(e) In the event that Holdings or its Subsidiaries receive proceeds from any Satellite insurance covering any Satellite owned by Holdings or any of its Subsidiaries, or in the event that Holdings or any of its Subsidiaries receives proceeds from any insurance maintained for it by a Satellite Manufacturer or any Launch Services Provider covering any of such Satellites as a result of a Casualty Event, all Net Cash Proceeds in respect of such Casualty Event shall be applied in the manner provided for in Section 2.11(e).

(f) [Reserved].

(g) Holdings will, and will cause each of the Restricted Subsidiaries to, notify the Administrative Agent promptly whenever any separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 5.02 is taken out by Holdings or any of the Restricted Subsidiaries; and promptly deliver to the Administrative Agent a duplicate original copy of such policy or policies, or an insurance certificate with respect thereto.

(h) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) neither the Administrative Agent nor any Lender nor their respective agents or employees shall be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 5.02, it being understood that

(A) the Borrowers and the other Loan Parties shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Administrative Agent, or any Lender or their respective agents or employees (it being understood and agreed that the Borrowers shall only be required to use commercially reasonable efforts to seek such waiver of subrogation rights against such parties, but in no event shall such efforts require the making of payments or material concessions in exchange for such consent). If, however, the insurance policies do not provide waiver of subrogation rights against such parties, as required above, then each of Holdings and the Canadian Borrower hereby agree, to the extent permitted by law, to waive, and to cause each of their Restricted Subsidiaries to waive, its right of recovery, if any, against the Administrative Agent, the Lenders, and their respective agents and employees;

(ii) the designation of any form, type or amount of insurance coverage by the Administrative Agent under this Section 5.02 shall in no event be deemed a representation, warranty or advice by the Administrative Agent or the Lenders that such insurance is adequate for the purposes of the business of Holdings and its Restricted Subsidiaries or the protection of their properties; and

(iii) all references to book value set forth herein shall be measured with respect to the entity which owns or leases the applicable Satellite, provided that if the entity leases the applicable Satellite from an Affiliate then such references shall be measured with respect to the book value of such Affiliate.

SECTION 5.03 Taxes . Pay and discharge promptly when due all material Taxes, assessments and governmental charges or levies imposed upon it or upon its income, profits or capital or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided , however , that such payment and discharge shall not be required with respect to any such Tax, assessment, charge, levy or claim so long as either (x) the validity or amount thereof shall be contested in good faith by appropriate proceedings, and Holdings or the affected Restricted Subsidiary, as applicable, shall have set aside on its books reserves in accordance with Canadian GAAP with respect thereto or (y) the nonpayment of the same could not reasonably be likely to have a Material Adverse Effect.

SECTION 5.04 Financial Statements, Reports, etc . Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 90 days after the end of each fiscal year (120 days for the year ended December 31, 2007), (i) a consolidated balance sheet and related consolidated statements of operations, cash flows and owners' equity showing the financial position of Holdings and the Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year, with all consolidated statements audited by independent public accountants of recognized national standing reasonably acceptable to the Administrative Agent and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial

statements fairly present, in all material respects, the financial position and results of operations of Holdings and the Subsidiaries on a consolidated basis in accordance with Canadian GAAP and (ii) a management report setting forth (A) Consolidated EBITDA of Holdings for such fiscal year, showing variance, by dollar amount and percentage, from amounts for the previous fiscal year (provided that no such comparison need be provided with respect to financial statements delivered for the year ended December 31, 2007), (B) such key operational information as the Company and Administrative Agent may agree to, and (C) a management discussion and analysis of the financial condition and results of operations of Holdings for such fiscal year, as compared to amounts for the previous fiscal year (provided that no such comparison need be provided with respect to financial statements delivered for the year ended December 31, 2007), (it being understood that the delivery by Holdings of (i) financial information for such fiscal year that would be required to be contained in a filing with the SEC on Form 10-K if Holdings were required to file such forms, (ii) whether or not required by the forms referred to in clause (i) above, a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (iii) the opinion of accountants referred to above, shall satisfy the requirements of this Section 5.04(a));

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year (75 days for the fiscal quarter ending September 30, 2007 and 60 days for the fiscal quarter ending March 31, 2008) commencing with the fiscal quarter ending September 30, 2007, (i) a consolidated balance sheet and related consolidated statements of operations and cash flows showing the financial position of Holdings and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year (cash flow is for cumulative period only), all certified by a Financial Officer of Holdings, on behalf of Holdings, as fairly presenting, in all material respect, the financial position and results of operations of Holdings and its Subsidiaries on a consolidated basis in accordance with Canadian GAAP (subject to normal year-end adjustments and the absence of footnotes) and (ii) a management report setting forth (A) Consolidated EBITDA of Holdings for such fiscal quarter and for the then elapsed portion of the fiscal year, showing variance, by dollar amount and percentage, from amounts for the comparable periods in the previous fiscal year, (B) such key operational information as the Company and the Administrative Agent may agree to, and (C) a management discussion and analysis of the financial condition and results of operations for such fiscal quarter as compared to the comparable period in the previous fiscal year (provided that financial statements for (1) the quarter ending September 30, 2007 will consist of unaudited historical financial statements presented separately for (x) Telesat Canada and its consolidated subsidiaries as of such quarter end, on the one hand and (y) Loral Skynet Corporation and its consolidated subsidiaries of such quarter end, and need not contain a report setting forth the items in clauses (A), (B) and (C) above and (2) no comparison to the comparable fiscal quarter for the prior fiscal year shall be required for any fiscal quarter prior to the fiscal quarter ending December 31, 2008 (it being understood that the delivery by Holdings of (i) financial information for such period that would be required to be contained in a filing with the SEC on Form 10-Q if Holdings were required to file such forms, (ii) whether or not required by the forms referred to above, a "Management's

Discussion and Analysis of Financial Condition and Results of Operations" and (iii) the officer's certificate referred to above, shall satisfy the requirements of this Section 5.04(b));

(c) to the extent prepared and available generally to third parties other than direct and indirect equity holders of the Canadian Borrower (it being understood there is no obligation to otherwise create such financial statements), within 30 days after the end of each month commencing with the month ending September, 2007 a consolidated balance sheet and related consolidated statements of operations and cash flows showing the financial position of Holdings and its Subsidiaries as of the close of such month and the consolidated results of their operations during such month and the then-elapsed portion of the fiscal year, all certified by a Financial Officer of Holdings, on behalf of Holdings, as fairly presenting, in all material respects, the financial position and results of operations of Holdings and its Subsidiaries on a consolidated basis (it being understood that the delivery by Holdings of the officer's certificate referred to above shall satisfy the requirements of this Section 5.04(c));

(d)(x) concurrently with any delivery of financial statements under (a) or (b) above, a certificate of a Financial Officer of Holdings on behalf of Holdings (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent of the Applicable Amount then available and (y) any information with respect to Unrestricted Subsidiaries provided to the Administrative Agent or Lenders under the Senior Secured Credit Facilities;

(e) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Holdings or any of its Subsidiaries with the SEC, or after an initial public offering, distributed to its stockholders generally, as applicable;

(f) within 90 days after the beginning of each fiscal year, an annual summary operating and capital expenditure budget, in form reasonably satisfactory to the Administrative Agent prepared by Holdings for such fiscal year prepared in reasonable detail, of Holdings and the Subsidiaries, accompanied by the statement of a Financial Officer of Holdings to the effect that such budget has been reviewed by Holdings' board of directors;

(g) [Reserved];

(h) promptly, a copy of all reports submitted to the board of directors (or any committee thereof) of any of Holdings or any Restricted Subsidiary in connection with any interim or special audit that is material made by independent accountants of the books of Holdings or any Restricted Subsidiary;

(i) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings, Intermediate Holdco or any of the Subsidiaries, or compliance with the terms of any Loan Document, as in each case the Administrative Agent may reasonably request; and

(j) promptly upon request by the Administrative Agent, copies of: (i) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed with the Employee Benefits Security Administration with respect to a Plan; (ii) the most recent actuarial valuation report for any Plan; (iii) all notices received from a Multiemployer Plan sponsor or any governmental agency concerning an ERISA Event; and (iv) such other documents or governmental reports or filings relating to any Non-U.S. Pension Plan, Canadian Plan or Multiemployer Plan as the Administrative Agent shall reasonably request.

Documents required to be delivered pursuant to Section 5.04(a), (b) or (e) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) to the extent any such documents are included in materials otherwise filed with the SEC, on which the Canadian Borrower posts such documents, or provides a link thereto on the Canadian Borrower's website on the Internet at the website address listed on Schedule 5.04 ; or (ii) on which such documents are posted on the Canadian Borrower's behalf on IntraLinks/IntraAgency/SyndTrak or another relevant website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third party website or whether sponsored by the Administrative Agent); provided that: (i) upon written request by the Administrative Agent, the Canadian Borrower shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender until a written request to cease delivering paper copies is given by the Administrative Agent and (ii) the Canadian Borrower shall immediately notify (which may be by facsimile or electronic mail) the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Canadian Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 5.04(d) to the Administrative Agent.

SECTION 5.05 Litigation and Other Notices . Furnish to the Administrative Agent written notice of the following promptly after any Responsible Officer of Holdings or any Borrower obtains actual knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Holdings or any of the Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(c) any other development specific to Holdings or any of the Subsidiaries that is not a matter of general public knowledge and that has had, or could reasonably be expected to have, a Material Adverse Effect;

(d) the occurrence of any ERISA Event, that together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect; and

(e) the occurrence of any Canadian Pension Event, that together with all other Canadian Pension Events that have occurred, could reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Compliance with Laws . Comply with all laws, rules, regulations and orders of any Governmental Authority (including without limitation the Telesat Canada Reorganization and Divestiture Act as in effect from time to time) applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; provided that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.09, or to laws related to Taxes, which are the subject of Section 5.03.

SECTION 5.07 Maintaining Records; Access to Properties and Inspections . Maintain all financial records in accordance with U.S. GAAP or Canadian GAAP, as applicable, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender, subject to reasonable security and safety restrictions, to visit and inspect the financial records and the properties of Holdings or any of the Subsidiaries at reasonable times, upon reasonable prior notice to Holdings or any Borrower, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Holdings or any Borrower to discuss the affairs, finances and condition of Holdings or any of the Subsidiaries with the officers thereof and (subject to a senior officer of the respective company or a parent thereof being present) independent accountants therefor (subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract).

SECTION 5.08 Use of Proceeds . Use the proceeds of Loans only in compliance with the representation contained in Section 3.12.

SECTION 5.09 Compliance with Environmental Laws . Comply, and make commercially reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all Environmental Laws applicable to its operations, properties and facilities, and obtain and renew all authorizations and permits required pursuant to Environmental Law for its operations, properties and facilities, in each case in accordance with Environmental Laws, except, in each case with respect to this Section 5.09, to the extent the failure to do so could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 5.10 Further Assurances .

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions that may be required under any applicable law or that the Administrative Agent may reasonably request, to cause the Guarantee Requirements to be and remain satisfied, all at the expense of the Loan Parties.

(b) [Reserved].

(c) [Reserved].

(d)(i) If any additional direct or indirect Material Subsidiary of Holdings is formed or acquired after the Closing Date and if such Material Subsidiary is a Subsidiary Loan Party, or if any Material Subsidiary becomes a Subsidiary Loan Party after the Closing Date, within 10 Business Days after the date such Subsidiary is formed or acquired or becomes a Subsidiary Loan Party, notify the Administrative Agent and the Lenders thereof and, within 45 Business Days (or such longer period as may be permitted by the Administrative Agent, in its sole discretion), after the date such Subsidiary is formed or acquired or becomes a Subsidiary Loan Party, cause the Guarantee Requirements to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party, and (ii) notwithstanding the Agreed Guarantee Principles or any other provision hereof, if the portion of consolidated Total Assets or revenues attributable to the Loan Parties (excluding any subsidiaries thereof that are not Guarantors) as of and for the Test Period ended on the last day of the most recently ended fiscal quarter of Holdings is less than 90% of consolidated Total Assets or revenues of Holdings and its Subsidiaries as of and for the Test Period most recently ended (as set forth in such pro forma calculation), cause the Guarantee Requirements to be satisfied with respect to one or more Restricted Subsidiaries selected by the Canadian Borrower that are not then Loan Parties, as promptly as reasonably practicable, such that the portion of consolidated Total Assets and revenues (as of and for the period of four fiscal quarters most recently ended) attributable to the Loan Parties (excluding any subsidiaries thereof that are not Guarantors) is equal to or greater than 90% of consolidated Total Assets and revenues of Holdings and its Subsidiaries (as of and for the period of four fiscal quarters most recently ended).

(e) [Reserved].

(f) The Guarantee Requirements and the other provisions of this Section 5.10 need not be satisfied with respect to: (i) any assets of Skynet's network services business located outside of the United States and Canada (to the extent such assets are not material and non-essential for the operations of Skynet and its Subsidiaries), (ii) any Subsidiary that is being dissolved or sold within one year of the date hereof and set forth on Schedule 5.10(f) , such time to be extended in the Administrative Agent's sole discretion (notwithstanding the foregoing, there shall be no deadline for dissolution occurring under the laws of India) or (iii) any grant of a guarantee if to do so would contravene the Agreed Guarantee Principles.

SECTION 5.11 Interest Rate Protection Agreements . In the case of the Canadian Borrower, as promptly as practicable and in any event within 120 days after the Closing Date, enter into, and for a period of not less than three years after the Closing Date maintain in effect, one or more Swap Agreements, the effect of which is that at least 50% of Funded Debt (excluding the US

Term II Loan portion of the Senior Secured Credit Facilities to the extent not drawn) of Holdings and its Subsidiaries will bear interest at a fixed or capped rate or the interest cost in respect of which will be fixed or capped, in each case on terms and conditions and with a counterparty reasonably acceptable, taking into account current market conditions, to the Administrative Agent. Revolving Facility Loan portion of the Senior Secured Credit Facilities shall be excluded from all computations made under this Section 5.11.

SECTION 5.12 Post-Closing Matters . To the extent not executed and delivered on the Closing Date, unless otherwise agreed by the Administrative Agent in its sole discretion, execute and deliver the documents and complete the tasks set forth on Schedule 5.12 , in each case within the time limits specified on such schedule, or such later time as the Administrative Agent shall agree in its sole discretion.

SECTION 5.13 Securities Demand .

(a) Upon a request (each, a " Securities Demand ") of the Lead Arrangers from time to time from and after the date that is 180 days after the Closing Date, for a period ending 540 days after the Closing Date (such period, the " Securities Demand Period "), after a roadshow and marketing period customary for similar offerings, the Borrowers (or, if so specified by the Lead Arrangers, Holdings or one of its subsidiaries) shall issue Permanent Securities in such amount as will generate gross proceeds of an amount sufficient to repay all outstanding amounts under this Agreement and all related fees and expenses. The Permanent Securities shall have such form, term, yield, guarantees, covenants, subordination and default provisions and other terms as are customary for securities of the type issued by similarly situated issuers in light of the then prevailing market conditions and may be issued in one or more tranches, all as determined by the Investment Bank in its sole discretion; provided that (x) the total weighted average interest rate on the applicable Permanent Securities shall not exceed 12.5% per annum (exclusive of default interest, tax gross ups and amounts owing under the Registration Rights Agreement) and (y) the maturity of the Permanent Securities shall not be earlier than six months after the final stated maturity of the Senior Rollover Loans or a shorter weighted average life (and, if after the issuance of such Permanent Securities, Loans or Exchange Notes will still be outstanding, the Permanent Securities shall not have a maturity date earlier than the Rollover Loan Maturity Date and shall not have a shorter weighted average life than the Rollover Loans).

(b) The Loan Parties will do all things required in the opinion of the Investment Bank, in its sole discretion, in connection with the sale of the Permanent Securities, and in any event as soon as reasonably practicable (it being understood that nothing in this paragraph shall require the Loan Parties to issue Permanent Securities prior to the exercise of the Securities Demand in paragraph (a) above):

(i) no later than 15 days subsequent to the Closing Date, the Borrowers shall have completed and made available to the Investment Bank copies of an offering memorandum for the offer and sale of the Permanent Securities pursuant to Rule 144A of the rules and regulations under the Securities Act containing such disclosures as may be required by applicable laws, as are customary and appropriate for such a document or as may be required by the Investment Bank (including all audited, pro forma and other financial statements and schedules of the Loan Parties of the type that would be required

in a registered public offering of the Permanent Securities on Form S-1 under the Securities Act or as otherwise might be reasonably acceptable to the Investment Bank), and

(ii) senior management and directors (other than Mark Rachesky, Sai Devabhaktuni, Hal Goldstein and each other employee of MHR who is on the board of directors of Loral other than the officers of Loral) of the Loan Parties shall have made themselves available for due diligence, rating agency presentations and a road show and other meetings with potential investors for the Permanent Securities as required by the Investment Bank in its reasonable judgment to market the Permanent Securities (it being understood that only officers and other employees of Loral and the Company shall participate in roadshows).

(c) The Lead Arrangers may at any time require the Borrowers to execute an underwriting or purchase agreement providing for the issuance of the Permanent Securities contemplated hereby substantially in the form of Investment Bank's standard underwriting or purchase agreement, modified as appropriate to reflect the terms of the transactions contemplated thereby and containing such terms, covenants, conditions, representations, warranties and indemnities as are customary in similar transactions and providing for the delivery of an indenture and a registration rights agreement substantially in the form of Investment Bank's standard indentures and registration rights agreements, legal opinions, comfort letters and officers' certificates, all in form and substance reasonably satisfactory to the Lead Arrangers and their counsel, and the Borrowers shall cause the Permanent Securities to be rated by S&P and Moody's. Without limiting the generality of the foregoing, the Loan Parties represent and warrant that the offering memorandum for the Permanent Securities will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading.

(d) Without limiting the generality of anything contained in this Section 5.13 and in addition thereto, the Canadian Borrower covenants and agrees to use its commercially reasonable efforts to refinance the Loans as soon reasonably practicable (it being agreed that for purposes of this clause (d) only (other than during the Securities Demand Period), the Canadian Borrower shall be entitled to take into account the interest rate or other costs of refinancing then available in determining whether such refinancing is commercially reasonable and, except during the Securities Demand Period (when the caps in clause (a) above govern), the Canadian Borrower shall not be required to so refinance at such time if it would incur refinancing costs or rates that it deems to be commercially unreasonable).

SECTION 5.14 Exchange Notes .

(a) The Borrowers shall, as promptly as practicable after the first Exchange Trigger Event but in any event prior to the first Exchange Date, enter into the Exchange Notes Indenture with an indenture trustee (the " Trustee ") being (a) The Bank of New York or (b) such other bank or trust company acting as indenture trustee thereunder, which shall be a corporation organized and doing business under the laws of the United States of America or any state thereof, in good standing, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by U.S. Federal or state authority and which has a combined capital and surplus of not less than $50.0 million.

(b) On the applicable Exchange Date, the Borrowers shall execute, cause the Trustee to authenticate, and deliver to each Lender who has delivered an Exchange Notice an Exchange Note dated as of the Exchange Date, bearing interest at the rate then in effect on the Rollover Loans and otherwise issued in accordance with the Exchange Notes Indenture, in exchange for such Lender's Rollover Loan (and any Rollover Note evidencing such Loan), registered in the name specified by such Lender, in the principal amount equal to 100% of the outstanding principal amount of the Rollover Loans for which they are exchanged. The holder of Exchange Notes shall have the option to fix the interest rate on its Exchange Notes in accordance with the terms of the Exchange Notes Indenture.

(c) On the first Exchange Date, the Borrower shall execute and deliver, and cause each Subsidiary Guarantor to execute and deliver, to the Arranger a Registration Rights Agreement with respect to the Exchange Notes. The Canadian Borrower will, at its own expense, take all reasonable actions (including obtaining CUSIP numbers in respect thereof) necessary to cause the Exchange Notes to be eligible to clear and settle through The Depository Trust Company.

(d) As more particularly provided in the Exchange Notes Indenture, each Exchange Note will bear interest at the rate applicable to the Rollover Loans for which it was exchanged and continue to bear interest at such rate (increasing in accordance with the interest provisions for Rollover Loans as provided herein, provided that the LIBO Rate and interest payment date provisions shall be determined in accordance with LIBO Rate and interest payment date determination provisions customary for floating rate notes that settle through DTC) and will be redeemable at the option of the Borrowers, in whole or in part at any time, at par plus accrued and unpaid interest thereon through the date of redemption; provided that each holder of an Exchange Note will have the option to fix the interest rate on any Exchange Note held by it to a rate that is equal to the then applicable rate of interest borne by such Exchange Note (but in no event in excess of 11.0% per annum (exclusive of default interest, tax gross ups and amounts owing under the Registration Rights Agreement)), in which case such Exchange Note will have customary "high yield" style "non-call" protections such that it will be non-callable until the fifth anniversary of the Closing Date (subject to customary equity claw back provisions) and callable thereafter at par plus one half of the fixed rate coupon, declining ratably to par on the date that is one year prior to final maturity. The Exchange Notes will contain Change of Control prepayment offer provisions at 101% of the principal amount of outstanding.

(e) On each Exchange Date, the Borrowers shall deliver to each Lender exchanging Loans for Exchange Notes on such Exchange Date an opinion of counsel relating to due authorization, execution, delivery and enforceability and choice of law and venue provisions in connection with the Exchange Notes, Exchange Notes Indenture and Registration Rights Agreement, in form and substance substantially similar to the opinions delivered on the Closing Date under Section 4.01(e) hereof, which opinions shall also provide for customary "reliance language" in favor of the Trustee, in addition to any other opinions required under the Indenture.

SECTION 5.15 Steps Memorandum. The Loan Parties shall complete the actions set forth on the Steps Memorandum set forth on Schedule 6.14 attached hereto, in all material respects (other than name changes on Schedule 1 relating to entities not organized in the United States or Canada or a state, province or territory thereof), on the Closing Date.

ARTICLE VI

NEGATIVE COVENANTS

Subject to Section 9.23, the Loan Parties hereby covenant and agree that on the Closing Date and thereafter, until the Commitments have terminated and the Loans, together with interest, Fees and all other Obligations incurred hereunder, are paid in full:

SECTION 6.01 Limitation on Indebtedness .

(A) Holdings will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness arising under the Loan Documents and any Permitted Senior Subordinated Bridge Refinancing thereof (including for the avoidance of doubt the Exchange Notes);

(b) Indebtedness of (i) any Loan Party to another Loan Party, (ii) of any Non-Subsidiary Loan Party to any other Non-Subsidiary Loan Party and (iii) subject to Section 6.05(g), Indebtedness of any Non-Subsidiary Loan Party to any Loan Party;

(c) Indebtedness in respect of any bankers' acceptance (other than a bankers' acceptance issued in respect of borrowed money), letter of credit, warehouse receipt or similar facilities entered into in the ordinary course of business;

(d) except as provided in clauses (j) and (k) below, subject to compliance with Section 6.05(g), Guarantee Obligations incurred by (i) Restricted Subsidiaries in respect of Indebtedness of Holdings or other Restricted Subsidiaries that is permitted to be incurred under this Agreement and (ii) Holdings in respect of Indebtedness of the Restricted Subsidiaries that is permitted to be incurred under this Agreement, provided that there shall be no Guarantee (a) by any Restricted Subsidiary that is not a Guarantor of any Indebtedness of a Borrower or any Guarantor and (b) in respect of Indebtedness under the Senior Secured Credit Facilities or the Senior Bridge Loan Facility (or Permitted Senior Refinancings thereof) unless such Guarantee is made by a Guarantor and provided further that in the event such Guarantee Obligations are incurred in respect of Senior Subordinated Indebtedness or Guarantor Senior Subordinated Indebtedness, then such Guarantee Obligations shall rank equally or junior in right of payment to the Obligations and if such Guarantee Obligations are incurred in respect of Subordinated Indebtedness, then such Guarantee Obligations shall be subordinated to the right of payment of the Obligations at least to the same extent;

(e) Guarantee Obligations incurred in the ordinary course of business in respect of obligations of suppliers, customers, franchisees, lessors and licensees;

(f)(i) Indebtedness (including Indebtedness arising under Capital Leases) incurred within 270 days before or after the acquisition, construction or improvement of fixed or capital assets to finance the acquisition, construction or improvement of such fixed or capital assets or otherwise incurred in respect of Capital Expenditures (it being understood that the Canadian Borrower may determine in good faith the purpose for which Indebtedness was incurred), (ii) Indebtedness arising under Capital Leases and (iii) any refinancing, refunding, renewal or extension of any Indebtedness under this clause (f), provided that the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses)) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension, except to the extent otherwise permitted hereunder; provided that the aggregate amount of Indebtedness incurred pursuant to this clause (f) shall not exceed $100.0 million at any time outstanding;

(g) Indebtedness outstanding on the date hereof and listed on Schedule 6.01 and any refinancing, refunding, renewal or extension thereof, provided that (i) the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension, except to the extent otherwise permitted hereunder and (ii) the direct and contingent obligors with respect to such Indebtedness are not changed;

(h) Indebtedness in respect of Swap Agreements entered into for bona fide (non-speculative) business purposes;

(i) the incurrence of Indebtedness under Senior Secured Credit Facilities by Holdings or any of the Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount of $2,550.0 million outstanding at any one time, *less* the aggregate of all principal prepayments made in respect of the Senior Secured Credit Facilities made in respect of Asset Sale Events or Casualty Events; provided that the amount available under this clause (i) shall reduce on the date that is the twelve month anniversary of the Closing Date by the amount, if any, of the $150.0 million Delayed Draw Senior Secured Term Loan B Facility of the Senior Secured Credit Facilities which is undrawn as of such date (but only to the extent of such undrawn amount);

(j)(i) Indebtedness of a Person or Indebtedness attaching to assets of a Person that, in either case, becomes a Restricted Subsidiary or Indebtedness attaching to assets that are acquired by Holdings or any Restricted Subsidiary, in each case after the Closing Date as the result of a Permitted Acquisition in an aggregate amount (together with amounts pursuant to clause (ii) below) not to exceed $200.0 million at any time outstanding, provided that (w) such Indebtedness existed at the time such Person became a Restricted Subsidiary or at the time such assets were acquired and, in each case, was not

created in anticipation thereof, (x) such Indebtedness is not guaranteed in any respect by Holdings or any Restricted Subsidiary (other than by any such person that so becomes a Restricted Subsidiary) and (y) such Person executes a supplement to this Agreement (or alternative guarantee arrangements in relation to the Obligations reasonably acceptable to the Administrative Agent, as applicable) to the extent required under Section 5.10, provided that the requirements of this subclause (y) shall not apply to an aggregate amount at any time outstanding of up to (and including) the Guarantee Exception Amount at such time of the aggregate of (1) such Indebtedness and (2) all Indebtedness as to which the proviso to clause (k)(i)(y) below then applies, and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that, except to the extent otherwise permitted hereunder, (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed;

(k)(i) Indebtedness of Holdings or any Restricted Subsidiary incurred to finance a Permitted Acquisition in an aggregate principal amount (together with amounts pursuant to clause (ii) below) not to exceed $200.0 million at any time outstanding, provided that (x) such Indebtedness is not guaranteed in any respect by any Restricted Subsidiary (other than any Person acquired (the " acquired Person ") as a result of such Permitted Acquisition or the Restricted Subsidiary so incurring such Indebtedness) or, in the case of Indebtedness of any Restricted Subsidiary, subject to compliance with Section 6.05(i), by Holdings, and (y) such acquired Person executes a supplement to this Agreement (or alternative guarantee in relation to the Obligations reasonably acceptable to the Administrative Agent) to the extent required under Section 5.10, provided that the requirements of this subclause (y) shall not apply to an aggregate amount at any time outstanding of up to (and including) the amount of the Guarantee Exception Amount at such time of the aggregate of (1) such Indebtedness and (2) all Indebtedness as to which the proviso to clause (j)(i)(y) above then applies, and (ii) any refinancing, refunding, renewal or extension of any such Indebtedness, provided that (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed, except to the extent otherwise permitted hereunder;

(l) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety, environmental and regulatory obligations in the ordinary course of business;

(m)(i) Indebtedness incurred in connection with any Permitted Sale Leaseback (provided that the Net Cash Proceeds (other than Net Cash Proceeds from the T10R Sale Leaseback) thereof are promptly applied to the extent required by Section 2.11(e)) and

(ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that, except to the extent otherwise permitted hereunder, (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding (not including any reasonable prepayment premiums, fees, costs and expenses) immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed;

(n) additional Indebtedness; provided that the aggregate amount of Indebtedness incurred and remaining outstanding pursuant to this clause (n) shall not at any time exceed $200.0 million at any time outstanding;

(o) Indebtedness in respect of the Senior Bridge Loan Facility (including for the avoidance of doubt the Senior Rollover Loans) in an aggregate principal amount not to exceed $692,825,000 and any Permitted Senior Bridge Refinancings thereof (including for the avoidance of doubt the Senior Exchange Notes);

(p) Indebtedness in respect of the Telesat Notes so long as such Indebtedness is redeemed within 45 days after the Closing Date and the Canadian Borrower retains prior to such time sufficient funds in a segregated account to pay the redemption price therefor;

(q) Indebtedness consisting of Mezzanine Securities issued pursuant to Section 6.12(h)(a); and

(r)(i) up to $500.0 million (together with amounts pursuant to clause (ii) below (other than reasonable prepayment premiums, fees, costs and expenses) of Indebtedness incurred to construct or acquire up to four Satellites (including transponders and including replacement Satellites constructed or acquired to replace Satellites, including existing Satellites), any of which may be pursuant to a condosat transaction, and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that the principal amount thereof (not including any reasonable prepayment premiums, fees, costs and expenses) is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension;

(B) The Loan Parties will not issue any Disqualified Capital Stock, except to the extent it is treated as Indebtedness and otherwise permitted under this Section 6.01.

(C) Holdings and the Restricted Subsidiaries shall not, directly or indirectly, incur any Indebtedness that is or purports to be by its terms (or by the terms of any agreement governing such Indebtedness) senior in right of payment to the Obligations and subordinated in right of payment to any other Indebtedness of Holdings or any Restricted Subsidiary. For purposes of the foregoing, no Indebtedness will be deemed to be subordinated in right of payment to any other Indebtedness of Holdings and/or a Restricted Subsidiary solely by virtue of being unsecured or secured by a junior priority lien or by virtue of the fact that the holders of

such Indebtedness have entered into intercreditor agreements or other arrangements giving one or more of such holders priority over the other holders in the collateral held by them.

SECTION 6.02 Limitation on Liens . Holdings will not, and will not permit any of the Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets of any kind (real or personal, tangible or intangible) of Holdings or any Restricted Subsidiary, whether now owned or hereafter acquired, except:

(a) Liens securing any Senior Indebtedness or Guarantor Senior Indebtedness, provided such Senior Indebtedness or Guarantor Senior Indebtedness is incurred in accordance with this Agreement;

(b) Permitted Liens;

(c) Liens securing Indebtedness permitted pursuant to Section 6.01(A)(f), and Liens securing Indebtedness permitted pursuant to Section 6.01(A)(r), provided that such Liens attach at all times only to the assets so financed (including insurance proceeds with respect to Section 6.01(A)(f);

(d) Liens existing on the date hereof and listed on Schedule 6.02 ;

(e) the replacement, extension or renewal of any Lien permitted by clauses (a) through (d) above and clauses (f) or (g) of this Section 6.02 upon or in the same assets theretofore subject to such Lien or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor except to the extent otherwise permitted hereunder) of the Indebtedness secured thereby;

(f) Liens existing on the assets of any Person that becomes a Restricted Subsidiary, or existing on assets acquired, pursuant to a Permitted Acquisition to the extent the Liens on such assets secure Indebtedness permitted by Section 6.01(A)(j), provided that such Liens attach at all times only to the same assets that such Liens attached to, and secure only the same Indebtedness that such Liens secured, immediately prior to such Permitted Acquisition;

(g)(i) Liens placed upon the capital stock of any Restricted Subsidiary acquired pursuant to a Permitted Acquisition to secure Indebtedness of Holdings or any other Restricted Subsidiary in an aggregate amount at any time outstanding not to exceed the Guarantee Exception Amount incurred pursuant to Section 6.01(A)(k) in connection with such Permitted Acquisition and (ii) Liens placed upon the assets of such Restricted Subsidiary to secure a guarantee by such Restricted Subsidiary of any such Indebtedness of Holdings or any other Restricted Subsidiary in an aggregate amount at any time outstanding not to exceed the Guarantee Exception Amount; and

(h) additional Liens so long as the aggregate principal amount of the obligations so secured does not exceed $50.0 million at any time outstanding.

SECTION 6.03 Limitation on Fundamental Changes . Except as expressly permitted by Section 6.04 or 6.05 and except as described in the recitals hereof, Holdings will not, and will not permit any of the Restricted Subsidiaries to, enter into any merger, consolidation or amalgamation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of, all or substantially all its business units, assets or other properties, except that:

(a) Holdings, Initial Canadian Borrower or any Subsidiary of the Borrowers or any other Person may be merged, amalgamated or consolidated with or into the Canadian Borrower, provided that (i) the Canadian Borrower shall be the continuing or surviving corporation or the Person formed by or surviving any such merger, amalgamation or consolidation (if other than the Canadian Borrower) shall be a corporation organized or existing under the laws of Canada, any province or territory thereof, the United States, any state thereof, the District of Columbia or any territory thereof (the Canadian Borrower or such Person, as the case may be, being herein referred to as the " Successor Borrower "), (ii) the Successor Borrower (if other than the Canadian Borrower) shall expressly assume all the obligations of the Canadian Borrower under this Agreement and the other Loan Documents pursuant to a supplement hereto or thereto in form reasonably satisfactory to the Administrative Agent, (iii) no Default or Event of Default would result from the consummation of such merger, amalgamation or consolidation, (iv) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have by a supplement to the Guarantee confirmed that its Guarantee shall apply to the Successor Borrower's obligations under this Agreement, and (v) the Canadian Borrower shall have delivered to the Administrative Agent an officer's certificate and an opinion of counsel, each stating that such merger, amalgamation or consolidation and such supplement to this Agreement comply with this Agreement; provided , further , that if the foregoing are satisfied, the Successor Borrower (if other than the Canadian Borrower) will succeed to, and be substituted for, the Canadian Borrower under this Agreement;

(b) Holdings, Initial Canadian Borrower or any Subsidiary of the Borrowers or any other Person may be merged, amalgamated or consolidated with or into Holdings, Initial Canadian Borrower or any one or more Subsidiaries of the Borrowers, provided that (i) in the case of any merger, amalgamation or consolidation involving Holdings, Initial Canadian Borrower or one or more Restricted Subsidiaries, (A) Holdings, Initial Canadian Borrower or a Restricted Subsidiary shall be the continuing or surviving corporation or (B) the Canadian Borrower shall take all steps necessary to cause the Person formed by or surviving any such merger, amalgamation or consolidation (if other than Holdings, Initial Canadian Borrower or a Restricted Subsidiary) to become a Restricted Subsidiary (other than in the case of a merger, consolidation or amalgamation where Holdings or Initial Canadian Borrower is the surviving entity), (ii) in the case of any merger, amalgamation or consolidation involving one or more Guarantors, a Guarantor shall be the continuing or surviving corporation or the Person formed by or surviving any such merger, amalgamation or consolidation (if other than a Guarantor) shall execute a supplement to this Agreement in form and substance reasonably satisfactory to the Administrative Agent in order to become a Guarantor, (iii) no Default

or Event of Default would result from the consummation of such merger, amalgamation or consolidation and (iv) the Canadian Borrower shall have delivered to the Administrative Agent an officers' certificate stating that such merger, amalgamation or consolidation and such supplements to this Agreement comply with this Agreement;

(c) any Restricted Subsidiary that is not a Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Canadian Borrower, a Guarantor or any other Restricted Subsidiary of the Canadian Borrower;

(d) any Guarantor may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Canadian Borrower or any other Guarantor;

(e) any Restricted Subsidiary may liquidate or dissolve if (x) the Canadian Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Canadian Borrower and is not materially disadvantageous to the Lenders and (y) to the extent such Restricted Subsidiary is a Loan Party, any assets or business not otherwise disposed of or transferred in accordance with Section 6.04 or 6.05, or, in the case of any such business, discontinued, shall be transferred to, or otherwise owned or conducted by, another Loan Party after giving effect to such liquidation or dissolution; and

(f) the transactions set forth in Schedule 6.03 .

SECTION 6.04 Limitation on Sale of Assets . Holdings will not, and will not permit any of the Restricted Subsidiaries to, (i) convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including receivables and leasehold interests), whether now owned or hereafter acquired (other than any such sale, transfer, assignment or other disposition resulting from any casualty or condemnation, of any assets of Holdings or the Restricted Subsidiaries) or (ii) sell to any Person (other than a Borrower or a Guarantor) any shares owned by it of any Restricted Subsidiary's capital stock or issue to any Person (other than any Borrower or Guarantor) any shares of any Restricted Subsidiary's capital stock, other than the issuance of additional Equity Interests of non-Wholly Owned Subsidiaries to a third party (provided that after giving effect to the issuance thereof, Holdings directly or indirectly owns not less than the percentage of equity in such entity that it owned immediately prior to such issuance) (collectively, a " disposition "), except that:

(a) Holdings and the Restricted Subsidiaries may sell, transfer or otherwise dispose of (i) immaterial assets in the ordinary course of business so long as the aggregate fair market value does not exceed $1.0 million and (ii) used or surplus equipment, vehicles, inventory and other assets in the ordinary course of business;

(b) Holdings and the Restricted Subsidiaries may sell, transfer or otherwise dispose of assets (other than Satellite Assets) for fair value, provided that (i) the total non-cash consideration received since the Closing Date in respect of sales, transfers and dispositions for which less than 75% of such consideration consisted of cash shall not

exceed $50.0 million (it being agreed that there is no such limitation on the amount of non-cash consideration received in respect of any such sale, transfer or other disposition made pursuant to this subclause (b) if at least 75% of the consideration in respect thereof consists of cash consideration or Permitted Investments and that the cash consideration and Permitted Investments in a sale, transfer or other disposition may be less than 75% so long as the deficiency is less than the then-unused portion of such $50.0 million amount), (ii) to the extent applicable, the Net Cash Proceeds thereof to Holdings and its Restricted Subsidiaries are promptly applied to the prepayment and/or commitment reductions as provided for in Section 2.11(e), and (iii) after giving effect to any such sale, transfer or disposition, no Default or Event of Default shall have occurred and be continuing;

(c) Holdings and the Restricted Subsidiaries may make sales of assets to Holdings or to any Restricted Subsidiary (except that Satellite Assets may not be sold or transferred to any non-Guarantor pursuant to this clause (c)), provided that with respect to any such sales to Restricted Subsidiaries that are not Guarantors either (1) (i) such sale, transfer or disposition shall be for fair value and (ii) the total non-cash consideration received since the Closing Date in respect of such sales, transfers and dispositions for which less than 50% of such consideration consisted of cash shall not exceed $75.0 million (it being agreed that there is no such limitation on the amount of non-cash consideration received in respect of any such sale, transfer or other disposition made pursuant to this subclause (c) if at least 50% of the consideration in respect thereof consists of cash consideration or Permitted Investments and that the cash consideration and Permitted Investments in a sale, transfer or other disposition may be less than 50% so long as the deficiency is less than the then-unused portion of such $75.0 million amount) or (2) such sale, transfer or disposition is permitted by Section 6.05(g)(ii);

(d) any Restricted Subsidiary may effect any transaction permitted by Section 6.03, including the T10R Sale Leaseback;

(e) Holdings and its Restricted Subsidiaries may lease, or sublease, any real property or personal property in the ordinary course of business;

(f) Holdings and its Restricted Subsidiaries may sell or transfer or otherwise dispose of Satellite Assets or consummate a Permitted Sale Leaseback; provided that (i) the fair market value of the proceeds of all such transactions does not exceed (a) $400.0 million plus (b) if, after giving pro forma effect to any such disposition, the Consolidated Total Debt to Consolidated EBITDA Ratio of Holdings is (A) less than 7.00 to 1.00 and (B) less than the Consolidated Total Debt to Consolidated EBITDA Ratio immediately prior to such disposition, $600.0 million, (ii) such Net Cash Proceeds are promptly applied to the prepayment and/or commitment reductions as provided for in Section 2.11 and (iii) at least 90% of the consideration received pursuant to this clause (f) must consist of cash or Permitted Investments;

(g) dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property and (ii) the proceeds of any such disposition are promptly applied to the purchase price of such replacement property;

(h) dispositions of Permitted Investments;

(i) dispositions of accounts receivable in connection with the collection or compromise thereof in the ordinary course of business;

(j) dispositions of assets listed on Schedule 6.04 ;

(k) dispositions of Investments in joint ventures to the extent required by, or made pursuant to customary buy/sell arrangements between, the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(l) dispositions of property subject to Casualty Events upon receipt of the Net Cash Proceeds of such Casualty Event;

(m) dispositions consisting of leasing transponders in the ordinary course of business (including end of life leases); and

(n) other dispositions of property for consideration in any single transaction or related series of transactions, not in excess of $10.0 million from any individual transaction and the aggregate consideration for all dispositions pursuant to this Section 6.04(n) shall not exceed $25.0 million.

For purposes of clauses (b), (c) and (f), the following consideration shall be deemed to be cash consideration: (A) any liabilities (as shown on Holdings' or such Restricted Subsidiary's most recent balance sheet provided hereunder or in the footnotes thereto) of Holdings or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the in cash of the Obligations, that are assumed by the transferee with respect to the applicable disposition and for which Holdings and all of the Restricted Subsidiaries shall have been validly released by all applicable creditors in writing, and (B) any securities received by Holdings or such Restricted Subsidiary from such transferee that are converted by Holdings or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of the applicable disposition.

SECTION 6.05 Limitation on Investments . Holdings will not, and will not permit any of the Restricted Subsidiaries to, make any advance, loan, extensions of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets of, or make any other Investment in, any Person, except:

(a) extensions of trade credit and asset purchases, including purchases of transponders, orbital slots and ground equipment, in the ordinary course of business;

(b) Permitted Investments;

(c) loans and advances to officers, directors and employees of Holdings or any of its Subsidiaries in an aggregate principal amount at any time outstanding under this clause (c) not exceeding $10.0 million;

(d) Investments existing on the date hereof and listed on Schedule 6.05 and any extensions, renewals or reinvestments thereof, so long as the aggregate amount of all Investments pursuant to this clause (d) is not increased at any time above the amount of such Investments existing on the date hereof;

(e) Investments received in connection with the bankruptcy or reorganization of suppliers or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business;

(f) Investments to the extent that payment for such Investments is made solely with capital stock of Holdings;

(g) Investments in (i) any Guarantor (provided that such entity was a Guarantor or Wholly Owned Subsidiary immediately prior to such Investment) or the Canadian Borrower and (ii) in Restricted Subsidiaries that are not Guarantors (provided that such entity was a Subsidiary immediately prior to such Investment), in the case of this clause (g)(ii), in an aggregate amount not to exceed the greater of $175.0 million and 3.0% of Total Assets of Holdings and its Subsidiaries;

(h) Investments of up to $500.0 million at any one time outstanding to the extent such investments relate to the construction or acquisition of up to four satellites (including Satellites constructed or acquired to replace Satellites, including existing Satellites), any of which can be pursuant to a condosat transaction;

(i) Investments constituting Permitted Acquisitions not to exceed (x) $500.0 million since the Closing Date, plus (y) up to an additional $500.0 million to the extent funded with the cash proceeds from the issuance of Qualified Capital Stock issued by Holdings (other than the Equity Financing and other than Permitted Cure Securities and provided that such amounts do not increase the Applicable Amount);

(j)(i) Investments (including Investments in Minority Investments and Unrestricted Subsidiaries) and (ii) Investments in joint ventures or similar entities that do not constitute Restricted Subsidiaries, in each case, as valued at the fair market value of such Investment at the time each such Investment is made, (A) in an amount that, at the time such Investment is made, would not exceed the sum of (x) the Applicable Amount at such time plus (without duplication) (y) an amount equal to any repayments, interest, returns, profits, distributions, income and similar amounts actually received in cash in respect of any such Investment (which amount shall not exceed the amount of such Investment valued at the fair market value of such Investment at the time such Investment was made) and/or (B) in the case of clause (ii) only, in any amount that, at the time such Investment is made, would be permitted to be expended as a Capital Expenditure under Section 6.11 of the Senior Secured Credit Facilities, to the extent that (x) such joint venture owns an interest in assets the addition of which would have been a Capital Expenditure if acquired or constructed, and owned, directly by the Canadian Borrower or a Restricted Subsidiary, (y) the ability of the Canadian Borrower and/or one or more Restricted Subsidiaries to receive cash flows attributable to its interest therein substantially as they would if they directly owned such asset or portion thereof is not

prohibited by contract, applicable law or otherwise and (z) the permitted amount of Capital Expenditures in Section 6.11 of the Senior Secured Credit Facilities is reduced by the amount of such investment;

(k) Investments constituting non-cash proceeds of sales, transfers and other dispositions of assets to the extent permitted by Section 6.04(b) or (c);

(l) Investments made to repurchase or retire common stock of the Canadian Borrower (or to make payments to Holdings to enable it to retire common stock of Holdings) owned by any present, future or former employee, officer, director or consultant pursuant to any employee stock ownership plan, key employee stock ownership plan, director benefit plan, consulting agreement or employment agreement of Holdings or any Restricted Subsidiary when taken together with dividends made in accordance with Section 6.06(b), does not exceed $15.0 million;

(m) Investments permitted under Section 6.06;

(n) Swap Agreements entered into for bona fide (non-speculative) business purposes;

(o) Investments which are guarantees permitted under Section 6.01;

(p) Investments in Subsidiaries of Holdings existing on the Closing Date in Brazil and the Isle of Man not to exceed $30.0 million in the aggregate pending such Subsidiaries becoming Guarantors in accordance with Section 5.12 or a determination being made that such Subsidiaries will not become Guarantors; and

(q) Investments in Subsidiaries of Holdings in Hong Kong existing on the Closing Date not to exceed $275.0 million plus any Third Party Indemnity Payment in the aggregate at any time outstanding for the purpose of enabling such Subsidiaries to acquire, construct, launch and insure the replacement satellite to the satellite known as Telstar 10 and to operate Telstar 10 and such replacement and to pay taxes, provided that while such Investments are outstanding such Subsidiaries shall not incur or permit to exist any Indebtedness other than the T10R Sale Leaseback and any Capitalized Lease Obligations relating to Telstar 10 or such replacement satellite.

SECTION 6.06 Limitation on Dividends . Holdings will not declare or pay any dividends (other than dividends payable solely in its capital stock) or return any capital to its stockholders or make any other distribution, payment or delivery of property or cash to its stockholders in their capacity as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, any shares of any class of its capital stock or the capital stock of any direct or indirect parent now or hereafter outstanding (or any options or warrants or stock appreciation rights issued with respect to any of its capital stock), or set aside any funds for any of the foregoing purposes, or permit any of the Restricted Subsidiaries to purchase or otherwise acquire for consideration (other than in connection with an Investment permitted by Section 6.05) any shares of any class of the capital stock of Holdings, Initial Canadian Borrower or the Canadian Borrower, now or hereafter outstanding (or any options or warrants or stock appreciation rights

issued with respect to any of its capital stock) (all of the foregoing " dividends "), provided that, so long as no Default or Event of Default exists or would exist after giving effect thereto:

(a) Holdings may redeem in whole or in part any of its capital stock or preferred stock for another class of capital stock or preferred stock, as the case may be, or rights to acquire its capital stock or preferred stock or with proceeds from substantially concurrent equity contributions or issuances of new shares of its capital stock (other than Permitted Cure Securities or the Equity Financing) or preferred stock, as the case may be, provided that such other class of capital stock or preferred stock is not Disqualified Capital Stock and contains terms and provisions at least as advantageous to the Lenders in all respects material to their interests as those contained in the capital stock or preferred stock, as the case may be, redeemed thereby, and provided further that such new issuance of capital stock does not increase the Applicable Amount;

(b) Holdings may repurchase shares of its Qualified Capital Stock (or any options or warrants or stock appreciation rights issued with respect to any of its Qualified Capital Stock) held by past, present or future officers, directors and employees of or consultants to Holdings and its Subsidiaries in an amount, when taken together with Investments made in accordance with Section 6.05(l), does not exceed $15.0 million, so long as such repurchase is pursuant to, and in accordance with the terms of, management and/or employee stock plans, stock subscription agreements or shareholder agreements, employment agreements or consulting agreements;

(c) Holdings may engage in actions otherwise prohibited by this Section 6.06, provided that the amount of payments made therein under all such actions does not exceed an amount equal to the Applicable Amount at such time;

(d) Holdings may declare and pay dividends and/or distributions in accordance with Section 6.12(d) or (h);

(e) Holdings may pay dividends and/or make distributions (including repurchases of Qualified Capital Stock) (a) to the holders of preferred Equity Interests to the extent of any cash contribution in Holdings or from the cash proceeds of Qualified Capital Stock (other than Permitted Cure Securities or the Equity Financing and provided that such new equity does not increase the Applicable Amount), and (b) to the holders of Holdings PIK Securities to the extent permitted by the first sentence of Section 6.07(c); and

(f) Holdings may make tax distributions in accordance with Section 3.7 of the Ancillary Agreement as in effect on the Closing Date not in excess of $2.0 million per calendar year.

SECTION 6.07 Limitations on Debt and Holdings PIK Securities Payments and Amendments; Unpaid Refinancing Amount .

(a) Holdings will not, and will not permit any Restricted Subsidiary to, prepay, repurchase or redeem or otherwise retire or defease any Subordinated Indebtedness;

provided , however , that so long as no Default or Event of Default has occurred and is continuing, Holdings or any Restricted Subsidiary may prepay, repurchase or redeem Subordinated Indebtedness (x) for an aggregate price not in excess of the Applicable Amount at the time of such prepayment, repurchase or redemption, or (y) with the proceeds of Subordinated Indebtedness that (1) is permitted by Section 6.01 and (2) has terms material to the interests of the Lenders not materially less advantageous to the Lenders than those of such Subordinated Indebtedness being refinanced.

(b) Holdings and its Restricted Subsidiaries will not amend or modify any Subordinated Indebtedness (including the subordination provisions thereof) to the extent that any such amendment or modification would be adverse to the Lenders in any material respect.

(c) Holdings will not, and will not permit any Restricted Subsidiary to, prepay, repurchase or redeem or otherwise retire or defease, or make any payment with respect to (including any payment upon a change of control as defined in the Holdings PIK Securities), any Holdings PIK Securities; provided that (x) Holdings may make distributions of pay-in-kind dividends in accordance with the terms of the Holdings PIK Securities as in effect on the Closing Date and (y) if the Consolidated Total Debt to Consolidated EBITDA Ratio is less than 5.50 to 1.00, and Holdings may (i) make cash dividend payments or other cash distributions in respect thereof and (ii) repay or repurchase Holdings PIK Securities which were issued as pay-in-kind dividend on the Holdings PIK Securities after the Closing Date; provided that Holdings may at any time refinance the Holdings PIK Securities through the issuance of Qualified Capital Stock of Holdings in replacement thereof issued to Persons other than Holdings or its Restricted Subsidiaries. For the avoidance of doubt, the repayment, repurchase, redemption or retirement of Holdings PIK Securities with cash or other assets (other than the issuance of Qualified Capital Stock of Holdings) shall be deemed to be a dividend and be subject to Section 6.06.

SECTION 6.08 Limitations on Sale Leasebacks . Holdings will not, and will not permit any of the Restricted Subsidiaries to, enter into or effect any Sale Leasebacks, other than Permitted Sale Leasebacks of up to $325.0 million of assets sold (other than intercompany Sale Leasebacks between Loan Parties) while any Obligations are outstanding and such sales shall all be subject to the provisions of Section 6.04(f).

SECTION 6.09 [Reserved] .

SECTION 6.10 [Reserved] .

SECTION 6.11 [Reserved] .

SECTION 6.12 Transactions with Affiliates . Holdings will not, and will not permit any of the Restricted Subsidiaries to conduct any transactions with any of its Affiliates (other than Holdings or its Restricted Subsidiaries) on terms that are not substantially as favorable to Holdings or such Restricted Subsidiary as it would obtain in a comparable arm's-length transaction with a Person that is not an Affiliate, provided that the foregoing restrictions shall not apply to:

(a) customary fees paid to members of the board of directors of Holdings and the Subsidiaries;

(b) transactions permitted by Section 6.05(c) or (k) or (p) or Section 6.06 or 6.07;

(c) purchases of satellites from SSL; provided that the Canadian Borrower must deliver to the Administrative Agent a letter from or a resolution adopted by, its board of directors stating that the board of directors has determined in good faith that such purchase (A) is on terms that are no less favorable to Holdings or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate and (B) has been approved by a majority of the directors of Holdings (including a majority of the directors not appointed by Loral);

(d) payment of fees and expenses relating to the Transactions and amounts under the Ancillary Agreement (other than as set forth in Section 6.12(h)); provided that any payments pursuant to Sections 1.1, 1.2, and 3.1 through 3.6 of the Ancillary Agreement as in effect on the Closing Date shall not exceed in the aggregate the lesser of $50.0 million and the amount by which the Equity Financing exceeds $525.0 million;

(e) employment and severance agreements entered into the ordinary course of business;

(f) payment of customary fees and reasonable out-of-pocket expenses to, and indemnities provided on behalf of directors, officers and employees of Holdings and its Restricted Subsidiaries in the ordinary course of business;

(g) transactions pursuant to agreements in existence on the Closing Date and set forth on Schedule 6.12 (subject in the case of the Ancillary Agreement, to the provisions of clause (d) above) or any amendment thereto to the extent such amendment is not adverse to the Lenders in any material respect;

(h)(a) payments to Loral of fees under the Consulting Agreement not to exceed $5.0 million per year which fee (x) shall be payable in Mezzanine Securities (provided that no cash interest may be payable on such Mezzanine Securities unless the provisions of clause (y) below have been met) or (y) may be paid in cash or Mezzanine Securities if the Consolidated Total Debt to Consolidated EBITDA is less than 5.0:1.00 for the most recent Test Period ending prior to the date of the payment for which financial statements are delivered to the Lenders pursuant to Section 5.04, (b) reimbursement payments under the Consulting Agreement for payments to third parties incurred by Loral, PSP or other affiliates on behalf of Holdings or its Restricted Subsidiaries not to exceed $1.0 million in the aggregate per year, (c) payment for services rendered under the Consulting Agreement as in effect on the Closing Date not to exceed $4.0 million per year and approved by a majority of the disinterested directors of Holdings in accordance with the provisions of the Consulting Agreement as in effect on the Closing Date;

(i) transactions approved by a majority of the disinterested members (who are not an officer, employee, director or appointee of Loral and its Affiliates) of Holdings' board of directors in which Holdings or any Restricted Subsidiary delivers to the

Administrative Agent a letter from a nationally recognized investment banking, appraisal or accounting firm stating that such transaction is fair to Holdings or such Restricted Subsidiary from a financial point of view and was made on an arms-length basis; and

(j) transactions involving aggregate payments or consideration or fair market value of not more than $3,000,000 in the aggregate.

SECTION 6.13 Modifications of Organizational Documents and Other Documents, etc . Holdings will not, and will not permit any of the Restricted Subsidiaries to:

(a) amend or modify, or permit the amendment or modification of, any provision of any Transactions Document or any document governing any Material Indebtedness (provided that nothing in this Section 6.13(a) shall prohibit any Permitted Senior Subordinated Bridge Refinancings or Senior Bridge Refinancings permitted by Section 6.01(A)(a) or (o), respectively) or documents governing the Holdings PIK Securities, in each case, in any manner that is adverse in any material respect to the interests of the Lenders; or

(b) modify any of its Organizational Documents by the filing or modification of any certificate of designation or any agreement to which it is a party with respect to its Equity Interests (including any stockholders' agreement).

SECTION 6.14 Limitation on Creation of Subsidiaries . Holdings will not, and will not permit any of the Restricted Subsidiaries to establish, create or acquire any additional Subsidiaries without the prior written consent of the Required Lenders; provided that, without such consent, the Canadian Borrower and its Restricted Subsidiaries may (i) establish or create or acquire one or more Wholly Owned Subsidiaries of the Canadian Borrower, (ii) establish, create or acquire one or more Subsidiaries in connection with an Investment made pursuant to Section 6.05 or Schedule 6.14 and (iii) acquire one or more Subsidiaries in connection with a Permitted Acquisition, so long as, in each case, Section 5.10 shall be complied with.

SECTION 6.15 Limitation on Accounting Changes . Holdings will not, and will not permit any of the Restricted Subsidiaries to make or permit any change in accounting policies or reporting practices, without the consent of the Required Lenders, which consent shall not be unreasonably withheld, except subject to Section 1.02 changes that are required or permitted by Canadian GAAP.

SECTION 6.16 Fiscal Year . Holdings will not, and will not permit any of the Restricted Subsidiaries to change its fiscal year-end to a date other than December 31.

SECTION 6.17 No Further Negative Pledge . Holdings will not, and will not permit any of the Restricted Subsidiaries to enter into any agreement, instrument, deed or lease which prohibits or limits the ability of any Loan Party to create, incur, assume or suffer to exist any Lien upon any of their respective properties or revenues, whether now owned or hereafter acquired, or which requires the grant of any security for an obligation if security is granted for another obligation, except the following: (1) this Agreement and the other Loan Documents; (2) covenants in documents creating Liens permitted by Section 6.02 prohibiting further Liens on the properties

encumbered thereby; (3) the Senior Secured Credit Facilities and the Senior Loan Documents as in effect on the Closing Date; (4) any other agreement that does not restrict in any manner (directly or indirectly) Liens created pursuant to the Senior Secured Credit Facilities Loan Documents on any Collateral (as defined in the Senior Secured Credit Facilities) securing the obligations thereunder and does not require the direct or indirect granting of any Lien securing any Indebtedness or other obligation by virtue of the granting of Liens on or pledge of property of any Loan Party to secure such obligations; and (5) any prohibition or limitation that (a) exists pursuant to applicable Requirements of Law, (b) consists of customary restrictions and conditions contained in any agreement relating to the sale of any property permitted under Section 6.04 pending the consummation of such sale, (c) restricts subletting or assignment of leasehold interests contained in any Lease governing a leasehold interest of Holdings or a Subsidiary, (d) exists in any agreement in effect at the time such Subsidiary becomes a Subsidiary of Holdings, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary or (e) is imposed by any amendments or refinancings that are otherwise permitted by the Loan Documents of the contracts, instruments or obligations referred to in clause (3) or (5)(d); provided that such amendments and refinancings are no more materially restrictive with respect to such prohibitions and limitations than those prior to such amendment or refinancing.

SECTION 6.18 Anti-Terrorism Laws and Anti-Money Laundering Laws . Holdings will not, and will not permit any of its Subsidiaries to:

(a) Directly or indirectly, (i) knowingly conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in Sections 3.21(b)(i) through (iv), (ii) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law or Anti-Money Laundering Law except where such conduct is not reasonably likely to expose Lenders to material liability or material detriment, including reputational harm (and the Loan Parties shall deliver to the Lenders any certification or other evidence requested from time to time by any Lender in its reasonable discretion, confirming the Loan Parties' compliance with this Section 6.18).

(b) Cause or permit any of the funds of such Loan Party that are used to repay the Loans or to be derived from any unlawful activity with the result that the making of the Loans would be in violation of any Requirement of Law, except where such repayment would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 6.19 Embargoed Person . To the extent consistent with Canadian law, Holdings will not, and will not permit any of its Subsidiaries to cause or permit:

(a) any of the funds or properties of the Loan Parties that are used to repay the Loans to constitute property of, or be beneficially owned directly or indirectly by, any Person subject to sanctions or trade restrictions under United States law that is identified

on (i) the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq . and TWEA, or any executive order or Requirement of Law promulgated thereunder (" Embargoed Person " or " Embargoed Persons ") or (ii) the Executive Order and any related enabling legislation or implementing regulations except where this would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm; or

(b) any Embargoed Person to have any direct or indirect interest or benefit of any nature whatsoever in the Loan Parties except where this would not reasonably be likely to expose Lenders to material liability or material detriment, including reputational harm.

SECTION 6.20 Change in Business . Holdings will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than the Permitted Business.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01 Events of Default . Subject to Section 9.23, in case of the happening of any of the following events (" Events of Default "):

(a) any representation or warranty made or deemed made by Holdings or any other Loan Party in any Loan Document, or any representation, warranty or material statement contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished by Holdings or any other Loan Party;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise (whether or not such payment is prohibited by Article X hereof);

(c) default shall be made in the payment of any interest on any Loan or in the payment of any Fee (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five Business Days (whether or not prohibited by Article X hereof);

(d) default shall be made in the due observance or performance by Holdings, Intermediate Holdco or any of the Restricted Subsidiaries of any covenant, condition or agreement contained in Section 5.01(a) (with respect to Holdings, Intermediate Holdco or the Borrowers), 5.05(a), 5.08, 5.10(d) or in Article VI;

(e) default shall be made in the due observance or performance by Holdings, Intermediate Holdco or any of the Restricted Subsidiaries of any covenant, condition or agreement contained in any Loan Document (other than those specified in paragraphs (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days after written notice thereof from the Administrative Agent to the Canadian Borrower;

(f)(i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity or (ii) Holdings, Intermediate Holdco or any of the Restricted Subsidiaries shall fail to pay the principal of any Material Indebtedness at the stated final maturity thereof; provided that this clause (f) shall not apply to (a) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness or (b) Indebtedness that becomes due pursuant to a change of control provision provided Borrowers comply with the provisions of Section 2.12 hereof with respect to such event;

(g) [Reserved];

(h) an involuntary proceeding shall be commenced or an involuntary petition or application shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, any Borrower or any of the Material Subsidiaries, or of a substantial part of the property or assets of Holdings, any Borrower, Intermediate Holdco or any Material Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or Canadian, provincial or other foreign bankruptcy, liquidation, insolvency, receivership or similar law, including the BIA, CCAA, and WURA, (ii) the appointment of a receiver, trustee, monitor, liquidator, custodian, sequestrator, conservator or similar official for Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or (iii) the winding-up, dissolution or liquidation of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary (except, in the case of any Material Subsidiary (other than any Borrower), in a transaction permitted by Section 6.03); and such proceeding or petition or application shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition or application seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other federal, state or Canadian, provincial or other foreign bankruptcy, insolvency, receivership or similar law, including the BIA, CCAA, and WURA, (ii) seek, or consent to, the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition or application described in paragraph (h) above,

(iii) apply for or consent to the appointment of a receiver, trustee, custodian, monitor, liquidator, sequestrator, conservator or similar official for Holdings, Intermediate Holdco, any Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary, (iv) file an answer or response admitting the material allegations of a petition or application filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) the failure by Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary to pay one or more final judgments (not covered by insurance) aggregating in excess of $50.0 million, which judgments are not discharged, vacated or effectively waived or stayed for a period of 30 consecutive days, or any action shall be legally taken by a judgment creditor to levy upon any material assets or properties of Holdings, Intermediate Holdco, any Borrower or any Material Subsidiary to enforce any such judgment;

(k)(i) An ERISA Event shall have occurred that, when taken together with all other ERISA Events and similar events with respect to Non-U.S. Pension Plans that have occurred, could reasonably be expected to result in liability of Holdings or any Restricted Subsidiary which is reasonably likely to have a Material Adverse Effect; (ii) a Reportable Event or Reportable Events shall have occurred with respect to any Plan or a trustee shall be appointed by a United States district court to administer any Plan, (iii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iv) Holdings, Intermediate Holdco or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred or will be assessed Withdrawal Liability to such Multiemployer Plan and such person does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting such Withdrawal Liability in a timely and appropriate manner, (v) Holdings, Intermediate Holdco or any Restricted Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, (vi) Holdings, Intermediate Holdco or any Subsidiary or any ERISA Affiliate shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (vii) any other similar event or condition shall occur or exist with respect to a Plan, a Non-U.S. Pension Plan or a Multiemployer Plan or (viii) a Canadian Pension Event shall have occurred with respect to a Canadian Plan; and in each case in clauses (i) through (viii) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect;

(l)(i) any Loan Document shall for any reason be asserted in writing by Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party not to be a legal, valid and binding obligation of any party thereto, (ii) the Guarantees pursuant to the Loan Documents by Holdings, Intermediate Holdco, any Borrower or the Subsidiary Loan Parties of any of the Obligations shall cease to be in full force and effect (other than

in accordance with the terms thereof), or shall be asserted in writing by Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party not to be in effect or not to be legal, valid and binding obligations or (iii) the Obligations of the Borrowers or the Guarantees thereof by Holdings, Intermediate Holdco and the Subsidiary Loan Parties pursuant to the Loan Documents shall cease to constitute senior indebtedness under the subordination provisions of any Subordinated Indebtedness or such subordination provisions shall be invalidated or otherwise cease, or shall be asserted in writing by Holdings, Intermediate Holdco, any Borrower or any Subsidiary Loan Party to be invalid or to cease, to be legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms;

then, and in every such event (other than an event with respect to the Canadian Borrower or the U.S. Borrower described in paragraph (h) or (i) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Canadian Borrower, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare (an " acceleration declaration ") the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding; and, in any event, with respect to the Canadian Borrower or the U.S. Borrower described in paragraph (h) or (i) above, the Commitments shall automatically terminate, the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding. Notwithstanding the foregoing, so long as any Designated Senior Indebtedness shall be outstanding, any acceleration pursuant to the preceding sentence shall not be effective until the earlier to occur of (x) five Business Days following delivery of a written notice of such acceleration of the Loans to the Borrower and each Senior Representative (to the extent designated as such in writing to the Administrative Agent prior to the occurrence of such Event of Default) of Designated Senior Indebtedness and (y) the acceleration of all such Designated Senior Indebtedness. In the event of any such acceleration declaration of the Loans because an Event of Default described in clause (f) has occurred and is continuing, the acceleration declaration shall be automatically annulled if the payment default or other default triggering such Event of Default pursuant to clause (f) shall be remedied or cured by Holdings or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the acceleration declaration with respect thereto and if (a) the annulment of the acceleration of the Loans would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Events of Default, except nonpayment of principal, premium or interest on the Loans that became due solely because of the acceleration of the Loans, have been cured or waived.

ARTICLE VIII

THE AGENTS

SECTION 8.01 Appointment .

(a) In order to expedite the transactions contemplated by this Agreement, (i) MSSF is hereby appointed to act as Administrative Agent and (ii) UBSS is hereby appointed to act as Syndication Agent. Each of the Lenders and each assignee of any such Lender hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender or assignee and to exercise such powers as are specifically delegated to such Agent by the terms and provisions hereof and of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with the performance of its duties as Administrative Agent hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by the Canadian Borrower pursuant to this Agreement as received by the Administrative Agent. No Joint Lead Arranger, Lead Arranger or documentation agent shall have any duties or responsibilities under this Agreement or any other Loan Document.

(b) [Reserved].

(c) Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrowers or any other Loan Party of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Administrative Agent shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Loan Documents or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to any Borrower or any other Loan Party or any other party hereto on account of the failure, delay in performance or breach by, or as a result of information provided by, any Lender of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Lender or any Borrower

or any other Loan Party of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

(d) It is the purpose of this Agreement and the other Loan Documents that there shall be no violation of any law of any jurisdiction denying or restricting the right of Persons to transact business as agent in such jurisdiction. It is recognized that, in case of litigation under this Agreement or any other Loan Document and, in particular, in case of the enforcement of any Loan Document, or in case the Administrative Agent deems that by reason of any present or future law of any jurisdiction an Agent may not exercise any of the rights, powers or remedies granted herein or in any of the other Loan Documents or take any other action which may be desirable or necessary in connection therewith, the Administrative Agent is hereby authorized to appoint an additional individual or institution selected by the Administrative Agent in its sole discretion as a separate administrative agent, administrative sub-agent, or administrative co-agent (any such additional individual or institution being referred to herein, individually, as a "Supplemental Agent" and, collectively, as "Supplemental Agents").

(e) [Reserved].

(f) Should any instrument in writing from any Loan Party be required by any Supplemental Agent so appointed by the Administrative Agent for more fully and certainly vesting in and confirming to him or it such rights, powers, privileges and duties, the Canadian Borrower shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Administrative Agent. In case any Supplemental Agent, or a successor thereto, shall die, become incapable of acting, resign or be removed, all the rights, powers, privileges and duties of such Supplemental Agent, to the extent permitted by law, shall vest in and be exercised by the Administrative Agent until the appointment of a new Supplemental Agent.

SECTION 8.02 Nature of Duties . The Lenders hereby acknowledge that no Agent shall be under any duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders. The Lenders further acknowledge and agree that so long as the Administrative Agent shall make any determination to be made by it hereunder or under any other Loan Document in good faith, such Agent shall have no liability in respect of such determination to any person. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into the Loan Documents or otherwise exist against any Agent.

SECTION 8.03 Resignation by the Agents .

(a) Subject to the appointment and acceptance of a successor Administrative Agent, as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Canadian Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor with the consent of the Canadian Borrower (not to be unreasonably withheld or delayed). If no successor shall have been so appointed by the Required Lenders and approved by the Canadian Borrower and shall have accepted such appointment within 45 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders with the consent of the Canadian Borrower (not to be unreasonably withheld or delayed), appoint a successor Administrative Agent which shall be a bank with an office in New York, New York and, if requested by the Canadian Borrower, an office in Toronto, Canada (or a bank having an Affiliate with such an office) having a combined capital and surplus having a Dollar Equivalent that is not less than $500.0 million or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder.

(b) The Syndication Agent may resign at any time by notifying the Lenders and the Borrowers.

(c) After the resignation by the Administrative Agent or the Syndication Agent hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent or Syndication Agent, as the case may be.

SECTION 8.04 The Administrative Agent in Its Individual Capacity . With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings, any Borrower or any of the Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent.

SECTION 8.05 Indemnification . Each Lender agrees (a) to reimburse each Agent, on demand, in the amount of its pro rata share (based on its Commitments hereunder (or if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of its applicable outstanding Loans)) of any reasonable expenses incurred for the benefit of the Lenders by such Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers or any other Loan Party and (b) to indemnify and hold harmless each Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, Taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken

or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrowers or any other Loan Party, provided that no Lender shall be liable to an Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of such Agent or any of its directors, officers, employees or agents.

SECTION 8.06 Lack of Reliance on Agents . Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder. Each of the Syndication Agent and the Co-Documentation Agents shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, the Syndication Agent and the Co-Documentation Agents shall not have or be deemed to have a fiduciary relationship with any Lender.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01 Notices .

(a) Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to any Loan Party, to it, c/o Telesat Canada, 1601 Telesat Court, Ottawa, Ontario, K1B 5P4, Fax: 613-748-8784, Attention: Vice President, General Counsel and Corporate Secretary (j.lecour@telesat.ca), with a copy to: (a) Chief Financial Officer (same address, fax, t.ignacy@telesat.ca) and (b) Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019, attention: William Hiller, Esq. (telecopy: (212) 728-9228) (e-mail: whiller@willkie.com); and

(ii) if to the Administrative Agent, to Morgan Stanley, One Pierrepont Plaza, 7 th Floor, Brooklyn, NY 11201, attention: Xiao Wu/Roberto Ochoa (telecopy: (212) 507-6680) (e-mail: Xiao_Wu@morganstanley.com / Roberto.Ochoa@morganstanley.com), with a copy to (a) Edward Henley, One Pierrepont Plaza, 7 th Floor, Brooklyn, New York 11201 (telecopy: (718) 754-7285) (e-mail: Edward.Henley@morganstanley.com), with a copy to Cahill Gordon & Reindel LLP, 80 Pine Street, New York, New York 10005, attention: Daniel J. Zubkoff, Esq. (telecopy: (212) 378-2383) (e-mail: dzubkoff@cahill.com).

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent and the Borrowers (on behalf of themselves and the Subsidiary Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided , further , that approval of such procedures may be limited to particular notices or communications.

(c) All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service, sent by telecopy or (to the extent permitted by paragraph (b) above) electronic means or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

(d) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02 Survival of Agreement . All covenants, agreements, representations and warranties made by the Loan Parties herein, in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans, the execution and delivery of the Loan Documents, regardless of any investigation made by such persons or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not been terminated. Without prejudice to the survival of any other agreements contained herein, indemnification and reimbursement obligations contained herein (including pursuant to Sections 2.16, 2.17, 2.18 and 9.05) shall survive the payment in full of the principal and interest hereunder and the termination of the Commitments or this Agreement.

SECTION 9.03 Binding Effect . This Agreement shall become effective when it shall have been executed by each of the Loan Parties and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the applicable Loan Party, the Administrative Agent and each Lender and their respective permitted successors and assigns.

SECTION 9.04 Successors and Assigns .

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) other than pursuant to a merger permitted by Section 6.03 or the Assumption, no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the

prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the respective Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b)(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (other than Holdings and its Subsidiaries) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and/or the Loans at the time owing to it) with the prior written consent of the Lead Arrangers; provided that no consent of the Lead Arrangers shall be required for an assignment of a Loan (a) to a Lender, an Affiliate of a Lender or Approved Fund immediately prior to giving effect to such assignment, (b) from and after the occurrence of the Rollover Conversion on the Rollover Date, (c) to Affiliates of Holdings (it being understood that Affiliates of Holdings will not be entitled to participate in any Lenders' meetings) or (d) during the primary syndication of the Commitments and/or Loans to institutions previously identified to the Canadian Borrower and the Lead Arrangers in writing (provided that the Administrative Agent has consented to such assignment); provided , further , that any liability of the Borrowers to an assignee that is an Approved Fund or Affiliate of the assigning Lender under Section 2.16 or 2.17 shall be limited to the amount, if any, that would have been payable hereunder by such Borrower in the absence of such assignment.

(i) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1.0 million, unless the Administrative Agent otherwise consents; provided that multiple contemporaneous assignments by Approved Funds may be aggregated for the purpose of compliance with the above;

(B) each partial assignment shall be made as an assignment of a proportionate part of the assigning Lender's rights and obligations being so assigned under this Agreement; and

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance including a duly executed Annex 2 thereof.

(ii) Subject to acceptance and recording thereof pursuant to paragraphs (b)(i) and (b)(iv) of this Section, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest

assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender hereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 9.05). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iii) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the " Register "). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(iv) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent acting for itself and, in any situation wherein the consent of the Canadian Borrower is not required, the Canadian Borrower shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c)(i) Any Lender may, without the consent of any Borrower or the Administrative Agent or the Lead Arrangers, sell participations to one or more banks or other entities (a " Loan Participant ") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided, that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument (oral or written) pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided that (x) such agreement or instrument may provide that such Lender will not, without the consent of the Loan Participant, agree to any amendment, modification or waiver described in Section 9.04(a)(i) or clauses (i), (ii), (iii), (iv) or (v) of the first proviso to Section 9.08(b) that affects such Loan Participant and (y) no other agreement (oral or written) with respect to such participation may exist between such Lender and such Loan Participant. Subject to paragraph

(c)(ii) of this Section, each of the Borrowers agree that each Loan Participant shall be entitled to the benefits of Sections 2.16, 2.17 and 2.18 (subject to the requirements and limitations therein) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Loan Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender, provided such Loan Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(ii) A Loan Participant shall not be entitled to receive any greater payment under Section 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Loan Participant, except to the extent that the entitlement to any greater payment results from any Change in Law after the Person becomes a Loan Participant, unless the sale of the participation to such Loan Participant is made with the Canadian Borrower's prior written consent.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including (i) any pledge or assignment to secure obligations to a Federal Reserve Bank and (ii) in the case of any Lender that is an Approved Fund, any pledge or assignment to any holders of obligations owed, or securities issued, by such Lender including to any trustee for, or any other representative of, such holders, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05 Expenses; Indemnity .

(a) The Canadian Borrower agrees to pay all reasonable out-of-pocket expenses (including Other Taxes) incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents or the administration of this Agreement and by the Initial Lenders in connection with the syndication of the Commitments (including expenses incurred prior to the Closing Date in connection with due diligence) or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the Transactions hereby contemplated shall be consummated) or incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents, in connection with the Loans made hereunder, including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP , counsel for the Administrative Agent and the Joint Lead Arrangers, and Osler, Hoskin & Harcourt LLP, special Canadian counsel to the Administrative Agent and the Joint Lead Arrangers, and, in connection with any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel (including the reasonable allocated costs of internal counsel if a Lender elects to use internal counsel in lieu of outside counsel) for the Administrative Agent, the Joint Lead Arrangers or all Lenders (but no more than one such counsel for all Lenders).

(b) Each Borrower agrees to indemnify the Administrative Agent, the Joint Lead Arrangers, each Lender and each of their respective affiliates, directors, trustees, officers, employees, advisors and agents (each such person being called an " Indemnitee ") against, and to

hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses result primarily from the gross negligence or willful misconduct (as determined in a final and non-appealable judgment of a court of competent jurisdiction) of such Indemnitee (treating, for this purpose only, the Administrative Agent, any Joint Lead Arranger, any Lender and any of their respective Related Parties as a single Indemnitee). Subject to and without limiting the generality of the foregoing sentence, each Borrower agrees to indemnify each Indemnitee against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel or consultant fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (A) any Environmental Claim related in any way to Holdings or any of the Subsidiaries, or (B) any actual or alleged presence, Release or threatened Release of Hazardous Materials at, under, on or from any property owned, leased or operated by any predecessor of Holdings or any of the Subsidiaries, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or any of its Related Parties. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of any Agent or any Lender. All amounts due under this Section 9.05 shall be payable on written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested.

(c) Unless an Event of Default shall have occurred and be continuing, each Borrower shall be entitled to assume the defense of any action for which indemnification is sought hereunder with counsel of its choice at its expense (in which case any Borrower shall not thereafter be responsible for the fees and expenses of any separate counsel retained by an Indemnitee except as set forth below); provided , however , that such counsel shall be reasonably satisfactory to each such Indemnitee. Notwithstanding a Borrower's election to assume the defense of such action, each Indemnitee shall have the right to employ separate counsel and to participate in the defense of such action, and each Borrower shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the use of counsel chosen by a Borrower to represent such Indemnitee would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both any Borrower and such Indemnitee and such Indemnitee shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to a Borrower (in

which case such Borrower shall not have the right to assume the defense or such action on behalf of such Indemnitee); (iii) either Borrower shall not have employed counsel reasonably satisfactory to such Indemnitee to represent it within a reasonable time after notice of the institution of such action; or (iv) a Borrower shall authorize in writing such Indemnitee to employ separate counsel at such Borrower's expense. The Borrowers will not be liable under this Agreement for any amount paid by an Indemnitee to settle any claims or actions if the settlement is entered into without such Borrower's consent, which consent may not be withheld or delayed unless such settlement is unreasonable in light of such claims or actions against, and defenses available to, such Indemnitee.

(d) Except as expressly provided in Section 9.05(a) with respect to Other Taxes, which shall not be duplicative with any amounts paid pursuant to Section 2.18, this Section 9.05 shall not apply to Taxes.

Section 9.06 Right of Set-off . If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of Holdings or any Subsidiary against any of and all the obligations of Holdings or any Subsidiary now or hereafter existing under this Agreement or any other Loan Document held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured. The rights of each Lender under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender may have.

Section 9.07 Applicable Law . THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 9.08 Waivers; Amendment .

(a) No failure or delay of the Administrative Agent or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by Holdings, Intermediate Holdco, any Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on Holdings, Intermediate Holdco, any Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders and (y) in the case of any other Loan Document, pursuant to an agreement or agreements as provided for therein; provided , however , that no such agreement shall

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan, without the prior written consent of each Lender directly affected thereby,

(ii) increase or extend the Commitment of any Lender or decrease the Fees or other fees of any Lender without the prior written consent of such Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the aggregate Commitments shall not constitute an increase of the Commitments of any Lender),

(iii) extend any date on which payment of interest on any Loan is due, without the prior written consent of each Lender adversely affected thereby,

(iv) amend or modify the provisions of Section 2.19(c) in a manner that would by its terms alter the pro rata sharing of payments required thereby, without the prior written consent of each Lender adversely affected thereby,

(v) amend or modify the provisions of this Section or the definition of the terms "Required Lenders," "Majority Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender adversely affected thereby (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date),

(vi) release Holdings, Intermediate Holdco or all or substantially all of the Subsidiary Loan Parties from its Guarantee under this Agreement, unless, in the case of a Subsidiary Loan Party, all or substantially all the Equity Interests of such Subsidiary Loan Party is sold or otherwise disposed of in a transaction permitted by this Agreement, without the prior written consent of each Lender adversely affected thereby,

(vii) change the subordination provisions in Article X in a manner that adversely affects the right of any Lender in any material respect, or

(viii) change or impose any restriction on the ability of any Lender to assign any of its rights or obligations other than as provided for in Section 9.04;

provided , further , that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the

Administrative Agent acting as such at the effective date of such agreement, as applicable. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any assignee of such Lender. This Agreement and all other Loan Documents may be amended or modified without the consent or signature of the Loan Parties (other than the Borrowers) and, after giving effect to each such amendment and modification, all Loan Documents shall continue in full force and effect except no such amendment, waiver or modification to Article XI of this Agreement or any other Loan Document to which such Loan Party is a party may be effective without the consent of such Loan Party.

(c) Prior to the Rollover Date, the Description of Senior Subordinated Exchange Notes and the Exchange Notes Indenture may be amended or modified pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders; provided that no such agreement may amend or modify any provision thereof which, had Exchange Notes been outstanding, would have required the consent or approval of each holder of Exchange Notes or each holder of Exchange Notes so affected, unless the written approval of each Lender or each Lender so affected, as applicable, is obtained. From and after the Rollover Date, the Exchange Notes Indenture may be waived, amended or modified only in accordance with its terms.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings and the Borrowers (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

Section 9.09 Interest Rate Limitation . Notwithstanding anything herein to the contrary, and without limiting Sections 2.14(f)(ii) through (iv), if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the " Charges "), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the " Maximum Rate ") that may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender, shall be limited to the Maximum Rate, provided that such excess amount shall be paid to such Lender on subsequent payment dates to the extent not exceeding the legal limitation.

Section 9.10 Entire Agreement . This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents except as expressly set forth in such agreement. Notwithstanding the foregoing, the Fee Letter shall survive the execution and delivery of this

Agreement and remain in full force and effect. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.11 WAIVER OF JURY TRIAL . **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.**

Section 9.12 Severability . In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13 Counterparts . This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed original.

Section 9.14 Headings . Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.15 Jurisdiction; Consent to Service of Process .

(a) Each Loan Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such

action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against Holdings or any Loan Party or their properties in the courts of any jurisdiction.

(b) Each Loan Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each Loan Party party hereto irrevocably and unconditionally appoints Skynet Satellite Holdings Corporation, with an office on the date hereof at 600 Third Avenue, New York, New York 10016, and its successors hereunder (the " Process Agent "), as its agent to receive on behalf of each such Loan Party and its property all writs, claims, process, and summonses in any action or proceeding brought against it in the State of New York. Such service may be made by mailing or delivering a copy of such process to the respective Loan Party in care of the Process Agent at the address specified above for the Process Agent, and such Loan Party irrevocably authorizes and directs the Process Agent to accept such service on its behalf. Failure by the Process Agent to give notice to the respective Loan Party, or failure of the respective Loan Party, to receive notice of such service of process shall not impair or affect the validity of such service on the Process Agent or any such Loan Party, or of any judgment based thereon. Each Loan Party party hereto covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of the Process Agent above in full force and effect, and to cause the Process Agent to act as such. Each Loan Party hereto further covenants and agrees to maintain at all times an agent with offices in New York City to act as its Process Agent. Nothing herein shall in any way be deemed to limit the ability to serve any such writs, process or summonses in any other manner permitted by applicable law. Skynet Satellite Holdings Corporation consents to serve as such agent.

Section 9.16 Confidentiality . Each of the Lenders and the Administrative Agent agrees that it shall maintain in confidence any information relating to Holdings and the other Loan Parties furnished to it by or on behalf of Holdings or the other Loan Parties (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender or the Administrative Agent without violating this Section 9.16 or (c) was available to such Lender or the Administrative Agent from a third party having, to such person's knowledge, no obligations of confidentiality to Holdings or any other Loan Party) and shall not reveal the same other than to its directors, trustees, officers, employees and advisors with a need to know or to any person that approves or administers the Loans on behalf of such Lender (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with law or any legal process or the requirements of any Governmental Authority, the National Association of Insurance Commissioners or of any securities exchange on which

securities of the disclosing party or any Affiliate of the disclosing party are listed or traded, (B) as part of normal reporting or review procedures to, or as requested in connection with the exercise of its regulatory authority by, any Governmental Authorities or the National Association of Insurance Commissioners, (C) to its parent companies, Affiliates or auditors (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (D) in order to enforce its rights under any Loan Document in a legal proceeding, (E) to any prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16) and (F) to any direct or indirect contractual counterparty in Swap Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section).

Section 9.17 Conversion of Currencies .

(a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of each Borrower in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the " Applicable Creditor ") shall, notwithstanding any judgment in a currency (the " Judgment Currency ") other than the currency in which such sum is stated to be due hereunder (the " Agreement Currency "), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the Agreement Currency, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 9.17 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

Section 9.18 Release of Guarantees . In the event that any Loan Party conveys, sells, leases, assigns, transfers or otherwise disposes of all or any portion of its assets (including Equity Interests of any Loan Party) to a person that is not (and is not required to become) a Loan Party in a transaction not prohibited by Section 6.03 and as a result of which such Subsidiary Loan Party would cease to be a Subsidiary, the Administrative Agent shall promptly (and the Lenders hereby authorize the Administrative Agent to) take such action and execute any such documents as may be reasonably requested by Holdings or the Borrowers and at the Canadian Borrower's expense to terminate such Subsidiary Loan Party's obligations under its Guarantee. Any representation, warranty or covenant contained in any Loan Document relating to any such

Equity Interests, assets or subsidiary of Holdings shall no longer be deemed to be made once such Equity Interests or assets are so conveyed, sold, leased, assigned, transferred or disposed of.

Section 9.19 Patriot Act . Each Lender subject to the Patriot Act or PCTFA hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act or PCTFA, as applicable, it is required to obtain, verify and record information that identifies the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the Act or PCTFA, as applicable.

Section 9.20 Regulatory Matters . The Lenders and the Administrative Agent hereby agree that they will not take any action under any Loan Document which would cause the Canadian Borrower to breach the "Canadian ownership and control rules" established under Section 16 of the Telecommunications Act (Canada), as amended from time to time. The Canadian Borrower agrees to take any action which any Lender may reasonably request in order to obtain from the FCC, U.S. Department of Justice, Industry Canada, CRTC or any other relevant Governmental Authority such approval as may be necessary to enable the Lenders to exercise the full rights and benefits granted to the Lenders pursuant to this Agreement.

Notwithstanding anything herein or in any of the Loan Documents to the contrary, prior to the occurrence of an Event of Default and the consent of the FCC, U.S. Department of Justice, Industry Canada, CRTC and of any other applicable Governmental Authority to the assignment or transfer of control of FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses, or other authorizations, this Agreement, and the transactions contemplated hereby and thereby do not and will not constitute, create, or have the effect of constituting or creating directly or indirectly, actual or practical ownership of any FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses or other authorizations by the Lenders or the Administrative Agent or control, affirmative or negative, direct or indirect, by Lenders or the Administrative Agent over the management or any other aspect of the operation of any FCC Licenses, Industry Canada Authorizations, CRTC approvals or other governmental permits, licenses, or other authorizations.

Section 9.21 [Reserved].

Section 9.22 Withholding Tax .

(a) To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the forms or other documentation required by Section 2.18(e) are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to any Lender not providing such forms or other documentation, a maximum amount of the applicable withholding tax.

(b) If the Internal Revenue Service, Canada Revenue Agency or any authority of the United States of America, Canada or any other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or

because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

(c) If any Lender sells, assigns, grants a participation in, or otherwise transfers its rights under this Agreement, the purchaser, assignee, participant or transferee, as applicable, shall comply and be bound by the terms of Sections 2.18(e) and this Section 9.22; provided that with respect to any Loan Participant, as set forth in Section 9.04(c), such Loan Participant shall only be required to comply with the requirements of Section 2.18(e) if such Loan Participant seeks to obtain the benefits of Section 2.18.

Section 9.23 Conversion of Covenants; Events of Default . The parties hereto agree that without notice to or the consent of any Lender, effective as of the Rollover Conversion on the Rollover Date, the affirmative covenants set forth in Article V (other than Sections 5.13 and 5.14, which shall continue to apply), the negative covenants set forth in Article VI and the Events of Default and remedies set forth Article VII shall be deemed to have been automatically replaced (without any further action necessary by the parties hereto) by (i) the affirmative and negative covenants described under "Certain Covenants" and the Asset Sale covenant described under "Repurchase at the Option of Holders — Asset Sales" in the Description of Senior Subordinated Exchange Notes and (ii) the events of default and remedies described under "Events of Default and Remedies" in the Description of Senior Subordinated Exchange Notes, which replacement provisions, along with the relevant defined terms set forth under "Certain Definitions" in the Description of Senior Subordinated Exchange Notes used therein for the purposes thereof, will thereupon be deemed incorporated by reference herein, with references therein to the "Issuers" and the "Trustee" being deemed to be references to the "Borrowers" and the "Administrative Agent," respectively, and with such other modifications to this Agreement and the other Loan Documents as determined by the Administrative Agent to be necessary or appropriate to give effect to the foregoing. In furtherance of the foregoing, the Borrowers shall, at the Administrative Agent's request, enter into such amendments to the Loan Documents necessary or appropriate to effect the foregoing including adding Change of Control prepayment offer provisions at 101% of the principal amount of outstanding Rollover Loans. From and after the Rollover Conversion, each Lender will have the option to fix the rate of interest due on such Lenders Rollover Loans at the rate applicable at the time the fixed rate option is exercised.

Section 9.24 Obligations of the Borrowers Joint and Several . With respect to all Loans made hereunder, from and after the Assumption each of the Canadian Borrower and the U.S. Borrower hereby acknowledges that such Loans are made for the benefit of each of the Canadian Borrower and the U.S. Borrower and, in consideration thereof, agrees to be jointly and severally liable with each other for such Loans and the Obligations related thereto.

ARTICLE X

SUBORDINATION OF OBLIGATIONS

Section 10.01 Obligations Subordinated to Senior Indebtedness . Anything herein to the contrary notwithstanding, each Borrower, for itself and its successors, and each Lender, by its extending credit or making Loans hereunder, agrees that the payment of all Obligations owing to the Lenders hereunder is subordinated, to the extent and in the manner provided in this Article X, to the prior payment in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Indebtedness, of all Senior Obligations due in respect of Senior Indebtedness (including Senior Obligations with respect to the Senior Secured Credit Facilities and the Senior Loans and Senior Exchange Notes, whether outstanding on the Closing Date or thereafter incurred. Notwithstanding anything contained in this Article X to the contrary, payments and distributions of Permitted Junior Securities shall not be so subordinated in right of payment.

This Article X shall constitute a continuing offer to all Persons who become holders of, or continue to hold, Senior Indebtedness, and such provisions are made for the benefit of the holders of Senior Indebtedness and such holders are made obligees hereunder and any one or more of them may enforce such provisions.

Section 10.02 Suspension of Payment When Senior Indebtedness Is in Default.

(a) If any default occurs and is continuing in the payment when due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or fees with respect to, any Senior Indebtedness (a " Payment Default "), then no payment or distribution of any kind or character shall be made by or on behalf of any Borrower or any other Person on its or their behalf with respect to any Obligations or to acquire any of the Loans for cash or assets or otherwise.

(b) If any other event of default (other than a Payment Default) occurs and is continuing with respect to any Designated Senior Indebtedness (as such event of default is defined in the instrument creating or evidencing such Designated Senior Indebtedness) permitting the holders of such Designated Senior Indebtedness then outstanding to accelerate the maturity thereof (a " Non-payment Default ") and if the Senior Representative for the respective issue of Designated Senior Indebtedness gives notice of the Non-Payment Default to the Administrative Agent stating that such notice is a payment blockage notice (a " Payment Blockage Notice "), then during the period (the " Payment Blockage Period ") beginning upon the delivery of such Payment Blockage Notice and ending on the earlier of (1) 179 days after the date on which the applicable Payment Blockage Notice is received, (2) the date on which all such Non-Payment Defaults have been cured or waived or cease to exist and (3) the date on which the Administrative Agent receives notice thereof from the Senior Representative for the respective issue of Designated Senior Indebtedness terminating the Payment Blockage Period, neither any Borrower nor any other Person on its behalf shall (x) make any payment of any kind or character with respect to any Obligations or (y) acquire any of the Loans for cash or assets or otherwise. Notwithstanding anything herein to the contrary, there shall be a period of at least 181 consecutive days in each 360-day period when no Payment Blockage Notice is in effect. For

all purposes of this Section 10.02(b), no Non-Payment Default which existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness shall be, or be made, the basis for the commencement of a second Payment Blockage Period by the Senior Representative of such Designated Senior Indebtedness whether or not within a period of 360 consecutive days, unless such Non-Payment Default shall have been cured or waived for a period of not less than 90 consecutive days. Any subsequent action, or any breach of any financial covenants for a period ending after the date of delivery of such Payment Blockage Notice that, in either case, would give rise to a Non-Payment Default pursuant to any provisions under which a Non-Payment Default previously existed or was continuing shall constitute a new Non-Payment Default for this purpose.

(c) The foregoing Sections 10.02(a) and (b) shall not apply to payments and distributions of Permitted Junior Securities.

(d) In the event that, notwithstanding the foregoing, any payment shall be received by any Lender when such payment is prohibited by the foregoing provisions of this Section 10.02, such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness (*pro rata* to such holders on the basis of the respective amount of Senior Indebtedness held by such holders) or their respective Senior Representatives, as their respective interests may appear. The Administrative Agent shall be entitled to rely on information regarding amounts outstanding on the Senior Indebtedness, if any, received from the holders of the Senior Indebtedness (or their Senior Representatives).

Nothing contained in this Article X shall limit the right of the Administrative Agent or the Lenders to take any action to accelerate the maturity of the Loans pursuant to Section 7.01 or to pursue any rights or remedies hereunder; provided that all Senior Indebtedness thereafter due or declared to be due shall first be paid in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of such Senior Indebtedness, before the Lenders are entitled to receive any payment of any kind or character with respect to Obligations.

Section 10.03 Obligations Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of any Borrower .

(a) Upon any payment or distribution of assets of any Borrower of any kind or character, whether in cash, assets or securities, to creditors upon any total or partial liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets and liabilities of such Borrower or in a bankruptcy, reorganization, insolvency, receivership or other similar proceeding relating to such Borrower or its assets, whether voluntary or involuntary, all Senior Obligations due or to become due upon all Senior Indebtedness shall first be paid in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of Senior Indebtedness, before any payment or distribution of any kind or character is made on account of any Obligations, or for the acquisition of any of the Loans for cash or assets or otherwise. Upon any such dissolution, winding-up, liquidation, reorganization, receivership or similar proceeding, any payment or distribution of assets of such Borrower of any kind or character, whether in cash, assets or securities, to which the Lenders or the Administrative Agent would be entitled, except for the provisions hereof, shall be paid by

such Borrower or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the Lenders if received by them, directly to the holders of Senior Indebtedness (*pro rata* to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders) or their respective Senior Representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of Senior Indebtedness remaining unpaid until all such Senior Indebtedness has been paid in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of such Senior Indebtedness, after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of Senior Indebtedness.

(b) To the extent any payment of Senior Indebtedness (whether by or on behalf of the Borrowers, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then, if such payment is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

It is further agreed that any diminution (whether pursuant to court decree or otherwise, including without limitation for any of the reasons described in the preceding sentence) of the Borrowers' obligations to make any distribution or payment pursuant to any Senior Indebtedness, except to the extent such diminution occurs by reason of the repayment (which has not been disgorged or returned) of such Senior Indebtedness in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of such Senior Indebtedness, shall have no force or effect for purposes of the subordination provisions contained in this Article X, with any turnover of payments as otherwise calculated pursuant to this Article X to be made as if no such diminution had occurred.

(c) In the event that, notwithstanding the foregoing, any payment or distribution of assets of any Borrower of any kind or character, whether in cash, assets or securities, shall be received by any Lender when such payment or distribution is prohibited by this Section 10.03, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the holders of Senior Indebtedness (*pro rata* to such holders on the basis of the respective amount of Senior Indebtedness held by such holders) or their respective Senior Representatives, or to the trustee or trustees under any indenture pursuant to which any of such Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of Senior Indebtedness remaining unpaid until all such Senior Indebtedness has been paid in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of the holders of such Senior Indebtedness, after giving effect to any concurrent payment, distribution or provision therefor to or for the holders of such Senior Indebtedness.

(d) The consolidation of any Borrower with, or the merger of any Borrower with or into, another Person or the liquidation or dissolution of any Borrower following the

conveyance or transfer of all or substantially all of its assets, to another Person upon the terms and conditions provided in Section 6.03 and as long as permitted under the terms of the Senior Indebtedness shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section if such other Person shall, as a part of such consolidation, merger, conveyance or transfer, assume such Borrower's obligations hereunder in accordance with Section 6.03 hereof.

Section 10.04 Payments May Be Made Prior to Dissolution . Nothing contained in this Article X or elsewhere in the Loan Documents shall prevent any Borrower, except under the conditions described in Sections 10.02 and 10.03, from making payments at any time for the purpose of making payments of principal of and interest on the Obligations, or from depositing with the Administrative Agent any moneys for such payments.

Section 10.05 Holders To Be Subrogated to Rights of Holders of Senior Indebtedness . Subject to the payment in full in cash or cash equivalents, or such payment duly provided for to the satisfaction of holders of such Senior Indebtedness, of all Senior Indebtedness, the Lenders shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, assets or securities of any Borrower applicable to the Senior Indebtedness until the Loans shall be paid in full; and, for the purposes of such subrogation, no such payments or distributions to the holders of the Senior Indebtedness by or on behalf of any Borrower, or by or on behalf of the Lenders by virtue of this Article X, which otherwise would have been made to the Lenders shall, as between the Borrowers and the Lenders, be deemed to be a payment by the Borrowers to or on account of the Senior Indebtedness, it being understood that the provisions of this Article X are and are intended solely for the purpose of defining the relative rights of the Lenders, on the one hand, and the holders of Senior Indebtedness, on the other hand.

Section 10.06 Obligations of the Borrowers Unconditional . Nothing contained in this Article X or elsewhere in the Loan Documents is intended to or shall impair, as among any Borrower, its creditors other than the holders of Senior Indebtedness, and the Lenders, the obligation of such Borrower, which is absolute and unconditional, to pay to the Lenders the principal of and any interest on the Loans as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Lenders and creditors of such Borrower other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent any Lender or the Administrative Agent on its behalf from exercising all remedies otherwise permitted by applicable law upon default under this Agreement, subject to the rights, if any, in respect of cash, assets or securities of such Borrower received upon the exercise of any such remedy.

Section 10.07 Administrative Agent's Relation to Senior Indebtedness . The Administrative Agent and any agent of any Borrower or the of the Administrative Agent shall be entitled to all the rights set forth in this Article X with respect to any Senior Indebtedness which may at any time be held by it in its individual or any other capacity to the same extent as any other holder of Senior Indebtedness and nothing in the Loan Documents shall deprive the Administrative Agent or any such other agent of any of its rights as such holder.

No implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into the Loan Documents against the Administrative Agent. The Administrative Agent shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness.

Whenever a distribution is to be made or a notice given to holders or owners of Senior Indebtedness, the distribution may be made and the notice may be given to their Senior Representative, if any.

Section 10.08 Subordination Rights Not Impaired by Acts or Omissions of any Borrower or Holders of Senior Indebtedness . No right of any present or future holders of any Senior Indebtedness to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Borrower or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by any Borrower with the terms of this Agreement, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Administrative Agent, without incurring responsibility to the Administrative Agent or the Lenders and without impairing or releasing the subordination provided in this Article X or the obligations hereunder of the Lenders to the holders of the Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness, or otherwise amend or supplement in any manner Senior Indebtedness, or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (iii) release any Person liable in any manner for the payment or collection of Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against any Borrower and any other Person.

Section 10.09 Administrative Agent's Compensation Not Prejudiced . Nothing in this Article X will apply to amounts due to the Administrative Agent (other than payments of Obligations owing to Lenders in respect of Loans) pursuant to other sections of this Agreement.

Section 10.10 Reliance by Holders of Senior Indebtedness on Subordination Provisions . Each Lender acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness, whether such Senior Indebtedness was created or acquired before or after the date of this Agreement, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness.

Section 10.11 Amendments . Notwithstanding Section 9.08, no amendment to this Article X or the definitions relating thereto that adversely affects in any material respect the rights of any holder of Senior Indebtedness at the time outstanding (which Senior Indebtedness has been previously designated in writing by the Borrowers to the Administrative Agent for this purpose) may be made unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent in writing to such amendment.

ARTICLE XI

GUARANTEE

Section 11.01 The Guarantee . Holdings, Intermediate Holdco (before and until the Assumption), U.S. Borrower (from and after the Assumption) and each Subsidiary Guarantor (it being understood that any entity signing this Agreement whose signature is shown to be effective only upon completion of the transactions described in the Steps Memorandum set forth in Schedule 6.14 shall not be a Subsidiary Guarantor until such completion) and Initial Canadian Borrower (from and after the Assumption, the " Guarantors ") hereby, jointly and severally guarantee, as a primary obligor and not as a surety to each Lender and the Administrative Agent and their respective successors and assigns, the prompt payment in full when due (whether at stated maturity, by required prepayment, declaration, demand, by acceleration or otherwise) of the principal of and interest (including any interest, fees, costs or charges that would accrue but for the provisions of the Title 11 of the United States Code or other applicable bankruptcy or insolvency legislation after any bankruptcy or insolvency petition under Title 11 of the United States Code, the BIA, the CCAA, the WURA or other applicable bankruptcy or insolvency legislation) on the Loans made by the Lenders to, and the promissory notes held by each Lender of, the Borrowers and all other Obligations from time to time owing to the Lenders or Administrative Agent by any Loan Party under any Loan Document, in each case strictly in accordance with the terms thereof (such obligations being herein collectively called the " Guaranteed Obligations "). The Guarantors hereby jointly and severally agree that if the Borrowers or other Guarantor(s) shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any of the Guaranteed Obligations, the Guarantors will promptly pay the same in cash, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

Section 11.02 Obligations Unconditional . The obligations of the Guarantors under Section 11.01 shall constitute a guaranty of payment and to the fullest extent permitted by applicable law, are absolute, irrevocable and unconditional, joint and several, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations of the Borrowers under this Agreement, the promissory notes, if any, or any other agreement or instrument referred to herein or therein, or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or Guarantor (except for payment in full). Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantors hereunder which shall remain absolute, irrevocable and unconditional under any and all circumstances as described above:

(i) at any time or from time to time, without notice to the Guarantors, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement or the promissory notes, if any, or any other agreement or instrument referred to herein or therein shall be done or omitted;

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be amended in any respect, or any right under the Loan Documents or any other agreement or instrument referred to herein or therein shall be amended or waived in any respect or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien or security interest granted to, or in favor of any Lender or Agent as security for any of the Guaranteed Obligations shall fail to be perfected; or

(v) the release of any other Guarantor pursuant to Section 11.09.

The Guarantors hereby expressly waive diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Borrower under this Agreement or the promissory notes, if any, or any other agreement or instrument referred to herein or therein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations. The Guarantors waive any and all notice of the creation, renewal, extension, waiver, termination or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon this Guarantee or acceptance of this Guarantee, and the Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Guarantee, and all dealings between the Borrowers and the Administrative Agent and the Lenders shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guarantee. This Guarantee shall be construed as a continuing, absolute, irrevocable and unconditional guarantee of payment without regard to any right of offset with respect to the Guaranteed Obligations at any time or from time to time held by the Administrative Agent or any Lender, and the obligations and liabilities of the Guarantors hereunder shall not be conditioned or contingent upon the pursuit by the Administrative Agent and the Lenders or any other person at any time of any right or remedy against any Borrower or against any other person which may be or become liable in respect of all or any part of the Guaranteed Obligations or against any collateral security or guarantee therefor or right of offset with respect thereto. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantors and the successors and assigns thereof, and shall inure to the benefit of the Administrative Agent and the Lenders, and their respective successors and assigns, notwithstanding that from time to time during the term of this Agreement there may be no Guaranteed Obligations outstanding.

Section 11.03 Reinstatement . The obligations of the Guarantors under this Article XI shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Borrowers or other Loan Party in respect of the applicable Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the applicable Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Section 11.04 Subrogation; Subordination . Each Guarantor hereby agrees that until the indefeasible payment and satisfaction in full in cash of all applicable Guaranteed Obligations and the expiration and termination of the Commitments of the Lenders under this Agreement it shall waive any claim and shall not exercise any right or remedy, direct or indirect, arising by reason of any performance by it of its guarantee in Section 11.01, whether by subrogation or otherwise, against any Borrower or any other Guarantor of any of the applicable Guaranteed Obligations or any security for any of the applicable Guaranteed Obligations. Any Indebtedness of any Loan Party permitted pursuant to Section 6.01(A)(b) shall be subordinated to such Loan Party's Obligations in the manner set forth in the Intercompany Note evidencing such Indebtedness.

Section 11.05 Remedies . The Guarantors jointly and severally agree that, as between the Guarantors and the Lenders, the obligations of either Borrower under this Agreement, the promissory notes, if any, and any other agreement or instrument referred to herein or therein may be declared to be forthwith due and payable as provided in Article VII (and shall be deemed to have become automatically due and payable in the circumstances provided in said Article VII) for purposes of Section 11.01, notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Borrowers and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by the Borrowers) shall forthwith become due and payable by the applicable Guarantors for purposes of Section 11.01.

Section 11.06 Instrument for the Payment of Money . Each Guarantor hereby acknowledges that the guarantee in this Article XI constitutes an instrument for the payment of money, and consents and agrees that any Lender or Agent, at its sole option, in the event of a dispute by such Guarantor in the payment of any moneys due hereunder, shall have the right to bring a motion-action under New York CPLR Section 3213.

Section 11.07 Continuing Guarantee . The guarantee in this Article XI is a continuing guarantee of payment, and shall apply to all applicable Guaranteed Obligations whenever arising.

Section 11.08 General Limitation on Guarantee Obligations . In any action or proceeding involving any state corporate limited partnership or limited liability company law, or any applicable state, federal or foreign bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Guarantor under Section 11.01 would otherwise be held or determined to be void, voidable, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under Section 11.01, then, notwithstanding any other provision to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Loan Party or any other person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

Section 11.09 Release of Guarantors . If, in compliance with the terms and provisions of the Loan Documents, all or substantially all of the Equity Interests or property of any Guarantor are sold or otherwise transferred (a " Transferred Guarantor ") to a person or persons, none of which is Holdings, Intermediate Holdco, Borrowers or a Subsidiary, such Transferred Guarantor shall, upon the consummation of such sale or transfer, be released from its obligations under this Agreement (including under Section 9.05 hereof).

Section 11.10 Subordination of Guarantee . The obligations of each Guarantor under its Guarantee pursuant to this Article XI shall be junior and subordinated to the prior payment in full in cash or cash equivalents or such payment duly provided for to the satisfaction of the holders of such Guarantor Senior Indebtedness, of the Guarantor Senior Indebtedness of such Guarantor on the same basis as the Loans are junior and subordinated to Senior Indebtedness of the Borrowers. For the purposes of the foregoing sentence, the Administrative Agent and the Lenders shall have the right to receive and/or retain payments by any of the Guarantors only at such times as they may receive and/or retain payments in respect of the Obligations pursuant to this Agreement, including Article X hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

TELESAT HOLDINGS INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

TELESAT INTERCO INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

4363230 CANADA INC.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

TELESAT LLC

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

INFOSAT COMMUNICATIONS, INC.*
INFOSAT ABLE HOLDINGS, INC.*
ABLE INFOSAT COMMUNICATIONS, INC.*
TELESAT SATELLITE HOLDINGS CORPORATION* (formerly known as Skynet Satellite Holdings Corporation)
SKYNET SATELLITE CORPORATION*
TELESAT INTERNATIONAL, L.L.C.* (formerly known as Loral Skynet International, L.L.C.)
TELESAT BRAZIL HOLDINGS LLC* (formerly known as Loral Brazil Holdings LLC)
TELESAT NETWORK SERVICES, INC.* (formerly known as Loral Skynet Network Services, Inc.)
TELESAT NETWORK SERVICES INTERNATIONAL, INC.* (formerly known as Loral CyberStar International, Inc.)
TELESAT NS, INC.* (formerly known as Loral CyberStar Services, Inc.)
TELESAT NS HOLDINGS, L.L.C.* (formerly known as Loral CyberStar Holdings, L.L.C.)
TELESAT NETWORK SERVICES HOLDINGS L.L.C.* (formerly known as Loral Skynet Network Services Holdings L.L.C.)
TELESAT NS, L.L.C.* (formerly known as Loral CyberStar, L.L.C.)
TELESAT NETWORK SERVICES, L.L.C.* (formerly known as CyberStar, L.L.C.)
TELESAT SATELLITE GP, LLC* (formerly known as Skynet International LLC)
TELESAT SATELLITE LP* (formerly known as Skynet Satellite LP)
TELESAT COMMUNICATIONS SERVICES, INC.* (formerly known as Loral Communications Services, Inc.

By: /s/ Daniel Goldberg
Name: Daniel Goldberg
Title: Authorized Signatory for each of the foregoing

*The signature of this subsidiary will be effective upon completion of the transactions described in the Steps Memorandum.

MORGAN STANLEY SENIOR FUNDING, INC.,
as Administrative Agent and as a Lender

By: /s/ Andrew Earls
Name: Andrew Earls
Title: Vice President

MORGAN STANLEY & CO. INCORPORATED,
as a Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Andrew Earls
Name: Andrew Earls
Title: Managing Director

UBS SECURITIES LLC,
as Syndication Agent and as Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Mary Evans
Name: **Mary Evans**
Title: **Associate Director Banking Products Services, US**

By: /s/ David Julie
Name: **David Julie**
Title: **Associate Director Banking Products Services, US**

UBS AG, STAMFORD BRANCH,
as a Lender

By: /s/ Mary Evans
Name: **Mary Evans**
Title: **Associate Director Banking Products Services, US**

By: /s/ Irja Otsa
Name: **Irja Otsa**
Title: **Associate Director Banking Products Services, US**

J.P. MORGAN SECURITIES INC.,
as a Joint Lead Arranger and a Joint Book Running Manager

By: /s/ Jacob Steinberg
Name: Jacob Steinberg
Title: Executive Director

JPMORGAN CHASE BANK, N.A.,
as a Co-Documentation Agent and as a Lender

By: /s/ Richard Smith
Name: Richard Smith
Title: Executive Director

THE BANK OF NOVA SCOTIA,
as a Co-Documentation Agent and as a Lender

By: /s/ Robert King
Name: Robert King
Title: Director

SCOTIABANC INC.,
as a Lender

By: /s/ J.F. Todd
Name: J.F. Todd
Title: Managing Director

JEFFERIES FINANCE LLC,
as a Co-Documentation Agent

By: /s/ E. J. Hess
Name: E. J. Hess
Title: Managing Director

Exhibit 99.4

4363205 CANADA INC.

Articles of Incorporation

Certificate of Incorporation dated November 23, 2006

1. Name of the Corporation: 4363205 Canada Inc.

2. The province or territory in Canada where the registered office is to be situated: Ontario

3. The classes and any maximum number of shares that the corporation is authorized to issue:

The Corporation is authorized to issue an unlimited number of common shares. The rights, privileges, restrictions and conditions attaching to the common shares are as follows:

(a) **Payment of Dividends** : The holders of the common shares will be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the common shares, the board of directors may in its sole discretion declare dividends on the common shares to the exclusion of any other class of shares of the Corporation.

(b) **Participation upon Liquidation, Dissolution or Winding Up** : In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the common shares will, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the common shares, be entitled to participate in the distribution. Such distribution will be made in equal amounts per share on all the common shares at the time outstanding without preference or distinction.

(c) **Voting Rights** : The holders of the common shares will be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to one vote in respect of each common share held at all such meetings.

4. Restrictions, if any, on share transfers:

No share of the Corporation may be transferred unless its transfer complies with the restriction on the transfer of securities set out in paragraph 7 hereof.

5. Number (or minimum and maximum number of directors):

Minimum: 1 Maximum: 10

6. Restrictions, if any, on business the corporation may carry on: None

7. Other provisions:

1. No security of the Corporation, other than a non-convertible debt security, may be transferred without the consent of:

(a) the board of directors of the Corporation, expressed by a resolution duly passed at a meeting of the directors;

(b) a majority of the directors of the Corporation, expressed by an instrument or instruments in writing signed by such directors;

(c) the holders of the voting shares of the Corporation, expressed by a resolution duly passed at a meeting of the holders of voting shares; or

(d) the holders of the voting shares of the Corporation representing a majority of the votes attached to all the voting shares, expressed by an instrument or instruments in writing signed by such holders.

2. The number of directors within the minimum and maximum number set out in paragraph 5 may be determined from time to time by resolution of the board of directors. Any vacancy among the directors resulting from an increase in the number of directors as so determined may be filled by resolution of the directors.

4363205 Canada Inc. Articles of Amendment CON

Certificate of Amendment dated October 9, 2007

The articles of the Corporation be amended as follows:

The Corporation changes its name to:

Telesat Holdings Inc.

Telesat Holdings Inc. Articles of Amendment Oct. 07

Certificate of Amendment dated October 25, 2007

The articles of the Corporation be amended:

(a) to provide that the number of directors of the Corporation is changed to minimum of 2 and maximum of 10;

(b) to delete the rights, privileges, restrictions and conditions attaching to the Common shares in the capital of the Corporation;

(c) to create (i) an unlimited number of Voting Participating Preferred Shares, (ii) an unlimited number of Non-Voting Participating Preferred Shares, (iii) an unlimited number of Redeemable Common Shares, (iv) an unlimited number of Redeemable Non-Voting Participating Preferred Shares, (v) 1000 Director Voting Preferred Shares, and (vi) 325,000 Senior Preferred Shares;

(d) to declare that the share capital of the Corporation, after giving effect to the foregoing, consists of (i) an unlimited number of Common Shares, (ii) an unlimited number of Voting Participating Preferred Shares, (iii) an unlimited number of Non-Voting Participating Preferred Shares, (iv) an unlimited number of Redeemable Common Shares, (v) an unlimited number of Redeemable Non-Voting Participating Preferred Shares(vi) 1000 Director Voting Preferred Shares, and (vii) 325,000 Senior Preferred Shares;

(e) to provide that the rights, privileges, restrictions and conditions attaching to the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares, the Redeemable Non-Voting Participating Preferred Shares, the Director Voting Preferred Shares and the Senior Preferred Shares are as set out in the attached Schedule A;

(f) to provide that Item 4 of the Articles of the Corporation be deleted in its entirety and replaced by the following:

“No securities of the Corporation, other than non-convertible debt securities, may be transferred without the consent of the board of directors.”

(g) to provide that Item 7 of the Articles of the Corporation be deleted in its entirety and replaced with the following:

“The number of directors within the minimum and maximum number set out in Item 5 may be determined from time to time by resolution of the board of directors.”

(h) to provide that the Constrained Share Ownership and Voting Restrictions as set out in the attached Schedule B be added to Item 7.

SCHEDULE A

ITEM 3

TO a Shareholders Agreement dated October 31, 2007 in respect of the ownership of shares of, and governance of, Telesat Holdings Inc.

Share Conditions:

1. to create (i) an unlimited number of Voting Participating Preferred Shares, (ii) an unlimited number of Non-Voting Participating Preferred Shares, (iii) an unlimited number of Redeemable Common Shares, (iv) an unlimited number of Redeemable Non-Voting Participating Preferred Shares, (v) 1000 Director Voting Preferred Shares, and (vi) 325,000 Senior Preferred Shares.

2. to declare that the share capital of the Corporation, after giving effect to the foregoing, consists of (i) an unlimited number of Common Shares, (ii) an unlimited number of Voting Participating Preferred Shares, (iii) an unlimited number of Non-Voting Participating Preferred Shares, (iv) an unlimited number of Redeemable Common Shares, (v) an unlimited number of Redeemable Non-Voting Participating Preferred Shares, (vi) 1000 Director Voting Preferred Shares, and (vii) 325,000 Senior Preferred Shares.

3. to cancel the rights, privileges, restrictions and conditions attached to the Common Shares of the Corporation, and hereafter to provide that the rights, privileges, restrictions and conditions attaching to the **Common Shares** of the Corporation are as follows:

   (a) **Dividends:** The holders of the Common Shares will be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the Common Shares, the board of directors may in its sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares of the Corporation; provided, however, that no dividends may be declared upon the Common Shares unless dividends, in the same amount per share, are concurrently declared on each of the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares, and no dividends shall be paid on the Common Shares unless dividends, in the same amount per share, are concurrently paid on each of the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares. All such dividends shall be paid in the manner provided in By-law Number 1 of the Corporation.

(b) **Participation upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares will, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the Common Shares, be entitled to participate in distributions, firstly as a return of capital and thereafter as a surplus distribution; provided that the holders of the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares shall be entitled to share, equally and rateably with the Common Shares, in any such distribution of the assets of the Corporation either as a return of capital or as a surplus distribution. Such distribution will be made in equal amounts per share on all Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares at the time outstanding without preference or distinction, and without regard to whether any such distribution constitutes a return of capital or a surplus distribution.

(c) **Voting Rights:** The holders of the Common Shares will be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to one vote in respect of each Common Share held on all matters at all such meetings, except in respect of a class vote applicable only to the shares of any other class, in respect of which the Common Shares shall have no right to vote.

(d) **Conversion:**

(i) Conversion Privilege : Any holder of Common Shares may at any time and from time to time, convert, subject to the terms and provisions hereof and of the constrained share provisions applicable to voting shares of the Corporation, all or some of the Common Shares held by such holder into fully paid and non-assessable Voting Participating Preferred Shares or Non-Voting Participating Preferred Shares, at the election of such holder, on the basis of one Voting Participating Preferred Share or Non-Voting Participating Preferred Share for each Common Share so converted.

(ii) Manner of Exercise of Conversion Privilege : The conversion of the Common Shares may be effected by the surrender of the certificates representing the same at any time prior to the close of business on a business day at the head office of the Corporation accompanied by a written instrument exercising the conversion privilege herein provided in form satisfactory to the Corporation duly executed by the registered holder or his attorney duly authorized in writing, and such instrument shall specify the number of Common Shares which are to be converted and whether such Common Shares are to be converted into Voting Participating Preferred Shares or Non-Voting Participating Preferred Shares.

As promptly as practical after the surrender herein provided of any Common Share for conversion, the Corporation shall issue and deliver, or cause to be delivered, to the holder of the Common Share so surrendered, a certificate issued in the name of such holder representing the number of fully paid and non-assessable Voting Participating Preferred Shares or Non-Voting Participating Preferred Shares, as elected by the holder, to which such holder is entitled pursuant to the provisions of this section. If less than all of the Common Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the Common Shares represented by the original certificate which are not to be converted.

Such conversion will be deemed to be made at the close of business on the date such Common Share has been surrendered for conversion, so that the rights of the holder of such Common Share as a holder thereof shall cease at such time and such person shall be treated for all purposes as having become the holder of record of such Voting Participating Preferred Share or Non-Voting Participating Preferred Share, as the case may be, at such time.

(iii) Tax on Conversion : The Corporation shall pay any governmental or other tax imposed on the Corporation in respect of any conversion of Common Shares, but shall not pay any governmental or other taxes imposed on a holder of Common Shares in respect of any conversion of Common Shares.

(iv) Voting Participating Preferred Shares or Non-Voting Participating Preferred Shares Fully Paid : All Voting Participating Preferred Shares or Non-Voting Participating Preferred Shares resulting from any conversion of the issued and outstanding Common Shares in accordance with the foregoing provisions shall be deemed to be fully paid and non-assessable.

(e) **Restrictions on Subdivision, Consolidation, Distributions and Amendments:** None of the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares, or the Redeemable Non-Voting Participating Preferred Shares shall be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the other such classes of shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

(f) **Approval of Holders of Common Shares:** The rights, privileges, restrictions and conditions attaching to the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares or the Redeemable Non-Voting Participating Preferred Shares

may be added to, changed or removed but only with the approval of the holders of the Common Shares given as hereinafter specified, and with the approval of the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares, each voting separately as a class.

The approval of the holders of the Common Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares, or any other matter as may require the consent of the holders of the Common Shares, may be given by the affirmative vote of not less than two-thirds of the votes cast by holders of Common Shares voting on a resolution put before the holders of Common Shares for such purpose, or by such greater proportion or percentage of holders of Common Shares as may be required by law, or by an affirmative resolution signed by all of the holders of Common Shares. The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting of the holders of the Common Shares for such purpose, and in the conduct thereof, shall be those from time to time prescribed by law and by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation.

4. to provide that the rights, privileges, restrictions and conditions attaching to the **Voting Participating Preferred Shares** of the Corporation are as follows:

(a) **Dividends:** The holders of the Voting Participating Preferred Shares will be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the Voting Participating Preferred Shares, the board of directors may in its sole discretion declare dividends on the Voting Participating Preferred Shares to the exclusion of any other class of shares of the Corporation; provided, however, that no dividends may be declared upon the Voting Participating Preferred Shares unless dividends, in the same amount per share, are concurrently declared on each of the Common Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares, and no dividends shall be paid on the Voting Participating Preferred Shares unless dividends, in the same amount per share, are concurrently paid on each of the Common Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares. All such dividends shall be paid in the manner provided in By-law Number 1 of the Corporation.

(b) **Participation upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution

of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Voting Participating Preferred Shares will, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the Voting Participating Preferred Shares, be entitled to participate in distributions, firstly as a return of capital and thereafter as a surplus distribution; provided that the holders of the Common Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares shall be entitled to share, equally and rateably with the Voting Participating Preferred Shares, in any such distribution of the assets of the Corporation either as a return of capital or as a surplus distribution. Such distribution will be made in equal amounts per share on all Voting Participating Preferred Shares, Common Shares, Non-Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares at the time outstanding without preference or distinction, and without regard to whether any such distribution constitutes a return of capital or a surplus distribution.

(c) **Voting Rights:** The holders of the Voting Participating Preferred Shares will be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to such number of votes per Voting Participating Preferred Share held as shall equal the aggregate number of Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares and Redeemable Non-Voting Participating Preferred Shares outstanding on the record date for determination of shareholders entitled to vote at any meeting of shareholders, divided by the number of Voting Participating Preferred Shares outstanding on such record date, on all matters at all such meetings, except in respect of (i) any vote for the election of directors, in respect of which the Voting Participating Preferred Shares shall have no right to vote, and (ii) a class vote applicable only to the shares of any other class, in respect of which the Voting Participating Preferred Shares shall have no right to vote. With the notice of each meeting of shareholders of the Corporation at which the holders of Voting Participating Preferred Shares are entitled to vote, the Corporation shall give notice of the number of votes for each Voting Participating Preferred Share which may be cast on each matter to be voted upon at such meeting, which notice as to such number of votes for each Voting Participating Preferred Share shall be determinative, absent manifest error.

(d) **Conversion:**

(i) Conversion Privilege : Any holder of Voting Participating Preferred Shares may at any time and from time to time, convert, subject to (i) the terms and provisions hereof, (ii) the constrained share provisions applicable to voting shares of the Corporation, and (iii) the result of such conversion not causing the Corporation to cease to be a “qualified corporation” within the meaning of the Canadian Telecommunication Common Carrier Ownership and Control Regulations promulgated

pursuant to the *Telecommunications Act* (Canada), all or some of the Voting Participating Preferred Shares held by such holder into fully paid and non-assessable Common Shares or Non-Voting Participating Preferred Shares, at the election of such holder, on the basis of one Common Share or Non-Voting Participating Preferred Share for each Voting Participating Preferred Share so converted, provided that the last holder of Voting Participating Preferred Shares shall only be entitled to convert all but one (1) such Voting Participating Preferred Share until all of the Non-Voting Participating Preferred Shares and Redeemable Non-Voting Participating Preferred Shares have been converted into Common Shares, and any purported exercise of conversion rights by the last such holder of Voting Participating Preferred Shares in respect of all such holder's Voting Participating Preferred Shares shall be deemed to be an exercise of conversion rights in respect of all but one of such Voting Participating Preferred Shares.

(ii) Manner of Exercise of Conversion Privilege : The conversion of the Voting Participating Preferred Shares may be effected by the surrender of the certificates representing the same at any time prior to the close of business on a business day at the head office of the Corporation accompanied by a written instrument exercising the conversion privilege herein provided in form satisfactory to the Corporation duly executed by the registered holder or his attorney duly authorized in writing, and such instrument shall specify the number of Voting Participating Preferred Shares which are to be converted and whether such Voting Participating Preferred Shares are to be converted into Common Shares or Non-Voting Participating Preferred Shares.

As promptly as practical after the surrender herein provided of any Voting Participating Preferred Shares for conversion, the Corporation shall issue and deliver, or cause to be delivered, to the holder of the Voting Participating Preferred Shares so surrendered, a certificate issued in the name of such holder representing the number of fully paid and non-assessable Common Shares or Non-Voting Participating Preferred Shares, as elected by the holder, to which such holder is entitled pursuant to the provisions of this section. If less than all of the Voting Participating Preferred Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the Voting Participating Preferred Shares represented by the original certificate which are not to be converted.

Such conversion will be deemed to be made at the close of business on the date such Voting Participating Preferred Share has been surrendered for conversion, so that the rights of the holder of such Voting Participating Preferred Share as a holder thereof shall cease at such time and such person shall be treated for all purposes as having become the holder of record of such Common Share or Non-Voting Participating Preferred Share, as the case may be, at such time.

(iii) Tax on Conversion : The Corporation shall pay any governmental or other tax imposed on the Corporation in respect of any conversion of Voting Participating Preferred Shares, but shall not pay any governmental or other taxes imposed on a holder of Voting Participating Preferred Shares in respect of any conversion of Voting Participating Preferred Shares.

(iv) Common Shares or Non-Voting Participating Preferred Shares Fully Paid : All Common Shares or Non-Voting Participating Preferred Shares resulting from any conversion of the issued and outstanding Voting Participating Preferred Shares in accordance with the foregoing provisions shall be deemed to be fully paid and non-assessable.

(e) **Restrictions on Subdivision, Consolidation, Distributions and Amendments:** None of the Voting Participating Preferred Shares, the Common Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares or the Redeemable Non-Voting Participating Preferred Shares shall be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the other such classes of shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

(f) **Approval of Holders of Voting Participating Preferred Shares:** The rights, privileges, restrictions and conditions attaching to the Voting Participating Preferred Shares, the Common Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares or the Redeemable Non-Voting Participating Preferred Shares may be added to, changed or removed but only with the approval of the holders of the Voting Participating Preferred Shares given as hereinafter specified, and with the approval of the Common Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares, each voting separately as a class.

The approval of the holders of the Voting Participating Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Voting Participating Preferred Shares, the Common Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares, or any other matter as may require the consent of the holders of the Voting Participating Preferred Shares, may be given by the affirmative vote of not less than two-thirds of the votes cast by holders of Voting Participating Preferred Shares voting on a resolution put before the holders of Voting Participating Preferred Shares for such purpose, or by such greater proportion or percentage of the holders of Voting Participating Preferred Shares as may be required by law, or by an affirmative resolution in writing signed by all of the holders of Voting Participating Preferred Shares. The formalities to be observed in respect of the giving of notice of any

meeting or any adjourned meeting of the holders of the Voting Participating Preferred Shares for such purpose, and in the conduct thereof, shall be those from time to time prescribed by law and by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation.

5. to provide that the rights, privileges, restrictions and conditions attaching to the **Non-Voting Participating Preferred Shares** of the Corporation are as follows:

   (a) **Dividends:** The holders of the Non-Voting Participating Preferred Shares will be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the Non-Voting Participating Preferred Shares, the board of directors may in its sole discretion declare dividends on the Non-Voting Participating Preferred Shares to the exclusion of any other class of shares of the Corporation; provided, however, that no dividends may be declared upon the Non-Voting Participating Preferred Shares unless dividends, in the same amount per share, are concurrently declared on each of the Common Shares, the Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares, and no dividends shall be paid on the Non-Voting Participating Preferred Shares unless dividends, in the same amount per share, are concurrently paid on each of the Common Shares, Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares. All such dividends shall be paid in the manner provided in By-law Number 1 of the Corporation.

   (b) **Participation upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Non-Voting Participating Preferred Shares will, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the Non-Voting Participating Preferred Shares, be entitled to participate in distributions, firstly as a return of capital and thereafter as a surplus distribution; provided that the holders of the Common Shares, the Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares shall be entitled to share, equally and rateably with the Non-Voting Participating Preferred Shares, in any such distribution of the assets of the Corporation either as a return of capital or as a surplus distribution. Such distribution will be made in equal amounts per share on all Non-Voting Participating Preferred Shares, Common Shares, Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares at the time outstanding without preference or distinction, and without regard to whether any such distribution constitutes a return of capital or a surplus distribution.

(c) **Voting Rights:** The holders of the Non-Voting Participating Preferred Shares will be entitled to receive notice of and to attend and be heard at all annual and special meetings of the shareholders of the Corporation, but will not be entitled to vote on any matter at all such meetings, except in respect of a class vote applicable only to the Non-Voting Participating Preferred Shares.

(d) **Conversion:**

(i) Conversion Privilege : Any holder of Non-Voting Participating Preferred Shares may at any time and from time to time, convert, subject to (i) the terms and provisions hereof, (ii) the constrained share provisions applicable to voting shares of the Corporation, and (iii) the result of such conversion not causing the Corporation to cease to be a "qualified corporation" within the meaning of the Canadian Telecommunication Common Carrier Ownership and Control Regulations promulgated pursuant to the *Telecommunications Act* (Canada), all or some of the Non-Voting Participating Preferred Shares held by such holder into fully paid and non-assessable Common Shares or Voting Participating Preferred Shares, at the election of such holder, on the basis of one Common Share or Voting Participating Preferred Share for each Non-Voting Participating Preferred Share so converted.

(ii) Manner of Exercise of Conversion Privilege : The conversion of the Non-Voting Participating Preferred Shares may be effected by the surrender of the certificates representing the same at any time prior to the close of business on a business day at the head office of the Corporation accompanied by a written instrument exercising the conversion privilege herein provided in form satisfactory to the Corporation duly executed by the registered holder or his attorney duly authorized in writing, and such instrument shall specify the number of Non-Voting Participating Preferred Shares which are to be converted and whether such Non-Voting Participating Preferred Shares are to be converted into Common Shares or Voting Participating Preferred Shares.

As promptly as practical after the surrender herein provided of any Non-Voting Participating Preferred Share for conversion, the Corporation shall issue and deliver, or cause to be delivered, to the holder of the Non-Voting Participating Preferred Share so surrendered, a certificate issued in the name of such holder representing the number of fully paid and non-assessable Common Shares or Voting Participating Preferred Shares, as elected by the holder, to which such holder is entitled pursuant to the provisions of this section. If less than all of the Non-Voting Participating Preferred Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the Non-Voting Participating Preferred Shares represented by the original certificate which are not to be converted.

Such conversion will be deemed to be made at the close of business on the date such Non-Voting Participating Preferred Share has been surrendered for conversion, so that the rights of the holder of such Non-Voting Participating Preferred Share as a holder thereof shall cease at such time and such person shall be treated for all purposes as having become the holder of record of such Common Share or Voting Participating Preferred Share, as the case may be, at such time.

(iii) Tax on Conversion : The Corporation shall pay any governmental or other tax imposed on the Corporation in respect of any conversion of Non-Voting Participating Preferred Shares, but shall not pay any governmental or other taxes imposed on a holder of Non-Voting Participating Preferred Shares in respect of any conversion of Non-Voting Participating Preferred Shares.

(iv) Common Shares or Voting Participating Preferred Shares Fully Paid : All Common Shares or Voting Participating Preferred Shares resulting from any conversion of the issued and outstanding Non-Voting Participating Preferred Shares in accordance with the foregoing provisions shall be deemed to be fully paid and non-assessable.

(e) **Restrictions on Subdivision, Consolidation, Distributions and Amendments:** None of the Non-Voting Participating Preferred Shares, the Common Shares, the Voting Participating Preferred Shares, the Redeemable Common Shares or the Redeemable Non-Voting Participating Preferred Shares shall be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the other such classes of shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

(f) **Approval of Holders of Non-Voting Participating Preferred Shares:** The rights, privileges, restrictions and conditions attaching to the Non-Voting Participating Preferred Shares, the Common Shares, the Voting Participating Preferred Shares, the Redeemable Common Shares or the Redeemable Non-Voting Participating Preferred Shares may be added to, changed or removed but only with the approval of the holders of the Non-Voting Participating Preferred Shares given as hereinafter specified, and with the approval of the Common Shares, the Voting Participating Preferred Shares, the Redeemable Common Shares and the Redeemable Non-Voting Participating Preferred Shares, each voting separately as a class.

The approval of the holders of the Non-Voting Participating Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Non-Voting Participating Preferred Shares, the Common Shares, the Voting Participating Preferred Shares, the Redeemable Common Shares and the

Redeemable Non-Voting Participating Preferred Shares or any other matter as may require the consent of the holders of the Non-Voting Participating Preferred Shares, may be given by the affirmative vote of not less than two-thirds of the votes cast by holders of Non-Voting Participating Preferred Shares voting on a resolution put before the holders of Non-Voting Participating Preferred Shares for such purpose, or by such greater proportion or percentage of the holders of Non-Voting Participating Preferred Shares as may be required by law, or by an affirmative resolution in writing signed by all of the holders of Non-Voting Participating Preferred Shares. The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting of the holders of the Non-Voting Participating Preferred Shares for such purpose, and in the conduct thereof, shall be those from time to time prescribed by law and by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation.

6. to provide that the rights, privileges, restrictions and conditions attaching to the **Redeemable Common Shares** of the Corporation are as follows:

   (a) **Dividends:** The holders of the Redeemable Common Shares will be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the Redeemable Common Shares, the board of directors may in its sole discretion declare dividends on the Redeemable Common Shares to the exclusion of any other class of shares of the Corporation; provided, however, that no dividends may be declared upon the Redeemable Common Shares unless dividends, in the same amount per share, are concurrently declared on each of the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and the Redeemable Non-Voting Participating Preferred Shares, and no dividends shall be paid on the Redeemable Common Shares unless dividends, in the same amount per share, are concurrently paid on each of the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and the Redeemable Non-Voting Participating Preferred Shares. All such dividends shall be paid in the manner provided in By-law Number 1 of the Corporation.

   (b) **Participation upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Redeemable Common Shares will, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the Redeemable Common Shares, be entitled to participate in distributions, firstly as a return of capital and thereafter as a surplus distribution; provided that the holders of the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and

the Redeemable Non-Voting Participating Preferred Shares shall be entitled to share, equally and rateably with the Redeemable Common Shares, in any such distribution of the assets of the Corporation either as a return of capital or as a surplus distribution. Such distribution will be made in equal amounts per share on all Redeemable Common Shares, Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares and the Redeemable Non-Voting Participating Preferred Shares at the time outstanding without preference or distinction, and without regard to whether any such distribution constitutes a return of capital or a surplus distribution.

(c) **Voting Rights:** The holders of the Redeemable Common Shares will be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to one vote in respect of each Redeemable Common Share held on all matters at all such meetings, except in respect of a class vote applicable only to the shares of any other class.

(d) **Redemption by the Corporation:** The Corporation shall redeem the Redeemable Common Shares registered in the name of any holder of any such Redeemable Common Shares on the books of the Corporation, without the consent of such holder, and without any prior notice from the Corporation, simultaneously with the closing of the transactions contemplated by an Asset Transfer Agreement (the "Skynet Agreement") dated August 7, 2007 between the Corporation and Loral Skynet Corporation (the "Skynet Acquisition Date").

Simultaneously with the closing of the transactions contemplated by the Skynet Agreement, the Corporation shall redeem such Redeemable Common Shares by paying to the registered holder of Redeemable Common Shares on such date an amount equal to $10 per share, which shall be paid to such holder or its designee by wire transfer in immediately available funds to such bank account or accounts as such holder shall designate by notice in writing to the Corporation not less than two days prior to the Skynet Acquisition Date. If a holder of Redeemable Common Shares does not give such notice, payment for the Redeemable Common Shares so redeemed shall be made by delivery to the registered holder of a cheque payable at any branch of the Corporation's bankers for the time being in Canada. Upon such payment by wire transfer or by cheque, the certificate(s) for such Redeemable Common Shares shall thereupon be cancelled, without need to deliver such certificate(s) to the Corporation and the Redeemable Common Shares represented thereby shall thereupon be redeemed and cancelled. From and after receipt of the redemption amount for the Redeemable Common Shares, holders of Redeemable Common Shares called for redemption shall not be entitled to exercise any of their rights as holders of Redeemable Common Shares.

(e) **Conversion:**

(i) Conversion Privilege : Any holder of Redeemable Common Shares may at any time and from time to time, convert, subject to (i) the terms and provisions hereof, (ii) the constrained share provisions applicable to voting

shares of the Corporation, and (iii) the result of such conversion not causing the Corporation to cease to be a "qualified corporation" within the meaning of the Canadian Telecommunication Common Carrier Ownership and Control Regulations promulgated pursuant to the *Telecommunications Act* (Canada), all or some of the Redeemable Common Shares held by such holder into fully paid and non-assessable Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares or Redeemable Non-Voting Participating Preferred Shares, at the election of such holder, on the basis of one Common Share, Voting Participating Preferred Share, Non-Voting Participating Preferred Share or Redeemable Non-Voting Participating Preferred Share for each Redeemable Common Share so converted.

(ii) Manner of Exercise of Conversion Privilege : The conversion of the Redeemable Common Shares may be effected by the surrender of the certificates representing the same at any time prior to the close of business on a business day at the head office of the Corporation accompanied by a written instrument exercising the conversion privilege herein provided in form satisfactory to the Corporation duly executed by the registered holder or his attorney duly authorized in writing, and such instrument shall specify the number of Redeemable Common Shares which are to be converted and whether such Redeemable Common Shares are to be converted into Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares or Redeemable Non-Voting Participating Preferred Shares.

As promptly as practical after the exercise of the conversion privilege and surrender herein provided of any Redeemable Common Share for conversion, the Corporation shall issue and deliver, or cause to be delivered, to the holder of the Redeemable Common Share so surrendered, a certificate issued in the name of such holder representing the number of fully paid and non-assessable Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares or Redeemable Non-Voting Participating Preferred Shares, as elected by the holder, to which such holder is entitled pursuant to the provisions of this section. If less than all of the Redeemable Common Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the Redeemable Common Shares represented by the original certificate which are not to be converted.

Such conversion will be deemed to be made at the close of business on the date such Redeemable Common Share has been surrendered for conversion, so that the rights of the holder of such Redeemable Common Share as a holder thereof shall cease at such time and such person shall be treated for all purposes as having become the holder of record of such Common Share, Voting Participating Preferred Share, Non-Voting Participating Preferred Share or Redeemable Non-Voting Participating Preferred Share, as the case may be, at such time.

(iii) Automatic Conversion : All Redeemable Common Shares shall be automatically converted into fully-paid and non-assessable Common Shares on the date on which the Skynet Agreement is terminated in accordance with its terms (the "Automatic Conversion Date"). The Corporation shall give notice to each holder of Redeemable Common Shares of the occurrence of the Automatic Conversion Date as promptly as reasonably practicable after the occurrence thereof. On the Automatic Conversion Date, the rights of the holder of such Redeemable Common Shares as a holder thereof shall cease and such person shall be treated for all purposes as having become a holder of record of fully-paid and non-assessable Common Shares. A holder of Redeemable Common Shares upon the Automatic Conversion Date shall not be required to surrender certificates representing Redeemable Common Shares, and all certificates representing Redeemable Common Shares shall thereafter represent an equal number of Common Shares and the Corporation shall thereafter treat such certificates as representing Common Shares for all purposes. However, the registered holder of certificates representing Redeemable Common Shares shall be entitled to request the Corporation to replace such certificates for certificates representing Common Shares, and as promptly as practicable after such request and surrender of such Redeemable Common Share certificates at the head office of the Corporation, the Corporation shall, without charge, issue and deliver, or cause to be issued and delivered, to the holder of the certificates for Redeemable Common Shares so surrendered, certificates issued in the name of such holder representing the identical number of Common Shares as were represented by the certificates for Redeemable Common Shares so surrendered.

(iv) Tax on Conversion : The Corporation shall pay any governmental or other taxes imposed on the Corporation in respect of any conversion of Redeemable Common Shares, but shall not pay any governmental or other taxes imposed on a holder of Redeemable Common Shares in respect of any conversion of Redeemable Common Shares.

(v) Shares Fully Paid : All Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares or Redeemable Non-Voting Participating Preferred Shares resulting from any conversion of the issued and outstanding Redeemable Common Shares in accordance with the foregoing provisions shall be deemed to be fully paid and non-assessable.

(f) **Restrictions on Subdivision, Consolidation, Distributions and Amendments:** None of the Redeemable Common Shares, the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares or

the Redeemable Non-Voting Participating Preferred Shares shall be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the other such classes of shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

(g) **Approval of Holders of Redeemable Common Shares:** The rights, privileges, restrictions and conditions attaching to the Redeemable Common Shares, the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares or the Redeemable Non-Voting Participating Preferred Shares may be added to, changed or removed but only with the approval of the holders of the Redeemable Common Shares given as hereinafter specified, and with the approval of the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and the Redeemable Non-Voting Participating Preferred Shares, each voting separately as a class.

The approval of the holders of the Redeemable Common Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Redeemable Common Shares, the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares or the Redeemable Non-Voting Participating Preferred Shares, or any other matter as may require the consent of the holders of the Redeemable Common Shares, may be given by the affirmative vote of not less than two-thirds of the votes cast by holders of Redeemable Common Shares voting on a resolution put before the holders of Redeemable Common Shares for such purpose, or by such greater proportion or percentage of holders of Redeemable Common Shares as may be required by law, or by an affirmative resolution in writing signed by all of the holders of Redeemable Common Shares. The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting of the holders of the Redeemable Common Shares for such purpose, and in the conduct thereof, shall be those from time to time prescribed by law and by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation.

7. to provide that the rights, privileges, restrictions and conditions attaching to the **Redeemable Non-Voting Participating Preferred Shares** of the Corporation are as follows:

(a) **Dividends:** The holders of the Redeemable Non-Voting Participating Preferred Shares will be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or concurrently with the holders of the Redeemable Non-Voting Participating Preferred Shares, the board of directors may in its sole discretion declare dividends on the Redeemable Non-Voting Participating Preferred Shares to the exclusion of any other class of shares of the Corporation; provided, however, that no dividends may be declared upon the

Redeemable Non-Voting Participating Preferred Shares unless dividends, in the same amount per share, are concurrently declared on each of the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and the Redeemable Common Shares, and no dividends shall be paid on the Redeemable Non-Voting Participating Preferred Shares unless dividends, in the same amount per share, are concurrently paid on each of the Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares and Redeemable Common Shares. All such dividends shall be paid in the manner provided in By-law Number 1 of the Corporation.

(b) **Participation upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Redeemable Non-Voting Participating Preferred Shares will, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive assets of the Corporation upon such a distribution in priority to or concurrently with the holders of the Redeemable Non-Voting Participating Preferred Shares, be entitled to participate in distributions, firstly as a return of capital and thereafter as a surplus distribution; provided that the holders of the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and the Redeemable Common Shares shall be entitled to share, equally and rateably with the Redeemable Non-Voting Participating Preferred Shares, in any such distribution of the assets of the Corporation either as a return of capital or as a surplus distribution. Such distribution will be made in equal amounts per share on all Redeemable Non-Voting Participating Preferred Shares, Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares and the Redeemable Common Shares at the time outstanding without preference or distinction, and without regard to whether any such distribution constitutes a return of capital or a surplus distribution.

(c) **Voting Rights:** The holders of the Redeemable Non-Voting Participating Preferred Shares will be entitled to receive notice of and to attend and be heard at all annual and special meetings of the shareholders of the Corporation, but will not be entitled to vote on any matter at all such meetings, except in respect of a class vote applicable only to the Redeemable Non-Voting Participating Preferred Shares.

(d) **Redemption by the Corporation:** The Corporation shall redeem the Redeemable Non-Voting Participating Preferred Shares registered in the name of any holder of any such Redeemable Non-Voting Participating Preferred Shares on the books of the Corporation, without the consent of such holder, and without any prior notice from the Corporation, simultaneously with the closing of the transactions contemplated by an Asset Transfer Agreement (the “Skynet Agreement”) dated August 7, 2007 between the Corporation and Loral Skynet Corporation (the “Skynet Acquisition Date”).

Simultaneously with the closing of the transactions contemplated by the Skynet Agreement, the Corporation shall redeem such Redeemable Non-Voting Participating Preferred Shares by paying the registered holders of Redeemable Non-Voting Participating Preferred Shares on such date an amount equal to $10 per share, which shall be paid to such holder or its designee by wire transfer in immediately available funds to such bank account or accounts as such holder shall designate by notice in writing to the Corporation not less than two days prior to the Skynet Acquisition Date. If a holder of Redeemable Non-Voting Preferred Shares does not give such notice, payment for the Redeemable Non-Voting Participating Preferred Shares shall be made by delivery to the registered holder of a cheque payable at any branch of the Corporation's bankers for the time being in Canada. Upon such payment by wire transfer or by cheque, the certificate(s) for such Redeemable Non-Voting Participating Preferred Shares shall thereupon be cancelled, without need to deliver such certificate(s) to the Corporation and the Redeemable Non-Voting Participating Preferred Shares represented thereby shall thereupon be redeemed and cancelled. From and after receipt of the redemption amount for the Redeemable Non-Voting Participating Preferred Shares, holders of Redeemable Non-Voting Participating Preferred Shares called for redemption shall not be entitled to exercise any of their rights as holders of Redeemable Non-Voting Participating Preferred Shares.

(e) **Conversion:**

(i) Conversion Privilege : Any holder of Redeemable Non-Voting Participating Preferred Shares may at any time and from time to time, convert, subject to (i) the terms and provisions hereof, (ii) the constrained share provisions applicable to voting shares of the Corporation, and (iii) the result of such conversion not causing the Corporation to cease to be a "qualified corporation" within the meaning of the Canadian Telecommunication Common Carrier Ownership and Control Regulations promulgated pursuant to the *Telecommunications Act* (Canada), all or some of the Redeemable Non-Voting Participating Preferred Shares held by such holder into fully paid and non-assessable Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares or Redeemable Common Shares at the election of such holder, on the basis of one Common Share, Voting Participating Preferred Share, Non-Voting Participating Preferred Shares or Redeemable Common Shares for each Redeemable Non-Voting Participating Preferred Share so converted.

(ii) Manner of Exercise of Conversion Privilege : The conversion of the Redeemable Non-Voting Participating Preferred Shares may be effected by the surrender of the certificates representing the same at any time prior to the close of business on a business day at the head office of the Corporation accompanied by a written instrument exercising the conversion privilege herein provided in form satisfactory to the Corporation duly executed by the registered holder or his attorney duly authorized in writing, and such instrument shall specify the number of

Redeemable Non-Voting Participating Preferred Shares which are to be converted and whether such Redeemable Non-Voting Participating Preferred Shares are to be converted into Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares or Redeemable Common Shares.

As promptly as practical after the exercise of the conversion privilege and surrender herein provided of any Redeemable Non-Voting Participating Preferred Share for conversion, the Corporation shall issue and deliver, or cause to be delivered, to the holder of the Redeemable Non-Voting Participating Preferred Share so surrendered, a certificate issued in the name of such holder representing the number of fully paid and non-assessable Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares or Redeemable Common Shares as elected by the holder, to which such holder is entitled pursuant to the provisions of this section. If less than all of the Redeemable Non-Voting Participating Preferred Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the Redeemable Non-Voting Participating Preferred Shares represented by the original certificate which are not to be converted.

Such conversion will be deemed to be made at the close of business on the date such Redeemable Non-Voting Participating Preferred Share has been surrendered for conversion, so that the rights of the holder of such Redeemable Non-Voting Participating Preferred Share as a holder thereof shall cease at such time and such person shall be treated for all purposes as having become the holder of record of such Common Share, Voting Participating Preferred Share, Non-Voting Participating Preferred Share or Redeemable Common Share, as the case may be, at such time.

(iii) Automatic Conversion : All Redeemable Non-Voting Participating Preferred Shares shall be automatically converted into fully-paid and non-assessable Non-Voting Participating Preferred Shares on the date on which the Skynet Agreement is terminated in accordance with its terms (the “Automatic Conversion Date”). The Corporation shall give notice to each holder of Redeemable Non-Voting Participating Preferred Shares of the occurrence of the Automatic Conversion Date as promptly as reasonably practicable after the occurrence thereof. On the Automatic Conversion Date, the rights of the holder of such Redeemable Non-Voting Participating Preferred Shares as a holder thereof shall cease and such person shall be treated for all purposes as having become a holder of record of fully-paid and non-assessable Non-Voting Participating Preferred Shares. A holder of Redeemable Non-Voting Participating Preferred Shares upon the Automatic Conversion Date shall not be required to surrender certificates representing Redeemable Non-Voting Participating Preferred Shares, and all certificates representing Redeemable Non-Voting Participating Preferred Shares shall thereafter

represent an equal number of Non-Voting Participating Preferred Shares and the Corporation shall thereafter treat such certificates as representing Non-Voting Participating Preferred Shares for all purposes. However, the registered holder of certificates representing Redeemable Non-Voting Participating Preferred Shares shall be entitled to request the Corporation to replace such certificates for certificates representing Non-Voting Participating Preferred Shares, and as promptly as practicable after such request and surrender of such Redeemable Non-Voting Participating Preferred Share certificates at the head office of the Corporation, the Corporation shall, without charge, issue and deliver, or cause to be issued and delivered, to the holder of the certificates for Redeemable Non-Voting Participating Preferred Shares so surrendered, certificates issued in the name of such holder representing the identical number of Non-Voting Participating Preferred Shares as were represented by the certificates for Redeemable Non-Voting Participating Preferred Shares so surrendered.

(iv) Tax on Conversion : The Corporation shall pay any governmental or other taxes imposed on the Corporation in respect of any conversion of Redeemable Non-Voting Participating Preferred Shares, but shall not pay any governmental or other taxes imposed on a holder of Redeemable Non-Voting Participating Preferred Shares in respect of any conversion of Redeemable Non-Voting Participating Preferred Shares.

(v) Shares Fully Paid : All Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares or Redeemable Common Shares resulting from any conversion of the issued and outstanding Redeemable Non-Voting Participating Preferred Shares in accordance with the foregoing provisions shall be deemed to be fully paid and non-assessable.

(f) **Restrictions on Subdivision, Consolidation, Distributions and Amendments:** None of the Redeemable Non-Voting Participating Preferred Shares, the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares or the Redeemable Common Shares shall be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the other such classes of shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

(g) **Approval of Holders of Redeemable Non-Voting Participating Preferred Shares:** The rights, privileges, restrictions and conditions attaching to the Redeemable Non-Voting Participating Preferred Shares, the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares or the Redeemable Common Shares may be added to, changed or removed but only with the approval of the holders of the Redeemable Non-Voting Participating Preferred Shares given as hereinafter specified, and with the approval of the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and the Redeemable Common Shares, each voting separately as a class.

The approval of the holders of the Redeemable Non-Voting Participating Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Redeemable Non-Voting Participating Preferred Shares, the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares and the Redeemable Common Shares or any other matter as may require the consent of the holders of the Redeemable Non-Voting Participating Preferred Shares, may be given by the affirmative vote of not less than two-thirds of the votes cast by holders of Redeemable Non-Voting Participating Preferred Shares voting on a resolution put before the holders of Redeemable Non-Voting Participating Preferred Shares for such purpose, or by such greater proportion or percentage of holders of Redeemable Non-Voting Participating Preferred Shares as may be required by law, or by an affirmative resolution in writing signed by all of the holders of Redeemable Non-Voting Participating Preferred Shares. The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting of the holders of the Redeemable Non-Voting Participating Preferred Shares for such purpose, and in the conduct thereof, shall be those from time to time prescribed by law and by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation.

8. to provide that the rights, privileges, restrictions and conditions attaching to the **Director Voting Preferred Shares** are as follows:

(a) **Voting Rights:** The holders of Director Voting Preferred Shares shall be entitled to receive notice of and to attend all meetings of the shareholders of the Corporation at which directors of the Corporation are to be elected and shall have such number of votes for each Director Voting Preferred Share, in respect only of the election of directors of the Corporation, as shall equal the aggregate number of Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares and Redeemable Non-Voting Participating Preferred Shares outstanding on the record date for determination of shareholders entitled to vote for directors at any meeting of shareholders at which directors are to be elected, divided by the number of Director Voting Preferred Shares outstanding on such record date. With the notice of meeting of shareholders of the Corporation at which directors are to be elected, the Corporation shall give notice of the number of votes for each Director Voting Preferred Shares which may be cast for the election of directors at such meeting, which notice as to such number of votes for each Director Voting Preferred Share for the election of directors at such meeting shall be determinative, absent manifest error. In respect of all other matters other than the election of directors of the Corporation, the holders of the Director Voting Preferred Shares shall not be entitled to attend meetings of shareholders of the Corporation and shall have no right to vote.

(b) **Dividends:** The holders of Director Voting Preferred Shares will be entitled to receive an annual non-cumulative dividend of $10 per share if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in each year, in priority to the payment of dividends on the Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares in each year and any other shares of the Corporation which, by their terms, rank junior to the Director Voting Preferred Shares, but after payment of any accrued dividends on the Senior Preferred Shares and any other shares of the Corporation ranking senior to the Director Voting Preferred Shares with respect to payment of dividends. The holders of Director Voting Preferred Shares shall not be entitled to any dividend other than or in excess of the annual non-cumulative dividend of $10 per share provided for in this clause. All such dividends shall be paid in the manner provided in By-law Number 1 of the Corporation.

(c) **Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Director Voting Preferred Shares shall be entitled to receive as a return of capital the sum of $10 per share in priority to any payment to the holders of the Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares of the Corporation and any other shares of the Corporation which, by their terms, rank junior to the Director Voting Preferred Shares, but after payment of the Liquidation Value (as defined in the rights, restrictions, conditions and limitations attaching to the Senior Preferred Shares) on the Senior Preferred Shares and after the return of capital and any liquidation preference on any other shares of the Corporation ranking senior to the Director Voting Preferred Shares. Upon receipt of such amount, the holders of the Director Voting Preferred Shares shall not be entitled to be paid any additional amount out of the property or assets of the Corporation.

(d) **Redemption at the Option of the Corporation:** The Corporation may, at its option, redeem at any time or times all or any part of the Director Voting Preferred Shares registered in the name of any holder of any such Director Voting Preferred Shares on the books of the Corporation without the consent of such holder by giving notice in writing to such holder specifying:

(i) that the Corporation desires to redeem all or any part of the Director Voting Preferred Shares registered in the name of such holder;

(ii) if part only of the Director Voting Preferred Shares registered in the name of such holder is to be redeemed, the number thereof to be so redeemed;

(iii) the business day (in this paragraph referred to as the "redemption date") on which the Corporation desires to redeem such Director Voting Preferred Shares. The redemption date shall be the date on which the redemption notice is given by the Corporation unless a later date is specified in the redemption notice; and

(iv) the place of redemption;

provided that all of the Director Voting Preferred Shares may not be redeemed until such time as no Voting Participating Preferred Shares are outstanding, and until such time, at least one Director voting Preferred Share shall not be redeemed and shall remain outstanding.

The Corporation shall, on the redemption date, redeem such Director Voting Preferred Shares by paying to such holder an amount equal to $10 per share on presentation and surrender of the certificate(s) for the Director Voting Preferred Shares so called for redemption at such place as may be specified in such notice or, if notice is waived, at the registered office of the Corporation. The certificate(s) for such Director Voting Preferred Shares shall thereupon be cancelled and the Director Voting Preferred Shares represented thereby shall thereupon be redeemed and cancelled. Such payment shall be made by delivery to such holder of a cheque payable at any branch of the Corporation's bankers for the time being in Canada. From and after the redemption date, holders of Director Voting Preferred Shares called for redemption shall not be entitled to exercise any of their rights as holders of Director Voting Preferred Shares unless payment of the said redemption price is not made on the redemption date, in which case the rights of the holders of the said Director Voting Preferred Shares shall remain unaffected.

The Corporation shall have the right, at any time on or after the mailing or delivery of notice of its intention to redeem Director Voting Preferred Shares, to deposit the redemption price of the Director Voting Preferred Shares so called for redemption, or of such of the Director Voting Preferred Shares which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account maintained by the Corporation with a branch of a Canadian chartered bank or trust company designated by the Corporation in the notice of redemption (the "Trustee") which has offices in the City of Ottawa, to be paid without interest to or to the order of the respective holders of Director Voting Preferred Shares whose shares have been called for redemption, upon presentation and surrender to the Trustee of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption, whichever is later, the Director Voting Preferred Shares in respect of which such deposit shall have been made shall be deemed to have been redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving their proportion of the amount so deposited without interest, upon presentation and surrender to the Trustee of the certificate or certificates representing the Director Voting Preferred Shares being redeemed. Any interest allowed on any such deposit shall belong to the Corporation. Redemption moneys that are represented by a cheque that has not been presented

for payment or that otherwise remain unclaimed (including moneys held on deposit in a special account as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

If less than all Director Voting Preferred Shares represented by a certificate are redeemed, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing Director Voting Preferred Shares of such holder which have not been redeemed.

(e) **Approval of Holders of Director Voting Preferred Shares:** The rights, privileges, restrictions and conditions attaching to the Director Voting Preferred Shares may be added to, changed or removed but only with the approval of the holders of the Director Voting Preferred Shares given as hereinafter specified, and with the approval of the Common Shares, Voting Participating Preferred Shares, Non-Voting Participating Preferred Shares, Redeemable Common Shares and Redeemable Non-Voting Participating Preferred Shares, each voting separately as a class.

The approval of the holders of the Director Voting Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Director Voting Preferred Shares or any other matter requiring the consent of the holders of the Director Voting Preferred Shares may be given by the affirmative vote of not less than two-thirds of the votes cast by holders of Director Voting Preferred Shares voting on a resolution put before the holders of Director Voting Preferred Shares for such purpose or by such greater proportion or percentage of the holders of Director Voting Preferred Shares as may be required by law, or by an affirmative resolution in writing signed by all of the holders of Director Voting Preferred Shares. The formalities to be observed in respect of the giving of notice of any such meeting or any adjourned meeting for such purpose, and in the conduct thereof, shall be those from time to time prescribed by law and by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation.

9. To provide that the rights, privileges, restrictions and conditions attaching to the Senior Preferred Shares are as follows:

(a) **Dividends:** The holders of the Senior Preferred Shares shall be entitled to receive if, as and when declared by the Directors out of monies of the Corporation properly applicable to the payment of dividends, cumulative preferential dividends at the rate of (i) 7% per annum on the Liquidation Value until a Performance Failure and (ii) 8.5% per annum on the Liquidation Value after a Performance Failure and while such Performance Failure is continuing, in priority to the declaration or payment of dividends or other distributions on the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares, the Redeemable Non-Voting Participating Preferred Shares, the Director Voting Preferred Shares or any other class of shares which ranks junior to the Senior Preferred Shares with respect to

dividends. All such dividend amounts shall be paid annually on October 31 of each year to the holders of the Senior Preferred Shares as they appear in the share register of the Corporation on the tenth day prior to each such date, and shall be pro-rated, if applicable for (i) the number of days in which the Senior Preferred Shares shall be outstanding in any year, in relation to the actual number of days in such year, and (ii) the number of days in any year in which a Performance Failure shall not have occurred or be continuing, and the number of days in such year in which a Performance Failure shall have occurred and been continuing, in each case in relation to the actual number of days in such year. The holders of the Senior Preferred Shares shall not be entitled to any dividends other than or in excess of the cumulative dividends provided for in this clause.

The Annual Dividend Amount (i) shall be paid in cash, if such amount may be paid in cash on the dividend payment date under the terms of the agreements or instruments governing the Acquisition Debt, without recourse to any provision of such agreements or instruments providing for a fixed or calculated amount available for such purposes and other purposes (including without limitation the Applicable Amount as defined in the Senior Secured Credit Facilities (each such provision a "basket provision" provided, that (a) for the avoidance of doubt, a basket provision does not include a covenant that requires compliance with a financial ratio other than with respect to the financial ratio in the Applicable Amount, and (b) a reduction in the "Restricted Payments Basket " (as defined in the form of indenture for each of the senior exchange notes and the subordinate exchange notes attached to the Senior Bridge Loan Facility and the Senior Subordinate Bridge Facility, as applicable, forming part of the Acquisition Debt) in respect of cash dividend payments on the Senior Preferred Shares will not constitute recourse to a basket provision if the Company is otherwise in compliance with the financial ratio permitting cash dividend payments on the Senior Preferred Shares)) or (ii) may be paid in cash by utilizing any such basket provisions, if the Directors determine to utilize such basket provisions in order to pay all or part of such Annual Dividend Amount in cash. The Annual Dividend Amount, to the extent not paid in cash on the dividend payment date, shall be paid in additional Senior Preferred Shares ("PIK Shares"). Not later than thirty (30) days prior to any dividend payment date, the Directors shall determine whether the Corporation shall pay any portion or all of the Annual Dividend Amount in cash or in PIK Shares in accordance with the terms of the Acquisition Debt.

If the Directors determine to pay any portion or all of any dividend in PIK Shares, the Corporation shall pay such portion of the Annual Dividend Amount in newly-issued Senior Preferred Shares, at the rate of one Senior Preferred Share per $1,000 of Annual Dividend Amount in respect of which the Directors have determined to pay such dividend in PIK Shares (rounded to the nearest whole Senior Preferred Share in respect of the aggregate dividend paid in PIK Shares to any registered holder of Senior Preferred Shares). Such Senior Preferred Shares shall be duly and validly issued as fully-paid and non-assessable, in the name of the registered holder of the Senior Preferred Shares on which such dividend is to be paid (according to the shareholder register of the Corporation) and certificates

evidencing such Senior Preferred Shares shall be mailed to the address of such shareholders as set out in the shareholder register of the Corporation. On and after a dividend payment date, until certificates representing additional Senior Preferred Shares shall have been issued, the certificates representing such shares held by a holder on the dividend payment date shall represent not only such existing shares, but also the additional Senior Preferred Shares issued to such holder pursuant to such dividend.

The Directors shall declare and the Corporation shall pay all dividends on the Senior Preferred Shares to the full extent that they are legally entitled to do so, and the Corporation shall not take any action solely to prevent it from being legally entitled to do so. If the Directors determine that any Annual Dividend Amount may not legally be declared, such Annual Dividend Amount, or the portion thereof which may not legally be declared, shall cumulate from the date on which such annual dividend should have been paid until such dividend is paid in full and at the same rate as is then otherwise payable on the Senior Preferred Shares, and shall be compounded annually.

If the Directors determine to pay any portion or all of any dividend in cash, all such cash dividends shall be paid in the manner provided in By-law Number 1 of the Corporation.

So long as any Senior Preferred Shares remain outstanding, the Corporation shall not pay or declare any dividend, or make any distribution, upon the Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Redeemable Common Shares, the Redeemable Non-Voting Participating Preferred Shares and the Director Voting Preferred Shares or the shares of any other class which ranks junior to the Senior Preferred Shares with respect to dividends unless and until all accrued and unpaid dividends shall have been paid in cash or in PIK Shares in respect of the Senior Preferred Shares.

(b) **Return of Capital upon Liquidation, Dissolution or Winding Up:** In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, in each case, whether voluntary or involuntary, (but for greater certainty, not including an amalgamation, arrangement, consolidation or other merger or similar event, or a sale, exchange, lease or transfer of all or substantially all of the assets of the Corporation), the holders of the Senior Preferred Shares shall be entitled, out of funds available for distribution to shareholders (after satisfaction of all liabilities and financial or monetary obligations to creditors, including without limitation Obligations in respect of the Acquisition Debt, in each case as required by law) and to the extent available for such purpose, in priority to the rights of the holders of Common Shares, the Voting Participating Preferred Shares, the Non-Voting Participating Preferred Shares, the Director Voting Preferred Shares, the Redeemable Common Shares, the Redeemable Non-Voting Participating Preferred Shares and any other class of shares which ranks junior to the Senior Preferred Shares with respect to

distribution of assets on liquidation, dissolution or winding up, to an amount equal to the Liquidation Value with respect to each Senior Preferred Share so held. The holders of Senior Preferred Shares shall not be entitled to any other or additional participation or distribution in the event of the liquidation, dissolution or winding up of the Corporation.

(c) **Voting Rights:** The holders of Senior Preferred Shares shall not be entitled as such to receive notice of, to attend or to vote at any meeting of shareholders of the Corporation, except for meetings of the holders of the Senior Preferred Shares as a class, as provided in Section 7(h). At any meeting of shareholders at which the holders of the Senior Preferred Shares are entitled to vote, each holder shall be entitled to one vote in respect of each Senior Preferred Share held.

(d) **Mandatory Redemption:** Subject to compliance with (i) the terms of all the agreements and instruments governing Acquisition Debt relating to the subject matter of this clause (d) (subject to the exclusion described in the final sentence of this clause (d) with respect to clause (iii) of the definition of Acquisition Debt), and (ii) Section 36(2) of the Canada Business Corporations Act, the Corporation shall redeem for cash all Senior Preferred Shares which have been tendered for redemption by the requested holder thereof at any time on or after October 31, 2019, or on the first date thereafter that it is legally able to do so. A holder of Senior Preferred Shares wishing to have Senior Preferred Shares redeemed shall provide to the Corporation a written notice of redemption specifying the date of redemption (which shall be no less than 30 days from the date of receipt by the Corporation of the notice of redemption, and which can first be sent to the Corporation 30 days before the date on which Senior Preferred Shares can first be tendered for redemption). No agreement or instrument governing Obligations of the type described in clause (iii) of the definition of Acquisition Debt shall restrict the ability of the Corporation to redeem any Senior Preferred Shares in cash on any such specified redemption date.

(e) **Redemption After a Change of Control:** Subject to compliance with the terms of all the agreements and instruments governing Acquisition Debt relating to the subject matter of this clause (e) (subject to the exclusion described in the following paragraphs of this clause (e) with respect to clause (iii) of the definition of Acquisition Debt), the Corporation shall offer to all holders of Senior Preferred Shares the right to redeem for cash all Senior Preferred Shares then outstanding upon (i) a Change of Control which occurs after October 31, 2012 or (ii) on October 31, 2012, if prior to such date, a Change of Control has occurred.

With respect to the right described in clause (i) of the first paragraph of this clause (e), such offer of redemption shall be made to all holders of Senior Preferred Shares upon the later of (i)(A) at least 30 days prior to the occurrence of the Change of Control or (B) in the event that the Common Shares are publicly traded and a Change of Control occurs without the Corporation being aware of such event, as promptly as possible upon the Corporation acquiring knowledge of such Change of Control; (ii) the Corporation being able to redeem the Senior Preferred

Shares pursuant to Section 36(2) of the Canada Business Corporations Act and (iii) such redemption not being prohibited by the terms of the Acquisition Debt, but excluding, for such purposes, any indebtedness described in clause (iii) of the definition of Acquisition Debt incurred in contemplation of such Change of Control or incurred after such Change of Control (it being understood that no agreement or instrument governing any Obligation of the type described in clause (iii) of the definition of Acquisition Debt that was incurred in contemplation of such Change of Control or incurred after such Change of Control shall restrict the ability of the Corporation to redeem the Senior Preferred Shares in cash pursuant to this clause (e)). Each holder of Senior Preferred Shares to whom an offer of redemption is made may accept such offer of redemption by delivering to the Corporation a redemption acceptance notice, in the form provided by the Corporation with its offer of redemption, within 25 days of the date of the Corporation's offer of redemption, in which case all Senior Preferred Shares in respect of which an accepted offer of redemption has been received by the Corporation within 25 days of the date of the Corporation's offer of redemption shall be called for redemption by the Corporation with effect from the later of the date of Change of Control and such 25th day after the date of the offer of redemption (and such date shall be the redemption date referred to in clause (g) below).

With respect to the right described in clause (ii) of the first paragraph of this clause (e), such offer of redemption shall be made to all holders of Senior Preferred Shares upon the later of (i) 30 days prior to October 31, 2012, (ii) the Corporation being able to redeem the Senior Preferred Shares pursuant to Section 36(2) of the Canada Business Corporations Act and (iii) such redemption not being prohibited by the terms of the Acquisition Debt, but excluding, for such purposes, any term contained in any agreement or instrument governing Obligations, described in clause (iii) of the definition of Acquisition Debt incurred in contemplation of the applicable Change of Control or incurred after such Change of Control (it being understood that no agreement or instrument governing any Obligation of the type described in clause (iii) of the definition of Acquisition Debt that was incurred in contemplation of such Change of Control, or incurred after such Change of Control, shall restrict the ability of the Corporation to redeem the Senior Preferred Shares in cash pursuant to this clause (e)). Each holder of Senior Preferred Shares to whom an offer of redemption is made may accept such offer of redemption by delivering to the Corporation a redemption acceptance notice, in the form provided by the Corporation with its offer of redemption, within 45 days of the date of the Corporation's offer of redemption, in which case all Senior Preferred Shares in respect of which an accepted offer of redemption has been received by the Corporation within 45 days of the date of the Corporation's offer of redemption shall be called for redemption by the Corporation with effect from October 31, 2012 (and such date shall be the redemption date referred to in clause (g) below).

(f) **Optional Redemption:** Unless prohibited by the terms of any agreement or instrument governing the Acquisition Debt, the Corporation may, at its option,

redeem at any time or times all or any part of the Senior Preferred Shares registered in the name of any holder of any such Senior Preferred Shares on the books of the Corporation without the consent of such holder by giving notice in writing to such holder specifying:

(i) that the Corporation desires to redeem all or any part of the Senior Preferred Shares registered in the name of such holder;

(ii) any conditions precedent to the effectiveness of the redemption of such Senior Preferred Shares;

(iii) if part only of the Senior Preferred Shares registered in the name of such holder is to be redeemed, the number thereof to be so redeemed;

(iv) the business day on which the Corporation desires to redeem such Senior Preferred Shares. The redemption date shall be the date on which the redemption notice is given by the Corporation unless a later date is specified in the redemption notice; and

(v) the place of redemption.

Any such partial optional redemption shall be made on a pro rata basis with respect to all Senior Preferred Shares then outstanding.

(g) **Redemption Procedures:** The Corporation shall, on the redemption date for any Senior Preferred Shares pursuant to clauses (d), (e) or (f), redeem such Senior Preferred Shares by paying to such holder the then current Liquidation Value per share on presentation and surrender of the certificate(s) for the Senior Preferred Shares so called for redemption at such place as may be specified in such notice or, if no such place is named, at the registered office of the Corporation. The certificate(s) for such Senior Preferred Shares shall thereupon be cancelled and the Senior Preferred Shares represented thereby shall thereupon be redeemed and cancelled. Such payment shall be made by wire transfer in immediately available funds to the bank account or accounts designated by the holders of Senior Preferred Shares, or if no such account has been designated, then by delivery to such holder of a cheque payable at any branch of the Corporation's bankers for the time being in Canada. From and after the redemption date, holders of Senior Preferred Shares called for redemption shall not be entitled to exercise any of their rights as holders of Senior Preferred Shares unless payment of the said redemption price is not made on the redemption date, in which case the rights of the holders of the said Senior Preferred Shares shall remain unaffected.

The Corporation shall have the right, at any time on or after the date for redemption of Senior Preferred Shares or the mailing or delivery of notice of its intention to redeem Senior Preferred Shares, to deposit the redemption price of the Senior Preferred Shares so called for redemption, or of such of the Senior Preferred Shares which are represented by certificates which have not at the date

of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account maintained by the Corporation with a branch of a Canadian chartered bank or trust company designated by the Corporation in the notice of redemption (the "Trustee") which has offices in the City of Ottawa, to be paid without interest to or to the order of the respective holders of Senior Preferred Shares whose shares have been called for redemption, upon presentation and surrender to the Trustee of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption, whichever is later, the Senior Preferred Shares in respect of which such deposit shall have been made shall be deemed to have been redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving their proportion of the amount so deposited without interest, upon presentation and surrender to the Trustee of the certificate or certificates representing the Senior Preferred Shares being redeemed. Any interest allowed on any such deposit shall belong to the Corporation. Redemption moneys that are represented by a cheque that has not been presented for payment or that otherwise remain unclaimed (including moneys held on deposit in a special account as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation. If less than all Senior Preferred Shares represented by a certificate are redeemed, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing Senior Preferred Shares of such holder which have not been redeemed.

No Senior Preferred Shares acquired by the Corporation shall be reissued, and all such shares shall be cancelled, retired and eliminated from the Senior Preferred Shares which the Corporation shall be authorized to issue.

(h) **Approval of Holders of Senior Preferred Shares** : Subject to compliance with the terms of all agreements and instruments governing the Acquisition Debt relating to the subject matter of this clause (h), the rights, privileges, restrictions and conditions of the Senior Preferred Shares may be added to, changed or removed, or any matter as may by law require the consent of the Senior Preferred Shares may be obtained, only with the approval of the holders of the Senior Preferred Shares given as hereinafter specified.

Subject to compliance with the terms of all agreements and instruments governing the Acquisition Debt relating to the subject matter of this clause (h), the approval of the holders of the Senior Preferred Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Senior Preferred Shares, or any other matter as may by law require the consent of the holders of the Senior Preferred Shares, may be given by the affirmative vote of holders of Senior Preferred Shares holding not less than 66-$^{2}/_{3}$% of the Senior Preferred Shares voting on a resolution in respect of such matter or by such other percentage as may then be permitted by law. An increase in the number of Senior Preferred Shares, or the creation of a new class of shares having priority, or ranking pari passu, as to payment of dividends or return of capital upon liquidation, dissolution or winding up of the Corporation, or as to any other distribution of assets of the

Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, shall not require the consent of the holders of the Senior Preferred Shares. The formalities to be observed in respect of the giving of notice of any meeting or any adjourned meeting of the holders of the Senior Preferred Shares for such purpose, and in the conduct thereof, shall be those from time to time prescribed by law and by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation.

(i) **Definitions** : With respect to the rights, privileges, restrictions and conditions attaching to the Senior Preferred Shares:

" **Acquisition Debt** " means collectively, (i) Obligations incurred in respect of the Senior Secured Credit Facilities and in respect of the Senior Bridge Loan Facility and the Senior Subordinated Bridge Loan Facility, including the Rollover Loans and Exchange Notes (each as defined in the Senior Bridge Loan Facility or Senior Subordinated Bridge Loan Facility, as applicable), (ii) any indebtedness incurred to refinance the Senior Bridge Loan Facility and/or the Senior Subordinated Bridge Loan Facility and (iii) Obligations incurred in respect of any Refinancing of any indebtedness described in the foregoing clauses (i) and (ii) or this clause (iii);

" **Affiliate** " has the meaning set forth in the Canada Business Corporations Act;

" **Annual Dividend Amount** " means the amount of dividends payable on each Senior Preferred Share in any year in accordance with Section 7(a);

" **Change of Control** " means and shall be deemed to occur if:

(x) a person or group of persons acting jointly or in concert pursuant to the provisions of the Securities Act (Ontario) (other than (A) the Public Sector Pension Investment Board or any of its Affiliates, (" **PSP Permitted Persons** "), Loral Space & Communications Inc. or any of its subsidiaries (" **Loral Permitted Persons** ") or MHR Fund Management LLC ("MHR") or any investment funds controlled by MHR (" **MHR Permitted Persons** ") and together with PSP Permitted Persons and Loral Permitted Persons, " **Permitted Persons** ") or (B) a group of persons who are acting jointly or in concert pursuant to the provisions of the Securities Act (Ontario) in which Loral Permitted Persons and/or MHR Permitted Persons, as part of such group of persons, will own, collectively, 10% or more of the securities having a participating equity interest in the Corporation, 4363213 Canada Inc. (" **Acquireco** ") or Telesat Canada, or any of their respective successors, as the case may be, immediately following the Change of Control) acquires after October 31, 2007, directly or indirectly, ownership of securities of the Corporation, Acquireco or Telesat Canada or any of their respective successors, as the case may be, having (i) participating equity interest that is greater than fifty-one percent (51%) of the participating equity interest of the Corporation, Acquireco or Telesat Canada, or any of their respective successors, as the case may be, and (ii) aggregate votes that may be cast to elect directors of

the Corporation, Acquireco or Telesat Canada, or any of their respective successors, as the case may be, that is greater than fifty-one percent (51%) of the aggregate votes that may be cast for the election of directors of the Corporation, Acquireco or Telesat Canada, or their respective successors, as the case may be (including for such purpose any votes that may be cast for the election of directors that would attach to shares issuable upon exercise of rights of conversion into voting shares which are then exercisable); provided, however, that if a group of persons described in this clause (x) would have caused a Change of Control but for the fact that Loral Permitted Persons and/or MHR Permitted Persons collectively own securities having a 10% or greater participating equity interest in the Corporation, Acquireco or Telesat Canada, or any of their respective successors, as the case may be, immediately following such Change of Control, there shall thereafter be a Change of Control on the date that the Loral Permitted Persons and/or MHR Permitted Persons cease to own, collectively, securities having a 10% or greater participating equity interest in the Corporation, Acquireco or Telesat Canada, or any of their respective successors, as the case may be; or (y) PSP Permitted Persons no longer hold any participating equity in the Corporation, and the Loral Permitted Persons and/or MHR Permitted Persons cease to own, collectively, at least 10% of the participating equity interests of the Corporation, Acquireco or Telesat Canada, or any of their respective successors;

" **Liquidation Value** " means the aggregate per Senior Preferred Share of (i) $1,000 and (ii) all accrued and unpaid preferential cumulative dividends on such Senior Preferred Share which, for such purpose, shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid up to the date of determination;

" **Obligation** " means any principal, interest, penalties, fees, indemnification, reimbursements, costs, expenses, damages and other liabilities, including any interest accruing subsequent to the date of filing of a petition of bankruptcy or the occurrence of any insolvency, bankruptcy, liquidation, dissolution, receivership, reorganization, winding-up or other similar proceedings;

" **Performance Failure** " means that any of the following events has occurred and is continuing: (i) the failure of the Corporation to pay the Annual Dividend Amount on all Senior Preferred Shares in any year on the date that such payment is due either in cash or in Senior Preferred Shares, while such failure shall be continuing, (ii) the failure of the Corporation to redeem all Senior Preferred Shares when required pursuant to section 7(d) and (iii) the failure of the Corporation to redeem such Senior Preferred Shares for which an offer of redemption is accepted in accordance with Section 7(e);

" **Refinance** " means, in respect of any indebtedness, Obligations incurred to refinance, extend, renew, defease, amend, restate, modify, supplement, restructure, replace, refund or repay or to issue other indebtedness in exchange or replacement for such indebtedness, including any indentures or credit facilities or

commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the such indebtedness, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof;

" **Senior Bridge Loan Facility** " means the Senior Bridge Loan Agreement dated as of October 31, 2007 by and among Telesat Interco Inc., 4363230 Canada Inc. (before its amalgamation with Telesat Canada, and thereafter, Telesat Canada), the other borrowers thereunder, the guarantors party thereto, the lenders party thereto, Morgan Stanley Senior Funding, Inc., as Administrative Agent, UBS Securities LLC, as Syndication Agent, and the other agents party thereto, including any guarantees, instruments and agreements executed in connection therewith;

" **Senior Secured Credit Facilities** " means the Credit Agreement dated as of October 31, 2007 by and among Telesat Interco Inc., 4363230 Canada Inc. (before its amalgamation with Telesat Canada, and thereafter, Telesat Canada), the other borrowers thereunder, the guarantors party thereto, the lenders party thereto, Morgan Stanley Senior Funding, Inc., as Administrative Agent, UBS Securities LLC, as Syndication Agent, and the other agents party thereto, including any guarantees, collateral documents, instruments and agreements executed in connection therewith;

" **Senior Subordinated Bridge Loan Facility** " means the Senior Subordinated Bridge Loan Agreement dated as of October 31, 2007 by and among Telesat Interco Inc., 4363230 Canada Inc. (before its amalgamation with Telesat Canada, and thereafter, Telesat Canada), the other borrowers thereunder, the guarantors party thereto, the lenders party thereto, Morgan Stanley Senior Funding, Inc., as Administrative Agent, UBS Securities LLC, as Syndication Agent, and the other agents party thereto, including any guarantees, instruments and agreements executed in connection therewith;

SCHEDULE B

ARTICLE 1 INTERPRETATION

1.1 In this Schedule B:

"Canadian" has the meaning set out in Section 2 of the Canadian Ownership Regulations;

"Canadian Ownership Regulations" means the Canadian Telecommunications Common Carrier Ownership and Control Regulations promulgated pursuant to the *Telecommunications Act* (Canada);

"CBCA" means the *Canada Business Corporations Act* ;

"directors' determination" and similar expressions mean a determination made by the directors of the Corporation in accordance with section 7;

"Non-Canadian" has the meaning set out in Section 2 of the Canadian Ownership Regulations;

"non-Canadian share constraint" has the meaning set forth in subsection 2.1;

"non-Canadian voting constraint" has the meaning set forth in section 3;

"shareholder's declaration" means a declaration made in accordance with section 8;

"suspension" has the meaning set forth in subsection 4.1 and **"suspend"** , **"suspended"** and similar expressions have corresponding meanings; and

"voting shares" means each of the Common Shares, Voting Participating Preferred Shares and Director Voting Preferred Shares.

1.2 For the purposes of this Schedule B:

(a) where one or more joint holders of, beneficial owners of, or persons controlling, voting shares is a non-Canadian, the voting shares are deemed to be held, beneficially owned or controlled, as the case may be, by such non-Canadian;

(b) where a person who was not a non-Canadian becomes a non-Canadian on any day, the day of acquisition or registration in respect of the acquisition of the voting shares held, beneficially owned or controlled by such person shall be deemed to be the day that such person became a non-Canadian; and

(c) references to shares "of" a person are to shares held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by that person.

1.3 In this Schedule B, except where the context requires to the contrary, words importing the singular shall include the plural and vice versa and words importing gender shall include masculine, feminine and neuter genders.

ARTICLE 2 NON-CANADIAN SHARE CONSTRAINT

2.1 Non-Canadians shall not hold, beneficially own or control, directly or indirectly, otherwise than by way of security only, in the aggregate voting shares to which are attached more than 33 $^{1}/_{3}$ per cent of the votes that may ordinarily be cast at a meeting of shareholders of the Corporation. (The foregoing prohibition is referred to in this Schedule B as the **"non-Canadian share constraint"** .)

2.2 In the event that it appears from the central securities register of the Corporation that, or in the event of a directors' determination that, there is a contravention of the non-Canadian share constraint, the Corporation shall not:

(a) accept any subscription for voting shares from any non-Canadian;

(b) issue any voting shares to any non-Canadian; or

(c) register or otherwise recognize the transfer of any voting shares from any Canadian to any non-Canadian.

2.3 In the event that it appears from the central securities register of the Corporation that, or in the event of a directors' determination that, after any proposed subscription, issue or transfer of voting shares to a non-Canadian, or conversion of shares into voting shares, there would be a contravention of the non-Canadian share constraint, the Corporation shall not:

(a) accept the proposed subscription for voting shares;

(b) issue the proposed voting shares;

(c) permit the conversion of shares into voting shares; or

(d) register or otherwise recognize the proposed transfer.

2.4 Without limiting any of the provisions of this Schedule B, the Corporation may, for the purposes of determining compliance with, and enforcing, the non-Canadian share constraint, make such determination and take such action as is permitted by sections 18 to 26 of the Canadian Ownership Regulations, including the right to sell, as if it were the owner thereof, any voting shares that are owned, or that the directors determine may be owned, by any person, contrary to the non-Canadian share constraint, in accordance with sections 25 and 26 of the Canadian Ownership Regulations (all of which provisions shall be deemed to apply in respect of any such sale and are incorporated herein by reference for such purpose).

ARTICLE 3 NON-CANADIAN VOTING CONSTRAINT

3.1 In the event of a directors' determination that on any motion made at any meeting of shareholders of the Corporation more than 33? per cent of the votes cast, in person or by proxy, have been cast in respect of voting shares that are held, beneficially owned or controlled, directly or indirectly, by non-Canadians, all votes cast, in person or by proxy by non-Canadians, in respect of such voting shares on that motion shall be proportionally adjusted so that such votes cast by non-Canadians equal 33 $^{1}/_{3}$ per cent of all votes cast on such motion. (The foregoing adjustment is referred to in this Schedule B as the **"non-Canadian voting constraint"**).

ARTICLE 4 SUSPENSION

4.1 If any voting shares are held contrary to the non- **Canadian** share constraint, then, subject to the Canadian Ownership Regulations:

(a) all of the voting shares held contrary to the non-Canadian share constraint shall be deemed to be struck from the securities register of the Corporation in an order inverse to the order of the date of registration thereof in the register, such that the number of voting shares held, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by non-Canadians is reduced to 33 $^{1}/_{3}$ percent;

(b) no person may, in person or by proxy, exercise the right to vote any of the voting shares struck from the securities register in accordance with paragraph 4.1(a);

(c) subject to subsection 6.1 of this Schedule B, the Corporation shall not declare or pay any dividend, or make any other distribution, on any of the suspended voting shares and any entitlement to such dividend or other distribution shall be forfeited;

(d) the Corporation shall not send any form of proxy, information circular or financial statements of the Corporation or any other communication from the Corporation to any person in respect of suspended voting shares; and

(e) no person may exercise any other right or privilege ordinarily attached to the suspended voting shares.

(All of the foregoing consequences of a contravention of the non-Canadian share constraint are referred to in this Schedule B as a **"suspension"** .) Notwithstanding the foregoing, a registered holder of suspended voting shares shall have the right to transfer such voting shares on any securities register of the Corporation on a basis that does not result in contravention of the non-Canadian share constraint or may convert such voting shares into non-voting shares.

4.2 The directors of the Corporation shall cancel any suspension of voting shares of a registered holder and reinstate the registered holder to the securities register of the Corporation for all purposes if they determine that, following the cancellation and reinstatement, none of such voting shares will be held, beneficially owned or controlled, in contravention of the non-Canadian share constraint. For greater certainty, any such reinstatement shall permit, from and

after the reinstatement, the exercise of all rights and privileges attached to the voting shares so reinstated but, subject to subsection 6.1, shall have no retroactive effect.

ARTICLE 5 EXCEPTIONS

5.1 Notwithstanding section 2, the non-Canadian share constraint does not apply in respect of voting shares of the Corporation that are held by one or more underwriters solely for the purpose of distributing the voting shares to the public.

ARTICLE 6 SAVING PROVISIONS

6.1 Notwithstanding any other provision of this Schedule B:

(a) the directors of the Corporation may determine to pay a dividend or to make any other distribution on voting shares that would otherwise be prohibited by any other provision of this Schedule B where the contravention of the non-Canadian share constraint that gave rise to the prohibition was inadvertent or of a technical nature or it would otherwise be inequitable not to pay the dividend or make the distribution; and

(b) where a dividend has not been paid or any other distribution has not been made on voting shares as a result of a directors' determination of a contravention of the non-Canadian share constraint, the directors of the Corporation shall declare and pay the dividend, make the distribution, or refund the restored amount, respectively, if they subsequently determine that no such contravention occurred.

6.2 Notwithstanding any other provision of this Schedule B, a contravention of the non-Canadian share constraint shall have no consequences except those that are expressly provided for in this Schedule B. For greater certainty but without limiting the generality of the foregoing:

(a) no transfer, issue, conversion or ownership of, and no title to, voting shares;

(b) no resolution of shareholders; and

(c) no act of the Corporation, including any transfer of property to or by the Corporation;

shall be invalid by reason of any contravention of the non-Canadian share constraint or the failure to make the adjustment required pursuant to the non-Canadian voting constraint.

ARTICLE 4 DIRECTORS' DETERMINATIONS

7.1 The directors of the Corporation shall have the sole right and authority to administer the provisions of this Schedule B and to make any determination required or contemplated hereunder. In so acting, the directors of the Corporation shall enjoy, in addition to the powers set forth in this Schedule B, all of the powers necessary or desirable, in their opinion, to carry out the intent and purpose of this Schedule B. The directors of the Corporation shall

make on a timely basis all determinations necessary for the administration of the provisions of this schedule b and, without limiting the generality of the foregoing, if the directors of the corporation consider that there are reasonable grounds for believing that a contravention of the non-canadian ownership constraint has occurred or will occur, the directors shall make a determination with respect to the matter. any directors' determination that is not inconsistent with the canadian ownership regulations and other applicable law shall be conclusive, final and binding except to the extent modified by any subsequent directors' determination. notwithstanding the foregoing, the directors of the corporation may delegate, in whole or in part:

(a) their power to make a directors' determination in respect of any particular matter to a committee of the board of directors; and

(b) any of their other powers under this Schedule B, subject to subsection 115(3) of the CBCA.

7.2 The directors of the Corporation shall make any directors' determination contemplated by sections 2 and 3:

(a) after the relevant shareholder's declarations have been requested and received by the Corporation, only:

(i) on a basis consistent with those shareholder's declarations; or

(ii) if the directors of the Corporation are of the opinion that the shareholder's declarations do not contain adequate or accurate information and they believe and have reasonable grounds for believing that they will not be provided with shareholder's declarations that do contain adequate and accurate information; or

(b) whether or not any shareholder's declaration has been requested or received by the Corporation, only if the directors of the Corporation believe and have reasonable grounds for believing that they have sufficient information to make the directors' determination, that the consequences of the directors' determination would not be inequitable to those affected by it and that it would be impractical, under all the circumstances, to request or to await the receipt of any shareholder's declaration.

7.3 In administering the provisions of this Schedule B, including, without limitation, in making any directors' determination in accordance with subsection 7.2 or otherwise, the directors of the Corporation may rely on any information on which the directors consider it reasonable to rely in the circumstances. Without limiting the generality of the foregoing, the directors of the Corporation may rely upon any shareholder's declaration, the securities register of the Corporation, the knowledge of any director, officer or employee of the Corporation or any advisor to the Corporation and the opinion of counsel to the Corporation.

7.4 In administering the provisions of this Schedule B, including, without limitation, in making any directors' determination, the directors shall act honestly and in good faith.

Provided that the directors of the Corporation so act, they shall not be liable to the Corporation and neither they nor the Corporation shall be liable to any holder or beneficial owner of voting securities or any other person for, nor with respect to any matter arising from or related to, any act or omission to act in relation to this Schedule B. To the extent that, in accordance with subsection 7.1, any other person exercises the powers of the directors of the Corporation under these provisions, this subsection 7.4 applies *mutatis mutandis* .

7.5 Any directors' determination required or contemplated by this Schedule B shall be expressed and conclusively evidenced by a resolution duly adopted.

ARTICLE 8 SHAREHOLDER'S DECLARATIONS

8.1 For purposes of monitoring the compliance with and of enforcing the provisions of this Schedule B, the directors of the Corporation may require that any registered holder or beneficial owner, or any other person of whom it is, in the circumstances, reasonable to make such request, file with the Corporation or its registrar and transfer agent a completed shareholder's declaration. The directors of the Corporation shall determine from time to time written guidelines with respect to the nature of the shareholder's declaration to be requested, the times at which shareholder's declarations are to be requested and any other relevant matters relating to shareholder's declarations.

8.2 A shareholder's declaration shall be in the form from time to time determined by the directors of the Corporation pursuant to subsection 8.1 and, without limiting the generality of the foregoing, may be required to be in the form of a simple declaration in writing or a statutory declaration under the *Canada Evidence Act* . Without limiting the generality of its contents, any shareholder's declaration may be required to contain information with respect to:

(a) whether the person is the beneficial owner of or controls particular voting securities or whether any other person is the beneficial owner of or controls those voting securities; and

(b) whether the person or any other beneficial owner of the voting securities is a Canadian or non-Canadian.

Exhibit 99.5

TELESAT HOLDINGS INC.
BY-LAW NO. 1

A by-law relating generally to the transaction
of the business and affairs of the Corporation

CONTENTS

BE IT ENACTED as a by-law of the Corporation as follows:

ARTICLE ONE

INTERPRETATION

1.01 DEFINITIONS—In the by-laws of the Corporation, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act* , as now enacted or as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented;

"appoint" includes "elect" and *vice versa* ;

"articles" means the articles of incorporation forming part of the certificate of incorporation of the Corporation dated November 23, 2006, as amended by Articles of Amendment dated October 9, 2007 and October 25, 2007 and as further amended or restated from time to time;

"board" means the board of directors of the Corporation and "director" means a member of the board;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"Canadian" has the meaning set out in the Canadian Ownership Regulations;

"Canadian Ownership Regulations" means the Canadian Telecommunications Common Carrier Ownership and Control Regulations promulgated pursuant to the *Telecommunications Act* (Canada);

"cheque" includes a draft;

"Corporation" means Telesat Holdings Inc., and any successor in name;

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders;

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada) as from time to time amended;

"recorded address" means in the case of a shareholder his address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, his latest address as recorded in the records of the Corporation;

"Regulations" means the regulations under the Act as now enacted or as the same may be amended, varied, replaced, restated, re-enacted or supplemented;

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by or pursuant to section 2.03;

"special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

"unanimous shareholder agreement" means a written agreement among all the shareholders of the Corporation or among all such shareholders and one or more persons who are not shareholders, as from time to time amended, including the unanimous shareholder agreement dated October 31, 2007 in respect of the ownership and voting of shares of the Corporation;

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein. Words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, partnership, association, body corporate, unincorporated organization, trustee, executor, administrator and legal representative.

1.02 AMENDMENT OF ACT OR REGULATIONS—Any reference in this by-law to any section of the Act, the *Telecommunications Act* , the *Interpretation Act* , the Regulations or the Canadian Ownership Regulations shall include a reference to that section as the same may from time to time be amended, varied, replaced, restated, re-enacted or supplemented.

1.03 CONFLICT—Where any provision in the by-laws conflicts, either directly or by implication, with any provision of the articles or of a unanimous shareholder agreement, the provision of the articles or of such unanimous shareholder agreement, as the case may be, shall govern to the extent permitted by the Act.

ARTICLE TWO

BUSINESS OF THE CORPORATION

2.01 REGISTERED OFFICE—The registered office of the Corporation shall be at the place within Canada from time to time specified in the articles and at such address therein as the board may from time to time determine.

2.02 FINANCIAL YEAR—Until changed by the board, the financial year of the Corporation shall end on the last day of December in each year.

2.03 EXECUTION OF INSTRUMENTS—Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by one or more persons, holding such designations or titles, or being

such individuals, as the board may from time to time direct, which direction may be in the form of a standing direction, to be effective until revoked by a subsequent direction of the board. In addition, the board may from time to time direct any officer or other person, or officers or other persons, or combinations thereof, by whom any particular instrument or class of instruments may or shall be signed.

2.04 BANKING ARRANGEMENTS—The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations or persons as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

2.05 VOTING RIGHTS IN OTHER BODIES CORPORATE—The person or persons authorized under section 2.03 may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the said person or persons executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

ARTICLE THREE

BORROWING AND SECURITIES

3.01 BORROWING POWER—Without limiting the borrowing powers of the Corporation as set forth in the Act, the board may from time to time on behalf of the Corporation:

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured;

(c) give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and

(d) charge, mortgage, hypothecate, pledge, or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.02 DELEGATION—The board may not delegate to any committee of the board, or to any director or officer of the Corporation or to any other person, all or any of the powers conferred on the board by section 3.01 or by the Act except to the extent contemplated by Articles Five and Six hereof.

ARTICLE FOUR

DIRECTORS

4.01 NUMBER OF DIRECTORS AND QUORUM—Until changed in accordance with the Act, the board shall consist of such number of directors, being a minimum of two and a maximum of ten, as the board shall determine. Subject to section 4.08, the quorum for the transaction of business at any meeting of the board shall consist of two directors, or such number of directors as shall constitute the full board until the number of directors is greater than five, and thereafter shall consist of six directors.

4.02 QUALIFICATION—No person shall be qualified for election as a director if he is less than 18 years of age; if he is of unsound mind and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder. At least 80% of the directors shall be Canadians unless a higher or lower proportion is required or permitted by law.

4.03 ELECTION AND TERM—The election of directors shall take place at the first meeting and thereafter at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The directors shall be elected by resolution passed by a majority of the votes cast by the shareholders who voted in respect of such election at a meeting at which a quorum is present or by resolution in writing signed by all of the shareholders entitled to vote in respect of such election. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.04 REMOVAL OF DIRECTORS—The shareholders may, by ordinary resolution passed at a special meeting of shareholders called for such purpose, remove any director from office; and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board.

4.05 TERMINATION OF OFFICE—A director ceases to hold office when he dies; he is removed from office by the shareholders; he ceases to be qualified for election as a director; or his written resignation is sent or delivered to the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later.

4.06 VACANCIES—Subject to the provisions of the Act, if there is a vacancy in the board, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If such directors fail to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

4.07 ACTION BY THE BOARD—Subject to sections 4.08 and 4.09, the powers of the board may be exercised by a resolution passed by a simple majority of the members of the board of directors who are present at a meeting of the board at which a quorum of the directors is present and at which the vote was taken or by a written resolution signed by all of the members of the board of directors. In the case of an equality of votes at a meeting, the chairman of the meeting shall not be entitled to a second or casting vote. Where there is a vacancy in the board of directors, the remaining directors may exercise all the powers of the board of directors so long as a quorum remains in office.

4.08 CANADIAN MAJORITY AT MEETINGS—So long as there shall be more than two directors, and in any event after November 1, 2007, the board shall not transact business, or continue to transact business, at a meeting unless a majority (or such higher proportion as is required by law) of the directors present and continuing to be present are Canadians who are not persons who are or have been Interested Parties (as defined in the Unanimous Shareholders Agreement) in relation to, or nominees of, a shareholder who is a non-Canadian, except where

(a) a Canadian director who is unable to be present approves in writing or by telephone or by e-mail or by other communications facilities the business transacted at the meeting; and

(b) the requisite majority of Canadians would have been present had that director been present at the meeting.

4.09 MEETING BY TELEPHONE—If all the directors of the Corporation consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given generally with respect to all meetings of the board and of committees of the board or in respect of any particular meeting.

4.10 PLACE OF MEETINGS—Meetings of the board may be held at any place in or outside Canada.

4.11 CALLING OF MEETINGS—Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the chief executive officer or any two directors may determine.

4.12 NOTICE OF MEETING—Notice of the time and place of each meeting of the board shall be given in the manner provided in Article Twelve to each director at least 48 hours prior to the time when the meeting is to be held, unless such notice is waived by each director to whom notice is not provided. An agenda specifying the purpose of the meeting will be delivered to the directors with such notice, if possible; however, it is not necessary for any agenda to be delivered to each director until the time of the meeting.

4.13 FIRST MEETING OF NEW BOARD—Provided a quorum of directors is present, each newly elected board may hold its first meeting, without notice, immediately following the meeting of shareholders at which such board is elected.

4.14 ADJOURNED MEETING—Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.15 REGULAR MEETINGS—The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. The board shall hold at least four regular meetings per year. Before setting a schedule for regular meetings of the board, each director shall be consulted to determine periods of availability and the board shall use reasonable efforts, in setting its schedule of regular meetings, to accommodate the periods of each director's availability. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed.

4.16 CHAIRMAN—The chairman of any meeting of the board shall be the Chairman of the Board. If such person is not present, the directors present shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a director, to act as secretary of the meeting.

4.17 REMUNERATION AND EXPENSES—The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

ARTICLE FIVE

COMMITTEES

5.01 TRANSACTION OF BUSINESS—Subject to the provisions of section 4.08, the powers of a committee of the board may be exercised by a vote of a simple majority of the members of the committee present at a meeting at which a quorum of the members of such committee is present, or by a resolution in writing signed by all of the members of the committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of any such committee may be held at any place in or outside of Canada.

5.02 PROCEDURE—The quorum for the transaction or the continuation of business at any meeting of a committee shall consist of a majority of its members and the majority (or such higher proportion as may be required by law) of the members present and continuing to be present must be Canadians who are not persons who are or have been Interested Parties (as defined in the Unanimous Shareholders Agreement) in relation to, or nominees of, a shareholder who is a non-Canadian, except where:

(a) a Canadian member who is unable to be present approves in writing or by telephone or by e-mail or by other communications facilities the business transacted at the meeting; and

(b) the requisite majority of Canadians would have been present had that member been present at the meeting.

Meetings of each committee shall be held from time to time at such time and at such place as a majority of the members thereof may determine. Notice of the time and place of each meeting of each committee shall be given in the manner provided in Article Twelve to each member of such committee at least 48 hours prior to the time when the meeting is to be held, unless such notice is waived by each member of the relevant committee to whom notice is not provided. An agenda specifying the purpose of or the business to be transacted at the meeting shall be delivered.

ARTICLE SIX

OFFICERS

6.01 APPOINTMENT—The board may from time to time appoint a chief executive officer, a chief financial officer, a chief operating officer, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, to the extent permitted by this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation in accordance with the business plan of the Corporation. Subject to sections 6.02 and 6.03, an officer may but need not be a director and one person may hold more than one office.

6.02 CHAIRMAN OF THE BOARD—The board may from time to time, by majority vote, also appoint a chairman of the board who shall be a director. The chairman of the board shall have the powers and duties which relate to administrative matters pertaining to the board. The chairman of the board shall have no capacity, by reason of his being the chairman of the board, to legally bind the Corporation, except in relation to the execution of contracts approved by the Board, or as may be conferred upon him or her by resolution of the Directors related to the negotiation and execution of contracts within parameters set by the Board, or except as conferred upon him or her by this by-law.

6.03 CHIEF EXECUTIVE OFFICER—The board may from time to time appoint a chief executive officer (howsoever designated) who, subject to the authority of the board, shall (i) be principally responsible for assuring that the key financial, legal, public affairs and public relations programmes of the Corporation are achieved in support of the business objectives of the Corporation, (ii) be responsible for implementing the business strategy of the Corporation in a manner consistent with any business plan of the Corporation approved by the board, (iii) be the top level interface with customers and (iv) act as chief lobbyist with the government and he shall, subject to the provisions of the Act and this by-law, have such other powers and duties as the board may specify. The chief executive officer shall report to the board.

6.04 CHIEF FINANCIAL OFFICER—The board may from time to time appoint a chief financial officer (howsoever designated) who, subject to the authority of the board, shall have all authority and discretion for the Corporation's financial affairs; and shall, subject to the provisions of the Act and this by-law, have such other powers and duties as the board may specify. The chief financial officer shall report to the chief executive officer.

6.05 CHIEF OPERATING OFFICER—The board may from time to time appoint a chief operating officer (however designated) who, subject to the authority of the board, shall be responsible for day to day operations of the business of the Corporation in a manner consistent with any business plan approved by the board, and who, subject to the provisions of the Act and the by-laws, shall have such powers and duties as the board may specify. The chief operating officer shall report to the chief executive officer.

6.06 VICE-PRESIDENT—A vice-president shall have such powers and duties as the board or as the chief executive officer may specify.

6.07 SECRETARY—Unless otherwise determined by the board, the secretary shall be the secretary of all meetings of the board, shareholders or committees of the board that he attends and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer may specify.

6.08 TREASURER—The treasurer shall keep or cause to be kept proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the

Corporation; he shall render or cause to be rendered to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board or the chief executive officer may specify.

6.09 POWERS AND DUTIES OF OTHER OFFICERS—The powers and duties of each of the other officers shall be such as the terms of his engagement call for or as the board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

6.10 VARIATION OF POWERS AND DUTIES—The board may from time to time, subject to the provisions of the Act and within the division of responsibilities imposed by this by-law, vary, add to or limit the powers and duties of any officer.

6.11 TERM OF OFFICE—The board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his successor is appointed, or until his earlier resignation.

6.12 TERMS OF EMPLOYMENT AND REMUNERATION—The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time.

6.13 AGENTS AND ATTORNEYS—Subject to the provisions of the Act, the Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management, administration or otherwise (including the power to sub-delegate) as may be thought fit.

ARTICLE SEVEN

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.01 LIMITATION OF LIABILITY—Every director and officer of the Corporation in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the money of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the money, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune which shall happen in the

execution of the duties of his office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach thereof.

7.02 INDEMNITY—Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director of officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if

(a) he acted honestly and in good faith with a view to the best interests of the Corporation; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

7.03 INSURANCE —Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person referred to in section 7.02 against such liabilities and in such amounts as the board may from time to time determine and as are permitted by the Act.

ARTICLE EIGHT

SHARES

8.01 ALLOTMENT OF SHARES—Subject to the Act and the articles, the board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 COMMISSIONS—The board may from time to time authorize the Corporation to pay a commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

8.03 REGISTRATION OF A SHARE TRANSFER—Subject to the provisions of the Act and the articles, no transfer of a share in respect of which a certificate has been issued shall be registered in a securities register except upon presentation of

the certificate representing such share with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any fee prescribed by the board in accordance with the articles and upon compliance with such restrictions on transfer as are authorized by the articles.

8.04 TRANSFER AGENTS AND REGISTRARS—The board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

8.05 NON-RECOGNITION OF TRUSTS—Subject to the provisions of the Act, the Corporation may treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

8.06 SHARE CERTIFICATES—Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written certificate of acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Such certificates and certificates of acknowledgement of a shareholder's right to a share certificate, respectively, shall be in such form as the board may from time to time approve. Any share certificate shall be signed in accordance with section 2.03 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of a certificate which is not valid unless countersigned by or on behalf of a transfer agent and/or registrar, and in the case of a certificate which does not require manual signature under the Act, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile thereon. Every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

8.07 REPLACEMENT OF SHARE CERTIFICATES—The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new

share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

8.08 JOINT HOLDERS—If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.09 DECEASED SHAREHOLDERS—In any event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof, except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

ARTICLE NINE

DIVIDENDS AND RIGHTS

9.01 DIVIDENDS—Subject to the provisions of the Act and the articles, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

9.02 DIVIDEND CHEQUES—A dividend payable in money shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs as to means of payment acceptable to the Corporation as provided in Section 9.04. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.03 NON-RECEIPT OF CHEQUES—In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to

indemnity, reimbursement of expenses, and evidence of non-receipt and of title, as the board may from time to time prescribe, whether generally or in any particular case.

9.04 ALTERNATIVE AGREEMENT FOR DIVIDENDS—The Corporation may enter into agreements with any shareholders as to the manner of payment of any dividend other than by means of cheque is provided in Section 9.02.

9.05 RECORD DATE FOR DIVIDENDS AND RIGHTS—The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities; and notice of any such record date shall be given not less than seven days before such record date in the manner provided for by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

9.06 UNCLAIMED DIVIDENDS—Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

ARTICLE TEN

MEETINGS OF SHAREHOLDERS

10.01 ANNUAL MEETINGS—The annual meeting of shareholders shall be held at such time in each year and, subject to section 10.03, at such place as the board or the chairman of the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor, and for the transaction of such other business as may properly be brought before the meeting.

10.02 SPECIAL MEETINGS—The board or the chairman of the board shall have power to call a special meeting of shareholders at any time.

10.03 PLACE OF MEETINGS—Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situate or, if the board shall so determine, at some other place in Canada or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Canada.

10.04 NOTICE OF MEETINGS—Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Article Twelve not less than 21 nor more than 50 days before the date of the meeting to each director, to the

auditor, and to each shareholder who is on the list of shareholders prepared pursuant to section 10.05. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of, or otherwise consent to, a meeting of shareholders.

10.05 LIST OF SHAREHOLDERS ENTITLED TO NOTICE—For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote in respect of any matter at the meeting and the number of votes that each share entitled to be voted at the meeting shall possess in respect of each matter to be considered by the shareholders at the meeting. If a record date for the meeting is fixed pursuant to section 10.06, the shareholders listed shall contain the names of those shareholders registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared. Where a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such meeting shall be deemed to be a list of shareholders.

10.06 RECORD DATE FOR NOTICE—The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall be given not less than seven days before such record date, in the manner provided in the Act. If no record date is so fixed, the time for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

10.07 MEETINGS WITHOUT NOTICE—A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held; so long as such shareholders, auditors or directors present are not attending for the

express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

10.08 CHAIRMAN, SECRETARY AND SCRUTINEERS—The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, chief executive officer or a vice-president. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

10.09 PERSONS ENTITLED TO BE PRESENT—The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors, officers and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.10 QUORUM—Subject to the Act and section 10.20 hereof, a quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for an absent shareholder so entitled, and together holding or representing by proxy at least 51% of the outstanding shares of the Corporation carrying voting rights at the meeting, provided that at least 51% of the voting rights of outstanding shares represented at the meeting are held by persons who are Canadians. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting, provided that at least 51% of the voting rights of outstanding shares continuing to be represented at the meeting are at all times held by persons who are Canadians. If a quorum is not present at the opening of any meeting of shareholders, or if a quorum ceases to be present at any time during a meeting, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

10.11 RIGHT TO VOTE—Subject to the provisions of the Act and the articles, at any meeting of shareholders every person who is entitled to receive notice of the meeting and entitled to vote thereat shall be entitled to such number of votes in

respect of shares held by such person as are shown thereon opposite his name on the shareholder list prepared pursuant to section 10.05 at the meeting to which such list relates except to the extent that such person has properly transferred any of his shares in accordance with the by-laws and the transferee, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, has demanded not later than 10 days before the meeting that his name be included in such list. In any such case the transferee shall be entitled to vote the transferred shares at the meeting. At any meeting of shareholders for which the Corporation has not prepared the list referred to in section 10.05, every person shall be entitled to vote at the meeting who at the time of the commencement of the meeting is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

10.12 PROXYHOLDERS AND REPRESENTATIVES—Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act as his representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act.

Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at one or more meetings of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the secretary of the Corporation or the chairman of the meeting. Any such representative need not be a shareholder.

10.13 TIME FOR DEPOSIT OF PROXIES—The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice, or if no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

10.14 JOINT SHAREHOLDERS—If two or more persons hold shares jointly, any one of them present in person or duly represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

10.15 VOTES TO GOVERN—At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

10.16 SHOW OF HANDS—Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

10.17 BALLOTS—On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman or any person who is present and entitled to vote, whether as shareholder or proxyholder, on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or calculated in accordance with the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.18 ADJOURNMENT—The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.19 RESOLUTION IN WRITING—A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders.

10.20 ONLY ONE SHAREHOLDER—Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented by proxy constitutes a meeting, and a resolution signed by such shareholder is as valid as if it had been passed at such a meeting.

ARTICLE ELEVEN

DISCLOSURE OF BENEFICIAL OWNERSHIP

11.01 DISCLOSURE OF BENEFICIAL OWNERSHIP—Each person in whose name shares of the Corporation are registered must, if requested in writing by a director of the Corporation with the authorization of the board, forthwith furnish an affidavit or a declaration in accordance with the provisions of the Canadian Ownership Regulations or the articles.

ARTICLE TWELVE

NOTICES

12.01 METHOD OF GIVING NOTICES—Any notice or document to be given pursuant to the Act, the regulations thereunder, the articles or the by-laws to a shareholder or director of the Corporation may be sent by electronic means of communication or prepaid mail addressed to, or may be delivered personally to, the shareholder at his latest address as shown in the records of the Corporation or its transfer agent and the director at his latest address as shown on the records of the Corporation or in the last notice of directors or notice of change of directors filed under the Act. A notice or document sent in accordance with the foregoing to a shareholder or director of the Corporation shall be deemed to be received by him at the time it was received or, in the case of a notice sent by mail, would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the shareholder or director did not receive the notice or document at that time or at all. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law.

12.02 NOTICE TO JOINT HOLDERS—If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

12.03 COMPUTATION OF TIME—In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

12.04 UNDELIVERED NOTICES—If any notice given to a shareholder pursuant to section 12.01 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

12.05 OMISSIONS AND ERRORS—The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or

the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

12.06 PERSONS ENTITLED BY DEATH OR OPERATION OF LAW—Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

12.07 WAIVER OF NOTICE—Any shareholder, proxyholder, other person entitled to attend a meeting of shareholders, director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the Regulations, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

ARTICLE THIRTEEN

13.01 REPEAL—All By-laws of the Corporation are repealed as of the coming into force of this by-law, provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed by the directors under the provisions of this by-law or the Act until their successors are appointed.

RESOLVED that the foregoing By-law is made a By-law of the Corporation.

[Signature page to follow]

The undersigned, being all of the directors of TELESAT HOLDINGS INC., sign the foregoing resolution.

DATED as of October 31, 2007.

By: /s/ Richard Mastoloni
Name: Richard Mastoloni
Title: Vice President

By: /s/ Derek Murphy
Name: Derek Murphy
Title: Vice Chairman

RESOLVED that the foregoing By-law No. 1 of the by-laws of the Corporation is confirmed.

The undersigned, being the sole voting shareholder of TELESAT HOLDINGS INC., signs the foregoing resolution.

DATED as of October 31 , 2007.

LORAL SPACE & COMMUNICATIONS INC.

Per: /s/ Avi Katz
Name: Avi Katz
Title: Vice President and Secretary

Exhibit 99.7

LORAL SKYNET CORPORATION SECOND QUARTER 2007 FINANCIAL STATEMENTS (UNAUDITED)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

LORAL SKYNET CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)
(unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,736	$ 16,032
Accounts receivable, net	12,188	11,734
Inventories	1,050	552
Prepaid insurance	3,011	5,636
Foreign exchange contracts	59,722	—
Available for sale securities	9,717	16,260
Other current assets	11,612	4,622
Total current assets	112,036	54,836
Property, plant and equipment, net	464,455	451,437
Investments in affiliates	95,630	100,271
Goodwill	72,676	85,933
Intangible assets, net	53,243	57,618
Other assets	8,285	8,147
Total assets	$806,325	$ 758,242
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 5,339	$ 6,896
Accrued employment costs	4,929	7,058
Customer advances	8,830	8,664
Income taxes payable	3,017	1,331
Accrued interest and preferred dividends	20,714	20,097
Other current liabilities	244	6,476
Due to related parties	64,695	32,959
Total current liabilities	107,768	83,481
Pension and other postretirement liabilities	19,066	18,186
Long-term debt	128,024	128,084
Transponder repurchase obligations	22,604	21,285
Fair value adjustments for customer contracts	12,068	15,225
Long-term liabilities	37,575	32,447
Total liabilities	327,105	298,708
Shareholder's equity:		
Intercompany investment	289,160	289,160
Series A preferred stock	225,343	214,256
Accumulated deficit	(43,843)	(56,402)
Accumulated other comprehensive income	8,560	12,520
Total shareholder's equity	479,220	459,534
Total liabilities and shareholder's equity	$806,325	$ 758,242

See Notes to Condensed Consolidated Financial Statements.

LORAL SKYNET CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues from satellite services	$ 35,354	$37,919	$ 68,974	$ 74,040
Cost of satellite services	25,782	23,200	50,793	47,434
Selling, general and administrative expenses	12,105	13,996	24,888	27,256
Operating profit (loss)	(2,533)	723	(6,707)	(650)
Interest and investment income	2,713	424	2,894	854
Interest expense	(3,058)	(5,132)	(6,292)	(10,326)
Unrealized gain on foreign exchange contracts	61,508	—	65,472	—
Other income (expense), net	132	(426)	179	583
Income (loss) before income taxes and equity losses in affiliates	58,762	(4,411)	55,546	(9,539)
Income tax provision	(21,534)	(630)	(23,683)	(1,422)
Income (loss) before equity losses in affiliates	37,228	(5,041)	31,863	(10,961)
Equity losses in affiliates	(2,323)	(1,831)	(4,641)	(3,017)
Net income (loss)	$ 34,905	$ (6,872)	$ 27,222	$(13,978)

See Notes to Condensed Consolidated Financial Statements.

LORAL SKYNET CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2007	2006
Operating activities:		
Net income (loss)	$ 27,222	$(13,978)
Non-cash operating items	(16,289)	24,060
Changes in operating assets and liabilities:		
Accounts receivable, net	(374)	(513)
Inventories	(498)	(259)
Due to (from) related parties	6,048	2,766
Prepaid insurance	2,625	4,803
Other current assets and other assets	(706)	1,476
Accounts payable	(8,336)	(4,662)
Accrued expenses and other current liabilities	(2,611)	7,794
Customer advances	166	(811)
Income taxes payable	1,686	(712)
Pension and other postretirement liabilities	780	1,615
Long-term liabilities	213	3,443
Other	(60)	(52)
Net cash provided by operating activities	9,866	24,970
Investing activities:		
Capital expenditures	(31,436)	(22,396)
Proceeds received from the disposition of an orbital slot	—	5,742
Proceeds from the sale of available for sale securities	2,505	—
Increase in restricted cash in escrow	(5,962)	(657)
Net cash used in investing activities	(34,893)	(17,311)
Financing activities:		
Proceeds from loan from Parent	25,500	—
Preferred dividends	(1,769)	—
Net cash provided by financing activities	23,731	—
Net (decrease) increase in cash and cash equivalents	(1,296)	7,659
Cash and cash equivalents—beginning of period	16,032	39,715
Cash and cash equivalents—end of period	$ 14,736	$ 47,374

See Notes to Condensed Consolidated Financial Statements.

1. Organization and Principal Business

Loral Skynet Corporation (together with its subsidiaries, "Loral Skynet," or the "Company") is a leading satellite communications company with substantial activities in satellite-based communications services. The Company is a wholly owned subsidiary of Loral Space & Communications Inc. ("Loral"). Loral was formed to succeed the business conducted by its predecessor, Loral Space & Communications Ltd. ("Old Loral"). Old Loral, together with its subsidiaries, including Loral Skynet, emerged from chapter 11 of the federal bankruptcy laws on November 21, 2005 (the "Effective Date").

Prior to the Effective Date, Old Loral's satellite-based communications services business was conducted by Loral Orion, Inc. ("Loral Orion") and Loral SpaceCom Corporation ("Loral SpaceCom") and their subsidiaries (together, "Old Skynet"). On the Effective Date, the assets of this business were all combined into and under Loral Orion, Inc., which on that date changed its name to Loral Skynet Corporation.

The terms, "Loral Skynet," the "Company," "we," "our" and "us," when used in this report with respect to the period prior to our emergence, are references to Old Skynet, and when used with respect to the period commencing after our emergence, are references to Loral Skynet. These references include the subsidiaries of Old Skynet or Loral Skynet, as the case may be, unless otherwise indicated or the context otherwise requires.

The term, "Loral" when used in this report with respect to the period prior to Loral's emergence, are references to Old Loral, and when used with respect to the period commencing after Loral's emergence, are references to Loral. These references include the subsidiaries of Old Loral or Loral, as the case may be, unless otherwise indicated or the context otherwise requires.

Loral Skynet has one reportable segment, Satellite Services, and operates a global fixed satellite services business. Loral Skynet leases transponder capacity to commercial and government customers for video distribution and broadcasting, high-speed data distribution, Internet access and communications, as well as provides managed network services to customers using a hybrid satellite and ground-based system. Loral Skynet has four in-orbit satellites and has one satellite under construction at Space Systems/Loral, Inc. ("SS/L"), a subsidiary of Loral. It also provides professional services to other satellite operators such as fleet operating services.

2. Bankruptcy Filings and Reorganization

Bankruptcy Filings

On July 15, 2003, Old Loral and certain of its subsidiaries (the "Debtor Subsidiaries" and collectively with Old Loral, the "Debtors"), including Loral Space & Communications Holdings Corporation (formerly known as Loral Space & Communications Corporation), Loral SpaceCom, SS/L and Loral Skynet, filed voluntary petitions for reorganization under chapter 11 of title 11 ("Chapter 11") of the United States Code (the "Bankruptcy Code") in the U.S. Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") (Lead Case No. 03-41710 (RDD), Case Nos. 03-41709 (RDD) through 03-41728 (RDD)) (the "Chapter 11 Cases"). Also on July 15, 2003, Old Loral and one of its Bermuda subsidiaries (the "Bermuda Group") filed parallel insolvency proceedings in the Supreme Court of Bermuda (the "Bermuda Court"), and, on that date, the Bermuda Court entered an order appointing certain partners of KPMG as Joint Provisional Liquidators ("JPLs") in respect of the Bermuda Group.

The Debtors emerged from Chapter 11 on November 21, 2005 pursuant to the terms of their fourth amended joint plan of reorganization, as modified (the "Plan of Reorganization"). The Plan of Reorganization had

previously been confirmed by order (the "Confirmation Order") of the Bankruptcy Court entered on August 1, 2005. Pursuant to the Plan of Reorganization, among other things, the business and operations of Old Loral were transferred to Loral, and Loral Skynet emerged intact as a separate subsidiary of the reorganized Loral.

Certain appeals (the "Appeals") filed by Old Loral shareholders acting on behalf of the self-styled Loral Stockholders Protective Committee ("LSPC") seeking, among other things, to revoke the Confirmation Order and to rescind the approval of the Federal Communications Commission ("FCC") of the transfer of our FCC licenses from Old Loral to Loral remain outstanding. We believe that these Appeals are completely without merit and will not have any effect on the completed reorganization (see Note 11).

3. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules of the Securities and Exchange Commission ("SEC") and, in our opinion, include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of results of operations, financial position and cash flows as of the balance sheet dates presented and for the periods presented. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") have been condensed or omitted pursuant to SEC rules. We believe that the disclosures made are adequate to keep the information presented from being misleading. The results of operations for the three and six months ended June 30, 2007 are not necessarily indicative of the results to be expected for the full year.

Loral charges Loral Skynet for expenses incurred for the benefit of Loral Skynet. These expenses include benefits administrative services, tax administration services, audit fees, internal audit and treasury services. Loral also allocates corporate management expenses to Loral Skynet using a fixed formula based on certain factors, including relative revenues, payroll and properties of Loral Skynet to that of total Loral. Management believes such allocations are reasonable. However, the associated expenses recorded by the Company in the accompanying condensed consolidated statements of operations may not be indicative of the actual expenses that would have been incurred had the Company been operating as a separate, stand-alone company for the periods presented.

The December 31, 2006 balance sheet has been derived from the audited consolidated financial statements at that date. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of December 31, 2006 and 2005 and for the year ended December 31, 2006, the period from October 2, 2005 to December 31, 2005, the period from January 1, 2005 to October 1, 2005 and the year ended December 31, 2004.

Cash and Cash Equivalents and Short-term Investments

Cash and Cash Equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less. As of June 30, 2007, the Company had $23.7 million of cash and restricted cash, of which $9 million is in the form of restricted cash ($8.2 million included in other current assets and $ 0.8 million included in other assets on our condensed consolidated balance sheet). As of December 31, 2006, the Company had $19.0 million of cash and restricted cash, of which $3.0 million is in the form of restricted cash ($2.2 million included in other current assets and $0.8 million included in other assets on our condensed consolidated balance sheet).

Concentration of Credit Risk

Financial instruments which potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents, foreign exchange contracts, accounts receivable and advances to affiliates (see Note 7). Our cash and cash equivalents are maintained with high-credit-quality financial institutions. Historically, our

customers include large multinational corporations for which the creditworthiness was generally substantial. Management believes that its credit evaluation, approval and monitoring processes combined with contractual billing arrangements provide for effective management of potential credit risks with regard to our current customer base.

Available-for-sale securities

Investments in publicly traded common stock are classified as available-for-sale, and are recorded at fair value, with the resulting unrealized gain or loss excluded from net loss and reported as a component of other comprehensive loss until realized (see Notes 4 and 7).

Income Taxes

Effective January 1, 2007, we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For benefits to be recognized in the financial statements, a tax position must be more-likely-than-not to be sustained upon examination by the taxing authorities based on the technical merits of the position. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Based upon our analysis, the cumulative effects of adopting FIN 48 have been recorded as an increase of $1.2 million to accumulated deficit, an increase of $6.5 million to goodwill, an increase of $0.1 million to deferred income tax assets, a decrease of $4.2 million to deferred income tax liabilities and an increase of $12.0 million to long-term liabilities. As of January 1, 2007, we had unrecognized tax benefits relating to uncertain tax positions of $13.5 million. We do not anticipate material changes to this liability for the next twelve months, other than additional accruals for interest.

The Company recognizes accrued interest and penalties related to uncertain tax positions in income tax expense on a quarterly basis. As of January 1, 2007, we had accrued approximately $2 million and $1.2 million for the payment of potential tax-related interest and penalties, respectively.

With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years prior to 2003. Earlier years related to certain foreign jurisdictions remain subject to examination. Various state and foreign income tax returns are currently under examination. For 2007, other current assets includes approximately $5.9 million for the purchase of a Tax Reserve Certificate in Hong Kong, which was required in order for the Company to pursue its right to appeal certain tax assessments. While we intend to contest any future tax assessments for uncertain tax positions, no assurance can be provided that we would ultimately prevail.

The liability for uncertain tax positions is included in long-term liabilities in the condensed consolidated balance sheet as of June 30, 2007. For the three and six months ended June 30, 2007, we increased our FIN 48 liability for uncertain tax positions by $0.4 million and $0.7 million, respectively, for potential additional interest and penalties. As of June 30, 2007, we had accrued approximately $2.7 million and $1.2 million for the payment of potential tax-related interest and penalties, respectively. If our positions are sustained by the taxing authorities, approximately $7.9 million would be treated as a reduction of goodwill and $1.9 million would reduce the Company's effective tax rate. There were no significant changes to our uncertain tax positions during the six months ended June 30, 2007.

Prior to adopting FIN 48, our policy was to maintain tax contingency liabilities for potential audit issues. The tax contingency liabilities were based on our estimate of the probable amount of additional taxes that may be due in the future. Any additional taxes due would be determined only upon completion of current and future federal, state and international tax audits. At December 31, 2006, we had $3 million of tax contingency liabilities included in long-term liabilities.

The income tax provision was $21.5 million and $23.7 million on a pre-tax income of $58.8 million and $55.5 million for the three and six months ended June 30, 2007, respectively, as compared to $0.6 million and $1.4 million on a pre-tax loss of $4.4 million and $9.5 million for the three and six months ended June 30, 2006, respectively. The increase in our provision for 2007 is primarily attributable to a provision of $19.9 million on income for the three and six months ended June 30, 2007; an additional valuation allowance of $1.1 million and $2.6 million for the three and six months ended June 30, 2007, respectively, required as a result of having reversed $1.1 million and $2.6 million of deferred tax liabilities from accumulated other comprehensive income during the three and six months ended June 30, 2007, respectively; and an increase in tax contingency reserves in 2007 in accordance with FIN 48. This increase was partially offset by lower foreign income taxes in 2007, primarily in Brazil as a result of the termination of a customer lease contract in late 2006.

During 2007 and 2006, we maintained a 100% valuation allowance against our net deferred tax assets except with regard to our deferred tax assets related to AMT credit carryforwards. We will continue to maintain the valuation allowance until sufficient positive evidence exists to support its reversal. If, in the future, we were to determine that we will be able to realize all or a portion of the benefit from our deferred tax assets, a reduction to the valuation allowance as of October 1, 2005 will first reduce goodwill, then other intangible assets with any excess treated as an increase to paid-in-capital. For the three and six months ended June 30, 2007, we utilized the benefits from approximately $19.8 million of deferred tax assets from Old Skynet to reduce our cash tax liability imposed on current year income, which created an excess valuation allowance of $19.8 million that was reversed as a reduction to goodwill.

Pensions and Other Employee Benefits

The following table provides the components of net periodic benefit cost for our qualified and supplemental retirement plans (the "Pension Benefits") and health care and life insurance benefits for retired employees and dependents (the "Other Benefits") (in thousands):

	Pension Benefits Three Months Ended June 30,		Other Benefits Three Months Ended June 30,	
	2007	2006	2007	2006
Service cost	$ 290	$ 525	$ 52	$ 75
Interest cost	262	225	145	150
Expected return on plan assets	(195)	(175)	—	—
Amortization of prior service credits and net actuarial gain	(20)	—	(30)	—
	$ 337	$ 575	$167	$225

	Pension Benefits Six Months Ended June 30,		Other Benefits Six Months Ended June 30,	
	2007	2006	2007	2006
Service cost	$ 580	$1,050	$104	$150
Interest cost	524	450	290	300
Expected return on plan assets	(390)	(350)	—	—
Amortization of prior service credits and net actuarial gain	(40)	—	(60)	—
	$ 674	$1,150	$334	$450

Effective July 1, 2006, the Loral pension plans were amended to standardize the future benefits earned at all Loral locations. These amendments did not change any benefits earned through June 30, 2006. As a result of the amendments, all Loral locations now have a career average plan that requires a contribution in order to receive

the highest level of benefits. All current participants now earn future benefits under the same formula and have the same early retirement provisions. The amendments did not apply to certain Loral Skynet employees under a bargaining unit arrangement. Additionally, employees hired after June 30, 2006, do not participate in the defined benefit pension plan, but participate in Loral's defined contribution savings plan with an enhanced benefit.

Additional Cash Flow Information

The following represents non-cash activities and supplemental information to the condensed consolidated statements of cash flows (in thousands):

	Six Months Ended June 30,	
	2007	2006
Non-cash operating items:		
Equity losses in affiliates	$ 4,641	$ 3,017
(Recoveries of) provision for bad debts on billed receivables	(80)	540
Deferred taxes	20,925	—
Depreciation and amortization	26,415	21,692
Adjustment to revenue straightlining assessment	(401)	(356)
Stock option compensation	188	316
Non-cash gain on foreign exchange transactions	(65,472)	—
Gain on disposition of available for sale securities	(2,505)	—
Net gain on the disposition of an orbital slot	—	(1,149)
Net non-cash operating items	$(16,289)	$24,060
Non-cash financing activities:		
Issuance of preferred stock as payment for dividend	$ 11,087	$ —
Supplemental information:		
Capital expenditures incurred not yet paid	$ 6,779	$ 274
Interest paid	$ 8,820	$ 197
Taxes paid, net of refunds	$ 391	$ 2,036

New Accounting Pronouncements

SFAS 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), to define fair value, establish a framework for measuring fair value in accordance with U.S. GAAP and expand disclosures about fair value measurements. SFAS 157 requires quantitative disclosures using a tabular format in all periods (interim and annual) and qualitative disclosures about the valuation techniques used to measure fair value in all annual periods. We are required to adopt the provisions of this statement as of January 1, 2008. We are currently evaluating the impact of adopting SFAS 157.

SFAS 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 expands opportunities to use fair value measurements in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective for us on January 1, 2008 and we are currently evaluating the impact of adopting SFAS 159.

EITF 06-3

In June 2006, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 06-3, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)* ("EITF 06-3") . ETIF 06-3 addresses the income statement presentation as to recording the various governmental taxes collected from customers during the normal course of doing business and indicates that presentation on a gross basis or net basis is an accounting policy decision. In addition, for any such taxes that are recorded on a gross basis, an entity should disclose the amount of those taxes in each period for which an income statement is presented. The guidance in EITF 06-3 is effective for interim and annual reporting periods beginning after December 15, 2006. The Company adopted EITF 06-3 on January 1, 2007 and its accounting policy, consistent with prior practice is to reflect taxes collected from customers and to be remitted to government authorities on a gross basis. Taxes collected from customers and remitted to government authorities amounted to $ 174,000 and $89,000 for the three months ended June 30, 2007 and 2006, respectively and $339,000 and $151,000 for the six months ended June 30, 2007 and 2006, respectively.

4. Comprehensive Income (Loss)

The components of comprehensive income (loss) are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net income (loss)	$34,905	$(6,872)	$27,222	$(13,978)
Cumulative translation adjustment	29	97	59	137
Amortization of prior service credits and net actuarial gains, net of taxes	(30)	—	(60)	—
Unrealized loss on available-for-sale securities, net of taxes	(142)	—	(2,483)	—
Less: Reclassification adjustment for gains included in net income	(1,476)	—	(1,476)	—
Comprehensive income (loss)	$33,286	$(6,775)	$23,262	$(13,841)

5. Financial Instruments and Foreign Currency

Derivatives

On December 16, 2006, a joint venture company ("Acquireco") formed by Loral and Public Sector Pension Investment Board ("PSP") entered into a share purchase agreement with BCE Inc. and Telesat Canada for the acquisition of all the shares of Telesat Canada and certain other assets for CAD 3.25 billion ("Telesat Transaction") (see Note 11). As part of the transaction, the acquisition company received financing commitments from a syndicate of banks for $2.209 billion of senior secured credit facilities and $910 million of a senior unsecured bridge facility (assuming an exchange rate of $1.00/CAD 1.0654 as of June 30, 2007). The purchase price of Telesat Canada is in Canadian dollars, while most of the debt financing is in U.S. dollars. Accordingly, to insulate themselves from Canadian dollar versus US dollar fluctuations, Loral and PSP have entered into financial commitments to lock in exchange rates to convert some of the U.S. dollar denominated debt proceeds to Canadian dollars. To mitigate these risks, Loral entered into several transactions through its Loral Skynet subsidiary, pursuant to which Loral Skynet assumed certain exposures that would arise if the Telesat Canada acquisition does not close and the currency transactions are unwound. Any unrealized gain or loss on these transactions as a result of marking these investments to market, is recognized in the statement of operations and will be offset by a corresponding decrease or increase in the US dollar purchase price equivalent to be paid to BCE by New Telesat.

A summary of these transactions is as follows:

1) In December 2006, Loral Skynet entered into a currency basis swap with a single bank counterparty converting $1.054 billion of U.S. debt into CAD 1.224 billion of Canadian debt for a seven year period beginning December 17, 2007. This debt amortizes 1% per year with a final maturity of December 17, 2014. No cash payment was made by Loral Skynet to the counterparty for entering into this transaction. This agreement can be closed at any point prior to December 17, 2007 by simply moving all the terms forward to the closing date of the Telesat Canada acquisition without affecting terms. This agreement is assignable to the Canadian borrowing company on or prior to closing of the credit transaction. Loral Skynet's liability under this agreement shall not exceed $10 million in the event of an early termination of this agreement resulting from an event of default or termination event. For the three and six months ended June 30, 2007, Loral Skynet recorded a gain of $5.9 million and $3.6 million respectively, reflecting the change in the fair value of the swap. Included in foreign exchange contracts is $1.2 million as of June 30, 2007 and $2.4 million in other current liabilities as of December 31, 2006, reflecting the fair value of the swap.

2) In December 2006, Loral Skynet entered into forward foreign currency contracts with a single bank counterparty selling $497.4 million for CAD 570.1 million ($1.00/CAD 1.1461) with a settlement date of December 17, 2007. In January 2007, Loral Skynet entered into additional forward foreign currency contracts with the same single bank counterparty selling $200.0 million for CAD 232.8 million ($1.00/CAD 1.1512) with a settlement date of December 17, 2007. No cash payments were made by Loral Skynet to the single bank counterparty for entering into these transactions. These agreements can be rolled forward to the closing date of the Telesat Canada acquisition with an adjustment in the exchange rate. These agreements are assignable to the Canadian borrowing company on or prior to closing of the credit transaction. For the three and six months ended June 30, 2007, Loral Skynet recorded a gain of $55.6 million and $61.9 million, respectively, reflecting the change in the fair value of the forward contracts. As of June 30, 2007, foreign exchange contracts include $58.6 million reflecting a mark-to-market exchange rate of $1.00/CAD 1.0654. As of December 31, 2006, other current liabilities include $3.3 million reflecting a mark-to-market exchange rate of $1.00/CAD 1.1539. If the forward contracts were not used for the Telesat Canada transaction and had to be terminated, Loral Skynet could have a gain or loss on the termination depending upon the exchange rate at termination. Under the forward foreign currency contracts, Loral Skynet limited its maximum liability under these agreements to a maximum of $107.5 million in the event of an early termination of these agreements resulting from an event of default or termination.

As detailed above, Loral Skynet assumed up to $117.5 million of liability exposure which would arise only if the Telesat transaction does not close and the exchange rate moves against our position at the time we are required to settle these derivatives. Since these transactions were entered into, the Canadian dollar has strengthened and through June 30, 2007, Loral Skynet has a cumulative unrealized gain of $59.8 million associated with these foreign exchange derivative transactions. If the Telesat transaction does not close and we had to settle these trades, there would need to be a weakening in the Canadian dollar from the June 30, 2007 exchange rate of US$1.00/CAD 1.0654, of approximately 8% to eliminate our gains and in excess of 20%, for Loral Skynet to reach its full liability exposure.

6. Property, Plant and Equipment

	June 30, 2007	December 31, 2006
	(In thousands)	
Land and land improvements	$ 734	$ 734
Buildings	4,343	4,040
Leasehold improvements	625	599
Satellites in-orbit, including satellite transponder rights of $136.7 million	393,849	393,849
Satellites under construction	114,570	77,396
Earth stations	18,509	18,140
Equipment, furniture and fixtures	14,847	14,650
Other construction in progress	913	873
	548,390	510,281
Accumulated depreciation and amortization	(83,935)	(58,844)
	$464,455	$ 451,437

Depreciation and amortization expense for property, plant and equipment was $12.5 million and $11.5 million for the three months ended June 30, 2007 and 2006, respectively and $25.2 million and $23.0 million for the six months ended June 30, 2007 and 2006, respectively. Accumulated depreciation and amortization as of June 30, 2007 and December 31, 2006 includes $25.8 million and $16.7 million, respectively, related to satellite transponders where Loral has the rights to transponders for the remaining life of the related satellite.

Costs incurred in connection with the construction and successful deployment of our satellites and related equipment are capitalized. Such costs include direct contract costs, allocated indirect costs, launch costs, launch and in-orbit test insurance and construction period interest. Capitalized interest related to the construction of satellites were $3.5 million and $0.3 million for the three months ended June 30, 2007 and 2006, respectively, and $6.5 million and $0.3 million for the six months ended June 30, 2007 and 2006, respectively.

7. Investment in and Advances to Affiliates

Investment in and advances to affiliates consists of (in thousands):

	June 30, 2007	December 31, 2006
XTAR equity investment	$95,630	$ 100,271

Equity losses in affiliates consists of (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
XTAR	$(2,323)	$(1,831)	$(4,641)	$(3,017)

XTAR

We own 56% of XTAR, L.L.C. (“XTAR”), a joint venture between us and Hisdesat Servicios Estrategicos, S.A. (“Hisdesat”) of Spain. We account for our investment in XTAR under the equity method since we do not control certain of its significant operating decisions. Our interest in XTAR will be retained by Loral and not transferred as part of the Telesat Transaction (see Note 11).

XTAR and Loral Skynet have entered into agreements whereby Loral Skynet provides to XTAR (i) certain selling, general and administrative services, (ii) telemetry, tracking and control services for the XTAR satellite, (iii) transponder engineering and regulatory support services as needed and (iv) satellite construction oversight services. XTAR is currently not making payments under the agreements. We have agreed to defer amounts due from XTAR until March 31, 2008 and we have not recognized any revenue associated with providing these services to XTAR.

XTAR is currently not making payments under its lease agreement with Hisdesat. Hisdesat has agreed to defer amounts due from XTAR until March 31, 2008.

In connection with the Launch Services Agreement entered into between XTAR and Arianespace, S.A. ("Arianespace") providing for launch of its satellite on Arianespace's Ariane 5 ECA launch vehicle, Arianespace provided a one-year, $15.8 million, 10% interest paid-in-kind (i.e., paid in additional debt) loan for a portion of the launch price, secured by certain of XTAR's assets, including the XTAR-EUR satellite, ground equipment and rights to the orbital slot. The remainder of the launch price consists of a revenue-based fee to be paid over time by XTAR. Through a series of amendments to the loan agreement, XTAR and Arianespace agreed to extend the maturity date of the loan to September 30, 2007. As part of these amendments, XTAR agreed to make scheduled and excess cash payments, as well as foregoing the ability to incur secured debt with the Arianespace collateral. As of June 30, 2007, $0.6 million was outstanding under the Arianespace loan and the loan was paid in full on July 6, 2007.

The following table presents summary financial data for XTAR (in millions):

Statement of Operations Data:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues	$ 4.6	$ 3.8	$ 9.3	$ 7.2
Operating loss	(3.8)	(2.2)	(7.4)	(3.4)
Net loss	(4.1)	(3.3)	(8.3)	(5.4)

Balance Sheet Data:

	June 30, 2007	December 31, 2006
Current assets	$ 6.6	$ 6.4
Total assets	127.4	132.1
Current liabilities	22.4	20.1
Long-term liabilities	34.4	33.1
Members' equity	70.6	78.9

Other

On April 14, 2004, Globalstar, L.P. announced the completion of its financial restructuring following the formal acquisition of its main business operations and assets by Thermo Capital Partners LLC ("Thermo"), effectively resulting in Globalstar, L.P. exiting from bankruptcy. Thermo invested $43 million in the newly formed Globalstar company ("Globalstar Inc.") in exchange for an 81.25% equity interest, with the remaining 18.75% of the equity distributed to the creditors of Globalstar, L.P. Our share of the equity interest was approximately 2.7% of Globalstar Inc., to which we assigned no value at the time. On November 2, 2006, Globalstar, Inc., completed an initial public offering, at which time we owned 1,609,896 shares of Globalstar, Inc. We had agreed not to sell 70% of our Globalstar Inc. holdings for at least 180 days following the completion of its offering. As of May 5, 2007, the lock-up was no longer in effect. For the three and six months ended June 30, 2007, we received and recorded a gain of $2.5 million (included in interest and investment income in the condensed consolidated statements of operations) for the sale of 230,086 shares of Globalstar stock. As of June 30, 2007, we owned 938,848 shares of Globalstar, Inc. which are accounted for as available-for-sale securities. Unrealized gains on these shares were $9.7 million, net of taxes as of June 30, 2007.

8. Goodwill and Other Intangible Assets

Goodwill

Goodwill was established in connection with our adoption of fresh-start accounting on October 1, 2005. Effective January 1, 2007, we adopted FIN 48. The cumulative effects of adopting FIN 48 has resulted in the Company recording an increase of $6.5 million to goodwill as adjusted in June 2007, offset by a reduction to goodwill of $19.8 million during the three months ended June 30, 2007, as a result of the reversal of an excess valuation allowance (see *"Income Taxes"* in Note 3), as follows (in thousands):

Goodwill — December 31, 2006	$ 85,933
Cumulative effect of adopting FIN 48 (see Note 3)	6,548
Reversal of excess valuation allowance on deferred tax assets	(19,805)
Goodwill — June 30, 2007	$ 72,676

Other Intangible Assets

Other Intangible Assets were established in connection with our adoption of fresh-start accounting and consists of the following (in millions, except years):

	Weighted Average Remaining Amortization Period (Years)	June 30, 2007		December 31, 2006	
		Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Orbital slots	9	$ 10.8	$ (2.6)	$ 10.8	$ (1.8)
Trade names	18	4.0	(0.4)	4.0	(0.3)
Customer relationships	13	20.0	(2.3)	20.0	(1.7)
Customer contracts	8	33.0	(10.9)	33.0	(8.3)
Other intangibles	3	2.7	(1.1)	2.7	(0.8)
		$ 70.5	$ (17.3)	$ 70.5	$ (12.9)

Total amortization expense for intangible assets was $2.2 million and $2.5 million for the three months ended June 30, 2007 and 2006, respectively, and $4.4 million and $5.1 million for the six months ended June 30, 2007 and 2006, respectively. Annual amortization expense for intangible assets for the five years ending December 31, 2011 is estimated to be as follows (in millions):

2007	$ 8.6
2008	7.5
2009	6.2
2010	5.0
2011	4.9

In connection with our adoption of fresh-start accounting, we recorded fair value adjustments of $30.0 million relating to customer contracts that are classified separately on our condensed consolidated balance sheet. Net amortization of these fair value adjustments as a credit to income was $1.5 million and $3.2 million for the three months ended June 30, 2007 and 2006, respectively and $3.2 million and $6.5 million for the six months ended June 30, 2007 and 2006, respectively.

9. Debt

The Company's debt consists of:

	June 30, 2007	December 31, 2006
	(In thousands)	
Loral Skynet 14.0% senior secured notes due 2015 (principal amount $126 million)	$128,024	$ 128,084

Loral Skynet Notes

On November 21, 2005, pursuant to the Plan of Reorganization, Loral Skynet issued $126 million principal amount of 14% Senior Secured Cash/PIK Notes due 2015 (the "Loral Skynet Notes") under an Indenture, dated as of November 21, 2005 (the "Indenture"), which notes are guaranteed on a senior secured basis by our subsidiary Loral Asia Pacific Satellite (HK) Limited and all of Loral Skynet's existing domestic, wholly-owned subsidiaries. Prior to November 22, 2009, we may redeem the notes at a redemption price of 110% plus accrued and unpaid interest (see below). After this period, the notes are redeemable at our option at a redemption price of 110%, declining over time to 100% in 2014, plus accrued and unpaid interest. The Loral Skynet Notes bear interest at a rate of 14% per annum payable in cash semi-annually, except that interest will be payable in-kind to the extent that the amount of such interest would exceed certain adjusted EBITDA calculations for Loral Skynet, as detailed in the Indenture.

At June 30, 2007, accrued interest on the Loral Skynet Notes was $8.2 million and is included in accrued interest and preferred dividends on our condensed consolidated balance sheet. Interest costs related to these notes was $4.5 million for both the three months ended June 30, 2007 and 2006 and $8.9 million for both the six months ended June 30, 2007 and 2006. Loral Skynet paid cash of $8.8 million for accrued interest on the Loral Skynet Notes on January 15, 2007 and July 16, 2007, respectively.

The limitations contained in the Indenture impose restrictions on our operations and limit our ability to enter into financial transactions that we may wish to pursue. These restrictions will affect, and in many respects limit, among other things, Loral Skynet's and its subsidiaries' ability to pay dividends, make investments, sell assets, make loans, repurchase equity interests or engage in mergers or other like transactions.

The redemption of the Loral Skynet Notes is a condition to the consummation of our transfer of Loral Skynet's assets to New Telesat (see Notes 11 and 13). Certain holders of Loral Skynet Notes have commenced litigation with respect to the redemption of the Loral Skynet Notes (see Note 11).

10. Shareholder's Equity

In accordance with the Plan of Reorganization, Loral Skynet issued to Loral 140 shares of its 1,000 authorized shares of common stock, par value $0.01 per share (the "Common Stock").

On November 21, 2005, Loral Skynet issued 1.0 million of its 2.0 million authorized shares of series A 12% non-convertible preferred stock, $0.01 par value per share (the "Loral Skynet Preferred Stock"), which were distributed in accordance with the Plan of Reorganization. The issued shares were distributed to holders of allowed claims in Orion Class 4, as such term is used in the Plan of Reorganization. Dividends on the Loral Skynet Preferred Stock (if not paid or accrued as permitted under certain circumstances) will be payable in kind (in additional shares of Loral Skynet Preferred Stock) if the amount of any dividend payment would exceed certain thresholds.

Loral Skynet may, at its option, redeem any or all issued and outstanding shares of the Loral Skynet Preferred Stock by paying, in cash, a redemption price for each share of Loral Skynet Preferred Stock equal to

the sum of (i) the liquidation preference and (ii) an amount equal to any unpaid accumulated dividends not reflected in the liquidation preference.

The Loral Skynet Preferred Stock is reflected as a component of shareholder's equity on our condensed consolidated balance sheet and we have accrued dividends of $6.8 million and $6.0 million for the three months ended June 30, 2007 and 2006, respectively, and $13.5 million and $12.0 million for the six months ended June 30, 2007 and June 30, 2006, respectively. On January 12, 2007, Loral Skynet paid a dividend on its Loral Skynet Preferred Stock of $12.86 million, which covered the period from July 14, 2006 through January 11, 2007. The dividend consisted of $1.77 million in cash and $11.09 million through the issuance of 55,434 additional shares of Loral Skynet Preferred Stock. At June 30, 2007, 1,126,715 shares of Loral Skynet Preferred Stock, with a carrying value of $225.3 million, were issued and outstanding. On July 13, 2007 Loral Skynet paid a dividend on its Loral Skynet Preferred Stock of $13.5 million, which covered the period from January 15, 2007 through July 15, 2007. The dividend consisted of $1.26 million in cash and $12.26 million through the issuance of 61,282 additional shares of Loral Skynet Preferred Stock.

11. Commitments and Contingencies

Financial Matters

Loral Skynet has in the past entered into prepaid leases, sales contracts and other arrangements relating to transponders on its satellites. Under the terms of these agreements, as of June 30, 2007, Loral Skynet continues to provide for a warranty for periods of two to eight years for sales contracts and other arrangements (seven transponders), and prepaid leases (two transponders). Depending on the contract, Loral Skynet may be required to replace transponders which do not meet operating specifications. Substantially all customers are entitled to a refund equal to the reimbursement value if there is no replacement, which is normally covered by insurance. In the case of the sales contracts, the reimbursement value is based on the original purchase price plus an interest factor from the time the payment was received to acceptance of the transponder by the customer, reduced on a straight-line basis over the warranty period. In the case of prepaid leases, the reimbursement value is equal to the unamortized portion of the lease prepayment made by the customer. For other arrangements, in the event of transponder failure where replacement capacity is not available on the satellite, one customer is not entitled to reimbursement, and the other customer's reimbursement value is based on contractually prescribed amounts that decline over time.

Telesat Canada Transaction

On December 16, 2006, Acquireco, a company formed by Loral and its Canadian partner, PSP entered into a definitive agreement with BCE Inc. and Telesat Canada to acquire 100% of the stock of Telesat Canada and certain other assets from BCE Inc. for CAD 3.25 billion (approximately $3.05 billion based on an exchange rate of $1.00/CAD 1.0654 as of June 30, 2007), which purchase price is not subject to adjustment for Telesat Canada's performance during the pre-closing period (the "Telesat Transaction"). Under the terms of this purchase agreement, Telesat Canada's business is, subject to certain exceptions, being operated entirely for Acquireco's benefit beginning from December 16, 2006. Telesat Canada is the leading satellite services provider in Canada and earns its revenues principally through the provision of broadcast and business network services over eight in-orbit satellites. This transaction is subject to various closing conditions, including approvals of the relevant Canadian and U.S. government authorities, and is expected to close in the third quarter of 2007. Loral and PSP have agreed to guarantee 64% and 36%, respectively, of Acquireco's obligations under the Telesat share purchase agreement, up to CAD 200 million.

At the time of, or following the Telesat Canada acquisition, substantially all of Loral Skynet's assets and related liabilities are expected to be transferred to a subsidiary of Acquireco at an agreed upon enterprise valuation, subject to downward adjustment under certain circumstances (the "Skynet Transaction"). This subsidiary will be combined with Telesat Canada and the resulting new entity ("New Telesat") will be a Canadian company that will be headquartered in Ottawa.

PSP has agreed to contribute up to CAD 595.8 million in cash to the parent company of Acquireco ("Holdings"), of which $150 million (or CAD 159.8 million based on an exchange rate of $1.00/CAD 1.0654 as of June 30, 2007) will be for the purchase of a Holdings fixed rate senior non-convertible mandatorily redeemable preferred stock.

Loral and PSP have arranged for Holdings to obtain $3.1 billion of committed debt financing from a group of financial institutions, of which up to approximately $2.8 billion is available to fund the purchase price of the Telesat Canada acquisition, if the acquisition were to close simultaneously with the Skynet Transaction, and $2.4 billion in the event the Skynet Transaction is delayed. The remainder of the debt facilities would be available to fund New Telesat's post-closing capital expenditures and other requirements, including in the case of a delayed Skynet Transaction, up to $386 million to fund a redemption of Loral Skynet's preferred stock and senior notes upon closing of the Skynet Transaction.

At closing of the Telesat Canada acquisition, assuming a simultaneous closing of the Skynet Transaction, Loral will hold equity interests in Holdings, the ultimate parent company of New Telesat, effectively representing 64% of the economic interests and 33 1/3% of the voting power, of New Telesat. PSP will in turn acquire the preferred stock described above, and equity interests effectively representing 36% of the economic interest, 66 2/3% of the voting power other than in respect of the election of directors and together with two other Canadian investors, 66 2/3% of the voting power for the election of directors of New Telesat.

If the Telesat Canada acquisition and the Skynet Transaction were to occur at the same time, then on the closing date, Holdings will redeem the principal amount of Loral Skynet's outstanding 14% senior notes ($126 million as of June 30, 2007) and Loral Skynet will redeem its outstanding 12% preferred stock and accrued dividends thereon (approximately $238 million as of June 30, 2007), as well as pay all interest, redemption premium and any other amounts that may be due in respect of its senior notes.

If the Skynet Transaction does not close simultaneously with the Telesat Canada acquisition, Loral will in place of funding the redemption of Loral Skynet's preferred stock and accrued dividends and interest and redemption premium on Loral Skynet's senior notes (approximately $259 million as of June 30, 2007), make a cash equity contribution to Holdings of CAD 270.9 million (approximately $254 million based on an exchange rate of $1.00/CAD 1.0654) to acquire redeemable shares of Holdings. Upon the later closing of the Skynet Transaction, Holdings will draw upon its credit facilities to redeem the principal amount of Loral Skynet's senior notes and the redeemable shares issued to Loral. Loral will use the proceeds from Holdings to redeem Loral Skynet's preferred stock and pay the interest and any other amounts due under the Loral Skynet senior notes. Loral's economic interest in Holdings would be approximately 38%, assuming an exchange rate of $1.00/CAD 1.0654, to reflect the fact that it has not contributed the Skynet assets into New Telesat, but would be adjusted to 64% upon the closing of the Skynet Transaction.

On September 5, 2007, Loral Skynet's senior notes were redeemed (see Note 13).

Loral will have a year from the closing of the Telesat Canada acquisition to complete the Skynet Transaction. If Loral is unable to close the Skynet Transaction during that period, Loral will then be required, under the terms of its agreement with PSP, to contribute its rights to the Telstar 11N satellite as well as $175 million in cash (the "Alternative Contribution") to New Telesat, in order to bring its economic interest in Holdings to 64%.

To the extent necessary, upon closing of the Telesat Canada acquisition, the Skynet Transaction and/or the Alternative Contribution, as the case may be, there will be an appropriate cash true-up between Loral, PSP and Holdings to reflect the amount of their relative contributions, after giving effect to among other things, the exchange rate then in effect, gains and/or losses on hedging transactions, the spending on Telstar 11N, in the event of a material adverse change to Loral Skynet's business during the interim period, the resulting diminution in the agreed upon value of Loral Skynet, and, in the event the Alternative Contribution is effected in place of the Skynet Transaction, the extent to which the value of the Alternative Contribution, plus the CAD 270.9 million of

Loral's equity contribution, is greater or less than the agreed upon value of the assets to be transferred in the Skynet Transaction. In July 2007, Loral increased the on-orbit insurance for Telstar 12 by $150 million to $340 million to provide it with sufficient liquidity to complete the Skynet Transaction in the event of a failure of that satellite.

Loral Skynet has adopted a retention plan for its key employees to facilitate the transition. Payments to these employees will be paid six months after the close of the Skynet Transaction. Costs relating to this plan will be borne by New Telesat.

See Note 13 for a description of certain agreements entered into by Loral Skynet on August 7, 2007 relating to the Skynet Transaction.

Satellite Matters

Satellites are built with redundant components or additional components to provide excess performance margins to permit their continued operation in case of component failure, an event that is not uncommon in complex satellites. Twenty-one of the satellites built by SS/L and launched since 1997, three of which are owned and operated by us or Loral's affiliates, have experienced losses of power from their solar arrays. There can be no assurance that one or more of the affected satellites will not experience additional power loss. In the event of additional power loss, the extent of the performance degradation, if any, will depend on numerous factors, including the amount of the additional power loss, the level of redundancy built into the affected satellite's design, when in the life of the affected satellite the loss occurred, how many transponders are then in service and how they are being used. It is also possible that one or more transponders on a satellite may need to be removed from service to accommodate the power loss and to preserve full performance capabilities on the remaining transponders. During the third quarter of 2006, due to power loss caused by solar array failures, Loral Skynet removed from service through the end of life certain unutilized transponders on one of its satellites and will remove additional transponders from service on this satellite in order to maintain sufficient power to operate the remaining transponders for its specified life. As of June 30, 2007, Loral Skynet does not believe the carrying value of this satellite has been impaired. Loral Skynet will, however, continue to evaluate the impact of the power loss caused by the solar array failures. A complete or partial loss of capacity on a satellite owned by us or our affiliates could result in a loss of revenues and profits. Based upon information currently available, including design redundancies to accommodate small power losses, and that no pattern has been identified as to the timing or specific location within the solar arrays of the failures, we believe that this matter will not have a material adverse effect on our consolidated financial position or our results of operations, although no assurance can be provided.

Certain of our satellites are currently operating using back-up components because of the failure of primary components. If the back-up components fail and we are unable to restore redundancy, these satellites could lose capacity or be total losses, which would result in a loss of revenues and profits. For example, in July 2005, in the course of conducting our normal operations, we determined that the primary command receivers on two of our satellites had failed. These satellites, which are equipped with redundant command receivers designed to provide full functional capability through the full design life of the satellite, continue to function normally and service to customers has not been affected. Moreover, on one of these satellites, SS/L has successfully completed implementation of a software workaround that fully restores the redundant command receiver functionality. On the other satellite, SS/L has successfully completed implementation of an interim software workaround that partially restores the redundant command receiver functionality, and SS/L expects to implement a permanent software workaround that will fully restore the redundant command receiver functionality, although no assurance can be provided.

Two satellites owned by us have the same solar array configuration as one other 1300-class satellite manufactured by SS/L that has experienced an event with a large loss of solar power. SS/L believes that this failure is an isolated event and does not reflect a systemic problem in either the satellite design or manufacturing

process. Accordingly, we do not believe that this anomaly will affect our two satellites with the same solar array configuration. The insurance coverage for these satellites, however, provides for coverage of losses due to solar array failures only in the event of a capacity loss of 75% or more for one satellite and 80% or more for the other satellite.

We currently insure the on-orbit performance of substantially all of the satellite capacity in our fleet. Typically such insurance is for a policy period of one year subject to renewal. It has been difficult, however, to obtain full insurance coverage for satellites that have, or are part of a product line of satellites that have, experienced problems in the past. Insurers have required either exclusions of certain components or have placed limitations on coverage in connection with insurance renewals for such satellites in the future. We cannot assure, upon the expiration of an insurance policy, that we will be able to renew the policy on terms acceptable to us or that we will not elect to self-insure and forego commercial insurance for the satellite. The loss of a satellite would have a material adverse effect on Loral Skynet's financial performance and may not be adequately mitigated by insurance. In October 2006, we renewed our on-orbit performance policy under substantially the same terms as the previously expired policy.

Regulatory Matters

To prevent frequency interference, the regulatory process requires potentially lengthy and costly negotiations with third parties who operate or intend to operate satellites at or near the locations of our satellites. For example, as part of our coordination efforts on Telstar 12, we agreed to provide four 54 MHz transponders on Telstar 12 to Eutelsat for the life of the satellite and have retained risk of loss with respect to those transponders. In the event of an unrestored failure, under Loral Skynet's related warranty obligation, Eutelsat would be entitled to compensation on contractually prescribed amounts that decline over time. We also granted Eutelsat the right to acquire, at cost, four transponders on the replacement satellite for Telstar 12. We continue to be in discussions with other operators on coordination issues. We may be required to make additional financial concessions in the future in connection with our coordination efforts. The failure to reach an appropriate arrangement with a third party having priority rights at or near one of our orbital slots may result in substantial restrictions on the use and operation of our satellite at that location.

We operate Telstar 10 and Telstar 18 pursuant to agreements with a third party that has licenses to use orbital slots controlled by China and Tonga, respectively. Although our agreements with this third party provide us with renewal rights with respect to replacement satellites, because of the control of the orbital slots by foreign governments, there can be no assurance that renewal rights will be granted. Should we be unsuccessful in obtaining renewal rights for either or both of the orbital slots, or otherwise fail to enter into agreements with the third party with respect to such replacement satellites, all revenue obtained from the affected satellite or satellites would cease and our Asian franchise would be seriously weakened.

Legal Proceedings

Informal SEC Inquiry

In June and July 2007, Loral received letters from the Staff of the Division of Enforcement of the SEC informing Loral that it is conducting an informal inquiry and requesting that Loral provide certain documents and information. Among other information requested by the SEC are documents and information relating to the redemption of the Loral Skynet Notes (see Note 9). The initial letter received by Loral advised that the informal inquiry should not be construed as an indication by the SEC or its staff that any violations of law have occurred, or as an adverse reflection upon any person or security. Loral is cooperating with the SEC staff. In addition, Loral has received requests for indemnification and advancement of expenses from certain of its advisors with respect to costs they may incur as a result of compliance with SEC document requests.

Skynet Noteholders Litigation

On November 21, 2005, Loral Skynet issued $126 million principal amount of Loral Skynet Notes under the Indenture. The Loral Skynet Notes may be redeemed prior to October 15, 2009 (an "Early Redemption") at a redemption price of 110% of the principal amount plus accrued and unpaid interest if two-thirds of the holders do not object to the redemption. On June 13, 2007, at the request of Loral Skynet, the trustee (the "Trustee") under the Indenture issued a Notice of Provisional Redemption. The notice provided that, unless objections to the redemption from holders of more than two-thirds of the outstanding Loral Skynet Notes were received on or prior to July 12, 2007, the Loral Skynet Notes would be redeemed on September 5, 2007.

Also on June 13, 2007, GPC XLI L.L.C., Rockview Trading, Ltd., KS Capital Partners L.P., Murray Capital Management, Inc. Watershed Capital Institutional Partners L.P., Watershed Capital Partners (Offshore), Ltd. and Watershed Capital Partners L.P. (collectively, the "Skynet Noteholder Plaintiffs") as holders of Loral Skynet Notes commenced an action in the Court of Chancery of the State of Delaware in and for the County of New Castle against Loral, Loral Skynet and the subsidiaries of Loral Skynet that are obligors under the Indenture (collectively, "Defendants") alleging that Defendants breached the Indenture and the implied covenant of good faith and fair dealing in the Indenture and the Loral Skynet Notes.

Specifically, the Skynet Noteholder Plaintiffs' complaint relates to the Securities Purchase Agreement, dated as of October 17, 2006, as amended and restated on February 27, 2007, between Loral and MHR Fund Management LLC ("MHR"), pursuant to which, in February 2007, funds affiliated with MHR purchased $300 million of convertible preferred stock from Loral (the "Loral Series-1 Preferred Stock") from Loral. In that agreement, among other things, MHR also agreed to cause its affiliated funds, which collectively hold more than one-third of the outstanding Loral Skynet Notes, not to object to a proposed Early Redemption of the Loral Skynet Notes in connection with a transaction such as the Skynet Transaction. The Skynet Noteholder Plaintiffs assert that Loral bought the consent of MHR and its affiliated funds to the Early Redemption covenant by paying to MHR in excess of $8.25 million in placement and legal and advisory fees resulting in an unequal "exit consent" payment not offered to other holders and that this covenant violates an implied covenant of good faith and fair dealing that the Skynet Noteholder Plaintiffs believe the Indenture should be deemed to contain. The Skynet Noteholder Plaintiffs have proposed a number of theories of damages, including one in which they allege that the value of the Loral Skynet Notes if they are not redeemable prior to October 15, 2009 would be at least 126% of par value and that the difference between paying approximately 126% versus the proposed Early Redemption amount of 110% is an additional $20.2 million. The portion of this amount that would be applicable to Loral Skynet Notes held by holders other than affiliates of MHR is approximately $11 million, which the Skynet Noteholder Plaintiffs have described as a floor on their damage claim. The Skynet Noteholder Plaintiffs also claim to be entitled to a portion of the excess of the current value of the Loral Series-1 Preferred Stock over its cost, to the extent it constitutes a consent fee paid to MHR.

In their complaint, the Skynet Noteholder Plaintiffs are seeking (i) a declaratory judgment that Defendants violated the terms of the Indenture by paying MHR for its consent to redemption of the Loral Skynet Notes below the make-whole value and not paying equal consideration to all holders; (ii) a declaratory judgment that Defendants pay equal redemption consideration to all holders, in an amount to be determined at trial; (iii) to enjoin Defendants from consummating the Early Redemption unless equal consideration is paid to all holders for their non-objection to, and redemption of, the Loral Skynet Notes; (iv) to enjoin Defendants from counting the Loral Skynet Notes held by funds affiliated with MHR in its calculation of whether the holders constituting two-thirds of the outstanding principal amount object to the redemption, absent equal consideration to all holders for such non-objection to, and redemption of, the Loral Skynet Notes; (v) an award of damages in an amount to be determined at trial; (vi) an award of pre-judgment interest, attorneys' fees and costs; and (vii) the grant such other relief as the court deems proper.

The Skynet Noteholder Plaintiffs also moved for a preliminary injunction and for expedited proceedings, including a hearing on their preliminary injunction motion in advance of any redemption of the Loral Skynet Notes or discharge of the Indenture. At a hearing on the Skynet Noteholder Plaintiffs' motion to expedite

proceedings held on July 16, 2007, Loral agreed to place $12 million (representing the $11 million incremental amount claimed by the Skynet Noteholder Plaintiffs in their complaint above the 110% Early Redemption amount plus an allowance for reasonable expenses) in escrow prior to the date the Indenture is discharged for the benefit of holders of Loral Skynet Notes other than funds affiliated with MHR, and the court declined to schedule a hearing on the Skynet Noteholder Plaintiffs' motion for a preliminary injunction prior to the redemption date or any earlier discharge of the Indenture. At the hearing, the court also granted the motion for expedited proceedings and indicated that it would schedule a trial on the merits in coordination with the trial of a matter related to the Loral Series-1 Preferred Stock pending before the court and currently scheduled for trial in March 2008.

On July 12, 2007, the Trustee reported that objections to the proposed redemption had been received from holders of Loral Skynet Notes representing less than two-thirds of the outstanding Loral Skynet Notes, and, on July 16, 2007, at the request of Loral Skynet, the Trustee issued an unconditional Notice of Full Redemption. Consequently, the Loral Skynet Notes will be redeemed on September 5, 2007, and the Indenture may be discharged at any time prior to that date by deposit of the redemption price with the Trustee. As a result, Loral does not believe that the litigation filed by the Skynet Noteholder Plaintiffs will cause a delay in the redemption of the Loral Skynet Notes which would have the effect of delaying the closing of the Skynet Transaction beyond the closing of the Telesat Transaction.

On August 30, 2007, the Skynet Noteholder Plaintiffs filed a motion for a temporary restraining order to enjoin Skynet from consummating the redemption of the Loral Skynet Notes scheduled for September 5, 2007. On August 30, 2007, the court denied the motion conditioned on Loral posting the security to which it had earlier agreed. Loral funded the $12 million escrow deposit on August 31, 2007.

Although Loral believes that the September 5, 2007 Early Redemption is proper in accordance with the terms of the Indenture and intends to vigorously defend against the Skynet Noteholder Plaintiffs' claims, the outcome of this litigation can not be determined at this time, and, as such, no liability, if any, is estimable or probable.

Reorganization Matters

Confirmation of our Plan of Reorganization was opposed by the Official Committee of Equity Security Holders (the "Equity Committee") appointed in the Chapter 11 Cases and by the self-styled Loral Stockholders Protective Committee ("LSPC"). Shortly before the hearing to consider confirmation of the Plan of Reorganization, the Equity Committee also filed a motion seeking authority to prosecute an action on behalf of the estates of Old Loral and its Debtor Subsidiaries seeking to unwind as fraudulent, a guarantee provided by Old Loral in 2001, of certain indebtedness of Loral Orion, Inc. (the "Motion to Prosecute"). By separate Orders dated August 1, 2005, the Bankruptcy Court confirmed the Plan of Reorganization (the "Confirmation Order") and denied the Motion to Prosecute (the "Denial Order"). On or about August 10, 2005, the LSPC appealed (the "Confirmation Appeal") to the United States District Court for the Southern District of New York (the "District Court") the Confirmation Order and the Denial Order. On February 3, 2006, we filed with the District Court a motion to dismiss the Confirmation Appeal. On May 26, 2006, the District Court granted our motion to dismiss the Confirmation Appeal. The LSPC subsequently filed a motion for reconsideration of such dismissal, which the District Court denied on June 14, 2006 (the "Reconsideration Order"). On or about July 12, 2006, a person purportedly affiliated with the LSPC appealed the dismissal of the Confirmation Appeal and the Reconsideration Order to the United States Court of Appeals for the Second Circuit. (the "Second Circuit Confirmation Appeal"). The Second Circuit Confirmation Appeal is currently fully briefed and is scheduled for a hearing at the end of November 2007.

In November 2005, a shareholder of Old Loral on behalf of the LSPC filed with the FCC a petition for reconsideration of the FCC's approval of the transfer of our FCC licenses from Old Loral to New Loral in connection with the implementation of our Plan of Reorganization and a request for investigation by the FCC into the financial matters and actions of Loral (the "FCC Appeal"). In December 2005, Loral filed with the FCC its opposition to the FCC Appeal.

Other and Routine Litigation

We are subject to various other legal proceedings and claims, either asserted or unasserted, that arise in the ordinary course of business. Although the outcome of these legal proceedings and claims cannot be predicted with certainty, we do not believe that any of these other existing legal matters will have a material adverse effect on our consolidated financial statements.

12. Related Party Transactions

Due to Related Parties

Due to related parties consists of the following (in thousands):

	June 30, 2007	December 31, 2006
Loral	$ 2,745	$ 2,832
Loral credit facility	55,500	30,083
SS/L	6,450	44
	$64,695	$ 32,959

13. Subsequent Events

On October 31, 2007, Loral and PSP completed the acquisition of Telesat Canada, including the transfer of substantially all of the assets and restated liabilities of Loral Skynet (see "Telesat Canada Transaction" in Note 11).

On October 4, 2007, Loral announced that Loral Skynet, had issued a mandatory notice of redemption of all 1,187,997 of its issued and outstanding shares of Loral Skynet Preferred Stock (see Note 10). The redemption is to take place on November 5, 2007. The redemption will be conducted pursuant to the terms of Exhibit A of the Restated Certificate of Loral Skynet, and the aggregate redemption price paid for Loral Skynet Preferred Stock will be approximately $246.4 million, which includes accrued and unpaid dividends to November 5, 2007.

The Loral Skynet Notes (see Note 9) were redeemed on September 5, 2007. The redemption price was 110% of the principal amount of the Loral Skynet Notes, plus accrued and unpaid interest up to, but not including, the redemption date. The Loral Skynet Notes were refinanced with $141.05 million borrowed under an interim refinancing facility of Loral Skynet Corporation (the "Loral Skynet Bonds Interim Refinancing Facility"). The Loral Skynet Bonds Interim Refinancing Facility bears interest at an annual rate of 4.1% and matures at the earlier of the transfer of all or substantially all of Loral Skynet's assets in connection with the Telesat Transaction or December 17, 2007.

On August 7, 2007, Loral and Loral Skynet entered into a number of definitive agreements:

Asset Transfer Agreement —Loral, Loral Skynet and Holdings entered into an Asset Transfer Agreement providing for the transfer to Holdings of substantially all of the assets of Loral Skynet and for Holdings' assumption of the principal amount of Loral Skynet's senior secured debt and substantially all of its liabilities relating to the transferred assets. The assets to be transferred consist principally of Loral Skynet's fixed satellite services and network services assets, with the exception of certain excluded assets, and the shares of subsidiaries, including all of the issued and outstanding shares of Skynet Satellite Corporation, the purchaser under the Asset Purchase Agreement described below. The Asset Transfer Agreement provides for Holdings to issue shares to Loral Skynet representing 64% of the economic interests and 33 $^{1}/_{3}$% of the voting power of Holdings and, together with the related Ancillary Agreement described below, provides for the adjustment of the purchase price thereunder. The Asset Transfer Agreement contains customary representations and warranties of the parties, based on those provided in the Telesat SPA, and an indemnity in favor of Holdings for losses resulting from a breach of representations, warranties or covenants, as well as against excluded liabilities not assumed by Holdings. Loral Skynet's obligation to indemnify Holdings is subject to minimum thresholds of $8.4 million and $42.0 million for losses relating to representations and warranties made on the signing and closing of the Asset Transfer Agreement, respectively, and a cap of $83.9 million. The indemnification thresholds and cap are not applicable to breaches of certain specified representations and warranties and are subject to reduction based on adjustments made, if any, to the purchase price. Loral has guaranteed all of Loral Skynet's obligations under the Asset Transfer Agreement.

Prior to the closing under the Asset Transfer Agreement, the Loral Skynet Bonds Interim Refinancing Facility will be repaid and the Loral Skynet Preferred Stock will have been called for redemption and the

redemption price therefore will have been deposited with the redemption agent. The closing under the Asset Transfer Agreement is also conditioned upon the simultaneous or prior consummation of the Telesat Transaction, FCC approval and customary closing conditions. Absent any material default or breach on the part of the terminating party, the Asset Transfer Agreement may be terminated by Loral Skynet or Holdings if the closing does not occur within one year from the Telesat Transaction.

Asset Purchase Agreement —In connection with the Asset Transfer Agreement, Loral, Loral Skynet and Skynet Satellite Corporation entered into a related Asset Purchase Agreement providing for Skynet Satellite Corporation to purchase, immediately following its acquisition by Holdings, certain Loral Skynet assets, including real property, FCC licenses and rights to certain vendor and customer contracts (the "Purchased Property") and to assume certain liabilities of Loral Skynet for a purchase price of $25.5 million, payable in marketable securities. Loral has guaranteed all of Loral Skynet's obligations under the Asset Purchase Agreement. The closing of the transactions contemplated by the Asset Transfer Agreement is a condition to the consummation of the transactions contemplated by the Asset Purchase Agreement, and this agreement will automatically terminate upon the termination of the Asset Transfer Agreement.

Ancillary Agreement —The Ancillary Agreement among Loral, Loral Skynet, PSP, Holdings and a subsidiary of Holdings provides, among other things, for the settlement of payments by and among the parties in connection with these transactions. The Ancillary Agreement gives effect to the intention of the parties that, absent a material adverse change in the Skynet business between September 30, 2006 and the closing date under the Asset Transfer Agreement and the Asset Purchase Agreement, the Skynet assets to be transferred pursuant to those agreements, will be valued at approximately $839 million. The Ancillary Agreement also accounts for, among other things, changes in the exchange rates, gains and losses on hedging transactions, accrued interest and dividends, and tax effects, and provides for a downward adjustment in the Skynet valuation and a corresponding cash payment by Loral in the event of a material adverse change in the Skynet business.

Alternative Subscription Agreement —To provide for the possibility that the closing under the Asset Transfer Agreement does not occur simultaneously with the Telesat Transaction, Loral, Loral Skynet and Holdings have entered into the Alternative Subscription Agreement, which provides for the contributions to be made by Loral to Holdings in that event and for its resulting economic interest and voting power in Holdings. In that event, on the date of the Telesat Transaction, Loral or a wholly owned subsidiary will purchase Holdings redeemable shares for CAD 270,900,000, which will be redeemed by Holdings at the Skynet Transaction. If the closing under the Asset Transfer Agreement has not occurred by the first anniversary of the Telesat Transaction, Loral will pay an additional $175 million and will transfer all of its rights to its contract for the construction of a satellite known as Telstar 11N to Holdings, in exchange for additional Holdings shares. If the value of the aggregate contributions made by Loral is less than the amount necessary to bring Loral's equity interest in Holdings to 64%, Loral shall be required to use commercially reasonable efforts to acquire the funds necessary to enable it to make an equity contribution to Holdings equal to such difference. If the value of Loral's aggregate contributions are greater than the required amount, Loral shall be entitled to a refund from Holdings.

Upon the consummation of the Telesat Transaction and Skynet Transaction, Loral will indirectly own a 33 1/3% voting interest and a 64% economic equity interest in Telesat. The Telesat SPA provides that BCE may terminate its obligations thereunder on October 11, 2007 (being the date that is nine months following the filing of the application for approval of the Telesat acquisition with Industry Canada) if through no fault of BCE or Telesat, Industry Canada's approval to the transactions contemplated under the Telesat SPA has not been obtained by such date, and further provides that if BCE terminates the Telesat SPA after December 16, 2007, it will under certain circumstances be entitled to a reverse break-up fee of CAD 65 million from Acquireco, which break-up fee has been guaranteed 64% and 36% by Loral and PSP, respectively. The principal conditions to the closing of the Telesat and Skynet transactions remaining to be satisfied are the approval of the U.S. FCC and of Industry Canada, which we understand is consulting with another Canadian regulatory body, the Canadian Radio-television and Telecommunications Commission before making its final decision regarding approval.

Exhibit 99.9

TELESAT CANADA SECOND QUARTER 2007 FINANCIAL STATEMENTS
(Unaudited)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

TELESAT CANADA

CONSOLIDATED BALANCE SHEETS AT JUNE 30, 2007 AND DECEMBER 31, 2006

(in millions of Canadian dollars) (unaudited)	June 30, 2007	December 31, 2006 (Note 2)
Assets		
Current assets		
Cash and cash equivalents	44.4	38.7
Short-term investments	—	2.3
Accounts receivable	247.2	239.3
Current future tax asset	5.5	4.5
Other current assets (Note 6)	43.3	28.2
Total current assets	340.4	313.0
Capital assets, net (Note 3)	1,446.4	1,388.3
Other long-term assets (Note 6)	51.1	42.2
Finite-life intangible assets, net	4.5	5.5
Goodwill (Note 3)	53.5	53.3
Total assets	1,895.9	1,802.3
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	32.3	41.1
Other current liabilities (Note 6)	121.2	105.4
Debt due within one year	3.3	3.1
Total current liabilities	156.8	149.6
Debt financing	211.2	200.8
Future tax liability	197.6	194.3
Other long-term liabilities (Note 6)	361.4	348.0
Total liabilities	927.0	892.7
Shareholder's equity		
Common shares	341.1	341.1
Contributed surplus	184.6	184.4
Retained earnings	450.5	386.4
Accumulated other comprehensive income	(7.3)	(2.3)
Total shareholder's equity	968.9	909.6
Total liabilities and shareholder's equity	1,895.9	1,802.3

TELESAT CANADA
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE PERIOD ENDED JUNE 30, 2007 AND JUNE 30, 2006

FOR THE PERIOD ENDED JUNE 30

(in millions of Canadian dollars, except share amounts) (unaudited)	Three months		Six months	
	2007	2006	2007	2006
Operating revenues				
Service revenues	116.1	109.9	224.3	217.8
Equipment sales revenues	12.7	9.7	26.1	19.7
Sales-type lease revenues	32.6	—	32.6	—
Operating revenues	161.4	119.6	283.0	237.5
Amortization expense	(32.1)	(30.3)	(61.4)	(60.6)
Operations and administration	(43.4)	(42.6)	(86.5)	(82.9)
Cost of equipment sales	(10.0)	(7.5)	(21.2)	(15.6)
Cost of sales-type lease	(15.5)	—	(15.5)	—
Total operating expenses	(101.0)	(80.4)	(184.6)	(159.1)
Earnings from operations	60.4	39.2	98.4	78.4
Interest expense	(5.6)	(7.4)	(10.6)	(14.6)
Other income (Note 5)	3.2	4.6	6.5	7.2
Earnings before income taxes	58.0	36.4	94.3	71.0
Income taxes	(16.4)	7.1	(29.8)	(5.5)
Net earnings	41.6	43.5	64.5	65.5
Dividends on preferred shares	—	(0.5)	—	(0.9)
Net earnings applicable to common shares	41.6	43.0	64.5	64.6
Basic and diluted—net earnings per common share (Note 2)	415,376	429,708	644,744	645,947

TELESAT CANADA
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2007

FOR THE PERIOD ENDED JUNE 30

	Three months		Six months	
(in millions of Canadian dollars) (unaudited)	2007	2006	2007	2006
Net earnings	41.6	—	64.5	—
Other comprehensive income, net of tax:				
Unrealized gains and losses on translation of financial statements of self sustaining foreign operations	0.9	—	1.3	—
Related tax	(0.3)	—	(0.4)	—
Gains and losses on derivatives designated as cash flow hedges	(9.8)	—	(10.5)	—
Related tax	3.2	—	3.4	—
Comprehensive income	35.6	—	58.3	—

TELESAT CANADA

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
AS OF JUNE 30, 2007 WITH COMPARATIVE FIGURES FOR JUNE 30, 2006

(in millions of Canadian dollars) (unaudited)	Common shares	Contributed surplus	Preferred shares	Retained earnings	Cumulative translation adjustment	Accumulated other comprehensive income	Total
Balance at December 31, 2006 (Note 2)	341.1	184.4	—	386.4	(3.4)	—	908.5
Restatement of cumulative translation adjustment (to tax effect)	—	—	—	—	1.1	—	1.1
Reclassification of cumulative translation adjustment (Note 1)	—	—	—	—	2.3	(2.3)	—
Restated balance at December 31, 2006	341.1	184.4	—	386.4	—	(2.3)	909.6
Adjustment for changes in accounting policies (Note 1)	—	—	—	(0.4)	—	1.3	0.9
Stock compensation	—	0.2	—	—	—	—	0.2
Net earnings	—	—	—	64.5	—	—	64.5
Unrealized gains and losses on translation of financial statements of self sustaining foreign operations	—	—	—	—	—	0.9	0.9
Gains and losses on derivatives designated as cash flow hedges	—	—	—	—	—	(7.2)	(7.2)
Balance at June 30, 2007	341.1	184.6	—	450.5	—	(7.3)	968.9
Balance at January 1, 2006 (Note 2)	341.1	5.1	50.0	283.9	(2.9)	—	677.2
Stock compensation	—	0.2	—	—	—	—	0.2
Net earnings	—	—	—	65.5	—	—	65.5
Dividends declared on preferred shares	—	—	—	(0.9)	—	—	(0.9)
Change in cumulative translation adjustment	—	—	—	—	(0.2)	—	(0.2)
Balance at June 30, 2006	341.1	5.3	50.0	348.5	(3.1)	—	741.8
Restatement of cumulative translation adjustment (to tax effect)	—	—	—	—	1.0	—	1.0
Reclassification of cumulative translation adjustment	—	—	—	—	2.1	(2.1)	—
Restated balance at June 30, 2006	341.1	5.3	50.0	348.5	—	(2.1)	742.8

TELESAT CANADA

CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED JUNE 30, 2007 AND JUNE 30, 2006

FOR THE PERIOD ENDED JUNE 30

(in $ millions) (unaudited)	Three months		Six months	
	2007	2006	2007	2006
Cash flows from operating activities				
Net earnings	41.6	43.5	64.5	65.5
Adjustments to reconcile net earnings to cash flows from operating activities:				
Gross profit on sales-type lease	(14.5)	—	(14.5)	—
Amortization	32.1	30.3	61.4	60.6
Capitalized interest	(2.4)	(3.6)	(5.6)	(6.4)
Future income taxes	3.8	(11.6)	5.5	(6.3)
Other	(4.0)	(1.1)	(2.9)	—
Customer prepayments on future satellite services	2.3	—	12.3	11.4
Operating assets and liabilities (Note 7)	1.0	(18.5)	3.5	(0.9)
	59.9	39.0	124.2	123.9
Cash flows from investing activities				
Satellite programs	(62.4)	(77.4)	(122.8)	(114.0)
Property additions	(1.5)	(5.4)	(3.1)	(9.3)
Maturity of short-term investments	2.0	12.6	2.3	51.1
Business acquisitions (Note 4)	(0.2)	—	(0.2)	(3.0)
Proceeds on disposals of assets	0.1	0.1	0.1	0.1
	(62.0)	(70.1)	(123.7)	(75.1)
Cash flows from financing activities				
Debt financing and bank loans	30.0	18.8	60.0	18.8
Repayment of bank loans and debt financing	(23.8)	(1.5)	(50.5)	(2.0)
Note repayment	—	(150.0)	—	(150.0)
Capital lease payments	(1.2)	(1.0)	(2.3)	(2.2)
Satellite performance incentive payments	(0.5)	(0.9)	(1.2)	(1.3)
Preferred dividends paid	—	—	—	(0.9)
	4.5	(134.6)	6.0	(137.6)
Effect of changes in exchange rates on cash and cash equivalents	(0.8)	(0.8)	(0.8)	(1.0)
Increase (decrease) in cash and cash equivalents	1.6	(166.5)	5.7	(89.8)
Cash and cash equivalents, beginning of period	42.8	190.2	38.7	113.5
Cash and cash equivalents, end of period	44.4	23.7	44.4	23.7

The interim consolidated financial statements should be read in conjunction with Telesat Canada's annual consolidated financial statements for the year ended December 31, 2006. All amounts are in millions of Canadian dollars, except where noted.

1. Significant accounting policies

We have prepared the consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP) using the same basis of presentation and accounting policies as outlined in note 1 to the annual consolidated financial statements for the year ended December 31, 2006, except as follows.

Financial statement presentation

Some of the figures for the comparative period have been reclassified in the consolidated financial statements to make them consistent with the current period's presentation.

Significant new accounting policies

Revenue Recognition—Leases

Lease contracts that qualify for capital lease treatment are accounted for as sales-type leases. Sales-type leases are those where substantially all of the benefits and risks of ownership are transferred to the customer. Sales revenue recognized at the inception of the lease represents the present value of the minimum lease payments net of any executory costs, computed at the interest rate implicit in the lease. Unearned finance income, effectively the difference between the total minimum lease payments and the aggregate present value, is deferred and recognized in earnings over the lease term to produce a constant rate of return on the investment in the lease. The net investment in the lease includes the minimum lease payments receivable less the unearned finance income.

Significant accounting changes

The 2006 comparative figures have been restated and represent the consolidated results of Telesat's parent Alouette Telecommunications Inc. (Alouette). Continuity of interest accounting has been applied to the amalgamation of Telesat Canada, Alouette and the Telesat subsidiary 4387678 Canada Inc. (438678). The transaction, which lacks economic substance, represents a rearrangement of legal interests as all three entities were under common control (See Note 2).

On January 1, 2007 we adopted the new accounting standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Handbook sections 1530, 3855 and 3865 with respect to Comprehensive Income, Financial Instruments—Recognition and Measurement, and Hedges. These new sections have been applied without restatement of comparative figures, other than the presentation of unrealized foreign currency translation losses on net investments in self-sustaining foreign operations in accumulated other comprehensive income (loss) within shareholder's equity.

Comprehensive Income

A new Statement of Comprehensive Income is now included as part of the consolidated financial statements and presents current period net income and other comprehensive income (OCI). Accumulated other comprehensive income (loss) (AOCI) is a separate component of shareholder's equity. The Consolidated Statement of Comprehensive Income reflects changes in AOCI, comprised of changes in unrealized gains and

losses on financial assets classified as available-for-sale, unrealized foreign currency translation gains and losses arising from self-sustaining foreign operations, and changes in the fair value of derivatives designated as cash flow hedges, to the extent they are effective.

Financial Instruments—Recognition and Measurement

The new standards require all financial assets and financial liabilities, including derivatives, be carried at fair value on the Consolidated Balance Sheet, except for loans and receivables, financial assets designated as held-to-maturity and non-trading financial liabilities, which are recognized at amortized cost.

Transaction costs are expensed as incurred for financial instruments classified or designated as held-for trading. For other financial instruments, transaction costs are amortized to net income in interest expense over the expected life of the instrument using the effective interest method.

The standards require unrealized gains and losses on financial assets that are held as available-for-sale to be recorded in other comprehensive income until realized, at which time they will be recorded in the Consolidated Statement of Earnings. Available-for-sale equity securities which do not have a quoted market price will continue to be recorded at cost.

Financial assets and financial liabilities that are held for trading are measured at fair value with unrealized gains and losses recorded in the Consolidated Statement of Earnings. Derivatives, including embedded derivatives that must be separately accounted for, are now recorded at fair value on the Consolidated Balance Sheet. Changes in the fair values of derivative instruments are recognized in the Consolidated Statement of Earnings with the exception of derivatives designated in effective cash flow hedges.

We have chosen to account for embedded foreign currency derivatives in a host contract as a single instrument where the contract requires payments denominated in the currency that is commonly used in contracts to procure non-financial items in the economic environment in which we transact.

Hedges

The criteria specifying when a derivative instrument may be accounted for as a hedge has not changed substantially. In a fair value hedging relationship, changes in both the fair value of the hedging instrument and the fair value of the hedged item are recognized in net income. The changes in the fair value of the hedged item are offset by changes in the fair value of the hedging instrument to the extent that the hedging relationship is effective.

In a cash flow hedging relationship, the effective portion of the change in the fair value of the hedging instrument is recognized in OCI while the ineffective portion is recognized in net income. Unrealized gains and losses in OCI and AOCI are reclassified into net income and retained earnings at the same time that the hedged item affects net earnings.

Impact of adoption

We have recorded the following transitional adjustments:

- Reduction of $0.4 million to opening retained earnings, to recognize the fair value of hedging derivatives used in fair value hedging relationships and the ineffective portion of cash flow hedges; and to remeasure a note payable at amortized cost using the effective interest method
- Recognition in AOCI of $1.3 million, net of taxes, related to the effective portion of cash flow hedges
- Reclassification of $2.3 million of unrealized foreign currency translation losses, net of tax, to AOCI from cumulative translation adjustment
- Restatement of $1.1 million to the prior period cumulative translation adjustment to tax effect the balance.

2. Reorganization

On January 1, 2007, Telesat Canada, its parent Alouette Telecommunications Inc. (Alouette) and the Telesat subsidiary 4387678 Canada Inc. (4387678) amalgamated. The name of the amalgamated entity is Telesat Canada and its authorized share capital is an unlimited number of common shares. The shares of Telesat and 4387678 were cancelled, and the class A, B, and C shares of Alouette were converted into 100 common shares of the amalgamated entity.

We have made the following significant adjustments to the 2006 comparative balance sheet as a result of the continuity of interest accounting:

- Increase of $28.7 million to goodwill and $0.2 million to other asset categories
- Increase of $229.2 million to common shares and $4.1 million to contributed surplus
- Decrease of $204.4 million to retained earnings
- Increase in earnings per share as a result of only 100 common shares now outstanding

3. Segmented information

FOR THE PERIOD ENDED JUNE 30	Three months 2007	Three months 2006	Six months 2007	Six months 2006
Operating revenues				
Broadcast—external	93.3	55.3	147.1	109.3
Broadcast—inter-segment	0.3	0.3	0.6	0.6
Business Networks—external	29.8	24.6	60.3	48.9
Business Networks—inter-segment	3.6	4.2	7.1	9.7
Carrier—external	6.8	6.2	13.9	12.1
Carrier—inter-segment	—	—	—	—
Consulting and Other—external	9.2	8.0	15.7	15.8
	143.0	98.6	244.7	196.4
Telesat Canada Subsidiaries	22.6	25.5	46.5	51.4
Inter-segment eliminations	(4.2)	(4.5)	(8.2)	(10.3)
	161.4	119.6	283.0	237.5
Amortization expense				
Broadcast	14.1	12.9	26.9	25.9
Business Networks	11.5	10.6	21.9	21.1
Carrier	3.6	3.5	6.9	6.9
Consulting and Other	0.5	0.4	0.8	0.9
Telesat Canada Subsidiaries	2.4	2.9	4.9	5.8
	32.1	30.3	61.4	60.6
Earnings from operations				
Broadcast	53.6	35.4	85.5	68.9
Business Networks	0.1	0.8	0.4	1.4
Carrier	0.3	(0.3)	1.1	(0.4)
Consulting and Other	4.1	1.1	6.9	4.1
	58.1	37.0	93.9	74.0
Telesat Canada Subsidiaries	2.3	2.2	4.5	4.4
Total earnings from operations	60.4	39.2	98.4	78.4
Interest expense	(5.6)	(7.4)	(10.6)	(14.6)
Other income	3.2	4.6	6.5	7.2
Income taxes	(16.4)	7.1	(29.8)	(5.5)
Net earnings	41.6	43.5	64.5	65.5
Geographic information				
Revenues—Canada	116.0	81.6	200.1	161.5
Revenues—United States	36.3	29.6	66.8	59.1
Revenues—Brazil	3.1	4.6	6.1	9.4
Revenues—all others	6.0	3.8	10.0	7.5
	161.4	119.6	283.0	237.5

	June 30, 2007	December 31, 2006
Capital assets—Canada	1,393.1	1,329.1
Capital assets—United States	45.1	51.2
Capital assets—Brazil	2.8	2.9
Capital assets—Other	5.4	5.1
	1,446.4	1,388.3
Goodwill—Canada	45.2	45.2
Goodwill—United States	8.3	8.1
	53.5	53.3

4. Business acquisitions

During the second quarter of 2007, a cash payment of additional contingent consideration of $0.2 million was made by Infosat for Able Leasing Co. During the first quarter of 2006, a cash payment of $2.6 million was made for The SpaceConnection, Inc. (accrued in December 2005) and net cash of $0.4 million was paid by Infosat to acquire Able Leasing Co.

5. Other income

	Three months		Six months	
FOR THE PERIOD ENDED JUNE 30	**2007**	**2006**	**2007**	**2006**
Capitalized interest	2.4	3.6	5.6	6.4
Interest income	1.1	1.9	1.7	3.6
Gain on disposal of assets	0.1	0.1	0.1	0.1
Performance incentive payments and milestone interest expense	(1.8)	(1.6)	(3.0)	(3.4)
Foreign exchange (loss) gain	(2.7)	0.4	(1.8)	0.4
Gain on financial instruments	3.7	—	3.5	—
Other	0.4	0.2	0.4	0.1
	3.2	4.6	6.5	7.2

6. Lease arrangements

During the second quarter of 2007, Telesat entered into a capital lease arrangement for the DirecTV 1 satellite and a subsequent sales-type lease arrangement for the same satellite, re-named Nimiq 4iR. The net investment in leases is classified on the balance sheet in other current assets and other long-term assets, and includes the following:

	June 30,	December 31,
Net investment in leases as at	**2007**	**2006**
Total minimum lease payments	30.5	2.4
Unearned finance income	(1.6)	(0.4)
	28.9	2.0
Current portion	(16.7)	(0.6)
Long-term portion	12.2	1.4

Finance income related to the sales-type leases is recognized in a manner that produces a constant rate of return on the investment in the leases. The investment in the leases for purposes of income recognition is composed of net minimum lease payments and unearned finance income. Future minimum lease payments receivable under the sales-type leases are $9.1 million in 2007, $18.0 million in 2008, and $3.4 million in 2009.

The obligation under the capital lease is classified on the balance sheet in other current liabilities and other long-term liabilities.

	June 30,	December 31,
Capital lease obligations	**2007**	**2006**
Total minimum lease payments	76.5	71.6
Amount representing interest	(18.7)	(22.0)
	57.8	49.6
Current portion	(13.5)	(4.7)
Long-term portion	44.3	44.9

Future minimum lease payments payable under all capital leases are $9.8 million in 2007, $16.6 million in 2008, $9.6 million in 2009, $8.3 million in 2010, $8.3 million in 2011 and $23.9 million thereafter.

7. Cash flow information

FOR THE PERIOD ENDED JUNE 30	Three months 2007	Three months 2006	Six months 2007	Six months 2006
Net change in operating assets and liabilities accounts is comprised of:				
Receivables	(1.1)	1.3	0.9	12.4
Other assets	(3.9)	(4.5)	1.7	(2.1)
Accounts payable	4.3	(15.3)	(12.6)	(6.2)
Income taxes payable	7.7	2.0	11.1	(2.5)
Other liabilities	(6.0)	(2.0)	2.4	(15.6)
Promissory notes repayments	—	—	—	13.1
	1.0	(18.5)	3.5	(0.9)

8. Stock-based compensation plans

Stock options

The following tables are a summary of the status of Telesat's portion of the BCE stock option programs at June 30, 2007.

	Number of shares	Weighted-average exercise price ($)
Outstanding, January 1, 2007	626,031	31.60
Granted	159,506	30.72
Exercised	(304,266)	28.32
Expired/forfeited	(67,224)	28.97
Outstanding, June 30, 2007	414,047	34.10
Exercisable, June 30, 2007	152,569	40.77

At June 30, 2007:

	Options outstanding			Options exercisable	
Range of exercise price	Number	Weighted-average remaining life	Weighted-average exercise price ($)	Number	Weighted-Average Exercise price ($)
Below $20	375	1.64	15.15	375	15.15
$20 to $29	101,972	5.21	29.42	—	—
$30 to $39	162,506	5.65	30.79	3,000	34.50
$40 and over	149,194	3.17	40.96	149,194	40.96
	414,047	4.65	34.10	152,569	40.77

The assumptions used to determine the stock-based compensation expense under the Black-Scholes option pricing model were as follows:

FOR THE PERIOD ENDED JUNE 30	Three months 2007	Three months 2006	Six months 2007	Six months 2006
Compensation cost	—	0.1	0.2	0.1
Number of stock options granted	—	—	159,506	—
Weighted-average fair value per option granted ($)	—	—	3.0	—
Assumptions:				
Dividend yield	—	—	4.5	—
Expected volatility	—	—	20.0	—
Risk-free interest rate	—	—	4.0	—
Expected life (years)	—	—	3.5	—

Restricted share units (RSUs)

The table below is a summary of the status of RSUs:

	Number of RSUs
Outstanding, January 1, 2007	136,523
Granted	—
Dividends credited	2,959
Payments	—
Outstanding, June 30, 2007	139,482

Deferred share units (DSUs)

The table below is a summary of the status of the DSUs:

	Number of DSUs
Outstanding, January 1, 2007	6,512
Granted	—
Dividends credited	141
Payments	—
Outstanding, June 30, 2007	6,653

9. Employee benefit plans

	Three months				Six months			
	Pension benefits		Other benefits		Pension benefits		Other benefits	
FOR THE PERIOD ENDED JUNE 30	2007	2006	2007	2006	2007	2006	2007	2006
Current service cost	1.1	1.1	0.1	0.1	2.2	2.2	0.2	0.2
Interest cost on accrued benefit obligation	2.2	2.0	0.2	0.2	4.4	4.1	0.4	0.4
Expected return on plan assets	(2.9)	(2.8)	—		(5.9)	(5.6)	—	—
Amortization of net actuarial loss	0.1	0.2	—	—	0.3	0.4	—	—
Amortization of transitional (asset) obligation	(0.3)	(0.4)	0.1	0.2	(0.7)	(0.8)	0.3	0.4
Net benefit plans cost	0.2	0.1	0.4	0.5	0.3	0.3	0.9	1.0

10. Reconciliation of Canadian GAAP to United States GAAP

Telesat has prepared these consolidated financial statements according to Canadian GAAP. The following tables are a reconciliation of differences relating to the statement of earnings and total shareholders' equity reported according to Canadian GAAP and United States GAAP.

Reconciliation of net earnings

(in millions of Canadian dollars, except per share amounts)	June 30, 2007	June 30, 2006
Canadian GAAP—Net earnings	64.5	65.5
Gains (losses) on embedded derivatives [a]	(1.9)	1.8
Gains (losses) on derivatives designated as cash flow hedges under Canadian GAAP [a]	(10.5)	—
Sales type lease—operating lease for US GAAP [b]	(29.3)	—
Capital lease—operating lease for US GAAP [b]	13.6	—
Tax effect of above adjustments [c]	9.5	(0.6)
Uncertainty in income taxes [d]	1.8	—
Impact of future tax rate reduction [c]	0.2	—
United States GAAP—Net earnings	47.9	66.7
Dividends on preferred shares	—	(0.9)
United States GAAP—Net earnings applicable to common shares	47.9	65.8
Other comprehensive earnings (loss) items		
Change in currency translation adjustment [e]	0.9	(0.3)
Net benefit plans cost [f]		
Net actuarial losses	0.2	—
Net transitional assets	(0.3)	—
United States GAAP—Comprehensive earnings	48.7	65.5
United States GAAP—Net earnings per common share	478,390	658,540

Accumulated other comprehensive income (loss)

	June 30, 2007	December 31, 2006
Cumulative translation adjustment	(1.4)	(2.3)
Net benefit plans cost [f]		
Net actuarial losses	(6.9)	(7.1)
Net transitional assets	4.2	4.5
Accumulated other comprehensive income (loss)	(4.1)	(4.9)

Reconciliation of total shareholders' equity

	June 30, 2007	December 31, 2006
Canadian GAAP	968.9	909.6
Adjustments		
Gains (losses) on embedded derivatives [a]	37.7	39.6
Net benefit plans cost [f]		
Net actuarial losses	(10.2)	(10.5)
Net transitional assets	6.2	6.6
Sales type lease—operating lease for US GAAP [b]	(29.3)	—
Capital lease—operating lease for US GAAP [b]	13.6	—
Tax effect of above adjustments [c]	(5.2)	(11.5)
Uncertainty in income taxes [d]	1.8	—
Uncertainty in income taxes—opening adjustment [d]	(4.4)	—
United States GAAP	979.1	933.8

Description of United States GAAP adjustments

(a) Derivatives and embedded derivatives

The Company adopted the new Canadian GAAP standards for Financial Instruments and Hedging Activities effective January 1, 2007. The accounting for derivative instruments and hedging activities under Canadian GAAP is substantially harmonized with United States GAAP, with the exception of the accounting for certain embedded derivatives. Under Canadian GAAP, we do not bifurcate and separately account for foreign-currency derivatives embedded in a non-financial instrument host contract when specified conditions are met.

In accordance with United States GAAP, all derivative instruments, including those embedded in contracts, are recorded on the balance sheet at fair value. The Company denominates many of its long-term international purchase contracts in U.S. dollars resulting in embedded derivatives. This exposure to the U.S. dollar is partially offset by revenue that is also denominated in U.S. dollars. At June 30, 2007, the estimated fair value of assets resulting from embedded derivatives is $46.5 million (2006—$57.2 million).

The impact on the statement of operations of changes in the fair value of these embedded derivatives, for the six month period ended June 30 is reflected as a loss of $1.9 million (2006—gain of $1.8 million) in the United States GAAP reconciliation note.

The Company hedges a portion of its exposure to foreign exchange. Since the adoption of the Canadian GAAP standards for Hedging Activities on January 1, 2007, the Company has elected to designate the forward contracts as hedging instruments for both Canadian and United States GAAP purposes. Accordingly, the changes in fair value of derivatives designated as cash flow hedges will be recognized in other comprehensive income. Changes in fair value of derivatives that were not designated as cash flow hedges prior to adoption of the Canadian GAAP standards are recognized in net income.

Prior to the adoption of the Canadian standards, significant differences existed between Canadian GAAP and United States GAAP with respect to the recognition of derivatives and accounting for certain hedging relationships. Under United States GAAP all derivatives are required to be recorded on the balance sheet and under Canadian GAAP certain derivatives were not recorded until settled.

(b) Sales-type and capital leases

Under United States GAAP, if the beginning of a lease term falls within the last 25% of a leased asset's total estimated economic life then it can only be classified as a capital lease if the lease transfers ownership at the end of the lease term or there is a bargain purchase option. This

exception does not exist under Canadian GAAP, therefore the lease for the DIRECTV 1 satellite and the subsequent arrangement for the same satellite, re-named Nimiq 4iR, are reported as a capital lease and sales-type lease respectively under Canadian GAAP, and as operating leases for United States GAAP.

(c) Income taxes

The income tax adjustment reflects the impact the United States GAAP adjustments described above have on income taxes.

The tax effect of rate reduction represents the adjustment to future taxes resulting from the application of the second quarter rate reduction to the accumulated gains and losses on derivatives.

(d) Uncertainty in income taxes

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FAS 109, effective for fiscal years beginning after December 15, 2006. FIN 48 provides specific guidance on the recognition, de-recognition and measurement of income tax positions in financial statements, including the accrual of related interest and penalties recorded in interest expense. An income tax position is recognized when it is more likely than not that it will be sustained upon examination based on its technical merits, and is measured as the largest amount that is greater than 50% likely of being realized upon ultimate settlement. Under Canadian GAAP, significant differences may arise as we recognize and measure income tax positions, based on our best estimate of the amount that is more likely than not of being realized.

The cumulative effect of adopting FIN 48 on January 1, 2007 resulted in a charge to retained earnings of $4.4 million.

(e) Currency translation adjustment

The Company adopted Canadian GAAP standards for Comprehensive Income effective January 1, 2007. Under this standard the currency translation adjustment and changes in the currency translation adjustment are now reported as a component of Accumulated Other Comprehensive Income and Comprehensive Income respectively. An opening adjustment on adoption of $1.1 million was made to tax effect the opening currency translation adjustment debit balance.

(f) Net benefit plans cost

Effective December 31, 2006, the Company adopted the recognition requirements of Statement of Financial Accounting Standards (SFAS) No. 158, Employers' Accounting for Defined Benefit Pension and Other Post Retirement Plans, on a prospective basis.

This standard requires that the Company recognize the funded status of benefit plans on the balance sheet as well as recognize as a component of other comprehensive income, net of tax, the actuarial losses and transitional asset and obligation. Amounts recognized in accumulated other comprehensive income are adjusted as they are subsequently recognized as components of net periodic benefit cost.

At December 31, 2006, the balance sheet was adjusted such that actuarial losses and the transitional asset and obligation that have not yet been included in net benefit plans cost at December 31, 2006 were recognized as components of accumulated other comprehensive loss, net of tax. The adjustment at December 31, 2006 resulted in an increase of $2.6 million in accumulated other comprehensive loss.

(g) Accounts payable and accrued liabilities

Included in the accounts payable and accrued liabilities balance for the year ending December 31, 2006 were bonus accruals in the amount of $7.6 million which were greater than 5% of the total current liabilities . There was no one accrual in the current period which exceeded this Securities and Exchange Commission (SEC) threshold.

(h) Presentation and disclosure of guarantees

Under Canadian GAAP, guarantees do not include indemnifications against intellectual property right infringement, whereas under United States GAAP they are included. At June 30, 2007, such indemnifications amounted to $859 million. Telesat also has guarantees where no maximum potential amount is specified.

(i) Presentation and disclosures of Statement of Cash Flow

Non-cash payments for capital assets included in accounts payable at June 30, 2007 were a use of cash of $0.6 million (June 30, 2006—use of cash of $5.0 million).

(j) Capitalized interest

Capitalized interest is disclosed as other income. Interest expense under United States GAAP would have been disclosed net of interest capitalized in other income as follows:

	June 30,	
	2007	2006
Total interest expense	10.1	14.6
Capitalized interest	(5.6)	(6.4)
Interest expense net of capitalized interest	4.5	8.2

(k) Recent changes to accounting standards

Fair value measurements

In September 2006, the FASB issued FAS 157, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. The statement does not require any new fair value measurements however it may change the methods used to measure fair value. FAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Telesat is currently in the process of assessing the impact of FAS 157 on Telesat’s results of operations and financial condition.

Exhibit 99.10

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

PRO FORMA COMBINATION OF LORAL SKYNET AND TELESAT CANADA

Unaudited Pro Forma Condensed Consolidated Financial Information

On December 16, 2006, a joint venture company ("Acquireco") formed by Loral Space & Communication Inc. ("Loral") and its Canadian partner, the Public Sector Pension Investment Board ("PSP") entered into a definitive agreement with BCE Inc. ("BCE") to acquire 100% of the stock of Telesat Canada. On October 31, 2007, Acquireco completed the Telesat Canada acquisition and substantially all of Loral Skynet Corporation's ("Loral Skynet") assets and related liabilities were transferred to a subsidiary of Acquireco. This subsidiary was combined with Telesat Canada. The parent company of Acquireco ("Telesat Holding" or "Telesat") financed the acquisition through debt from a group of financial institutions.

The following unaudited pro forma condensed consolidated statements of operations of Telesat Holding for the six month period ended June 30, 2007 and for the year ended December 31, 2006 and the unaudited pro forma condensed consolidated balance sheet of Telesat Holding as of June 30, 2007 are based on the historical financial statements of Telesat Canada and Loral Skynet Corporation after giving effect to Telesat Holding's acquisitions of Telesat Canada and Loral Skynet and the related transactions (collectively, the "Transactions"). The unaudited pro forma condensed consolidated statements of operations present the acquisitions as if they had occurred on January 1, 2006. The unaudited pro forma condensed consolidated balance sheet presents the Transactions as if they had occurred on June 30, 2007. Where applicable, all information has been translated from United States dollars ($) to Canadian dollars (CAD). Income statement information of Loral Skynet Corporation has been translated using the average exchange rate of $1.00/CAD 1.1349 for the six month period ended June 30, 2007 and $1.00/CAD 1.1344 for the year ended December 31, 2006. Balance sheet information has been translated using the June 30, 2007 exchange rate of $1.00/CAD 1.0654. The unaudited pro forma condensed consolidated financial information is presented in accordance with Canadian GAAP. A reconciliation to United States GAAP is also provided.

The Transactions have been reflected by Telesat Holding using the purchase method of accounting and the assets of Loral Skynet and Telesat Canada are presented at their estimated fair value. The unaudited pro forma condensed consolidated financial information presented, including the allocation of the purchase price, is based on preliminary estimates of the fair values of assets acquired and liabilities assumed. These preliminary estimates are based on available information, certain assumptions and preliminary valuation work performed by independent appraisers. These preliminary estimates will change upon finalization of the fair value of acquired assets and liabilities.

Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with this unaudited pro forma condensed consolidated financial information. You should read the unaudited pro forma condensed consolidated financial information and the related notes thereto in conjunction with the historical consolidated financial statements and related notes thereto of Telesat Canada and Loral Skynet Corporation, included elsewhere herein or previously filed with the Securities and Exchange Commission ("SEC") in Loral's Current Report on Form 8-K filed on August 9, 2007.

The unaudited pro forma condensed consolidated statements of operations do not include any assumptions regarding cost savings synergies which may be achievable subsequent to the close of the transactions, or the full year benefit expected as a result of the successful launch of Anik F3 in April 2007. Nor does the unaudited pro forma condensed consolidated statement of operations include the effect of certain non-recurring transactions such as payments under retention plans to employees of Telesat Canada or Loral Skynet and redemption premiums relating to the early extinguishment of debt. The unaudited pro forma condensed consolidated financial information is not necessarily indicative of the financial position or results of operations that would actually have occurred had the Transactions been consummated as of the dates or at the beginning of the periods presented, nor is it necessarily indicative of future operating results or financial position.

Telesat Holding
Unaudited Pro Forma Condensed Consolidated Statement of Operations [1]
For the Year Ended December 31, 2006

	Historical Loral Skynet Corporation (US$)	Historical Loral Skynet Corporation (CAD)	Historical Telesat Canada (CAD)	Pro Forma Adjustments Acquisition (CAD)	Pro Forma Adjustments Financing (CAD)	Pro Forma (CAD)
			(in millions)			
Service revenues	163.7	185.7	435.1			620.8
Equipment sales revenues			43.9			43.9
Total operating revenues	163.7	185.7	479.0			664.7
Amortization	45.6	51.7	120.7	19.5 [a]		191.9
Operations and administration	97.0	110.0	183.4	(2.0) [a]		291.4
Cost of equipment sales			34.6			34.6
Corporate allocations and management fees	9.9	11.2		(5.6) [i]		5.6
Total operating expenses	152.5	172.9	338.7	11.9		523.5
Operating income	11.2	12.8	140.3	(11.9)		141.2
Interest and investment income	8.7	9.9		(8.1) [a2]		—
				(1.8) [j]		
Interest expense	(17.6)	(20.0)	(24.6)	(4.1) [j]	(11.2) [d]	(333.5)
					(301.4) [e]	
					(2.5) [e]	
					(7.3) [f]	
					37.6 [g]	
Other (expense) income	(4.7)	(5.3)	10.0	5.9 [j]		10.6
(Loss) income before taxes	(2.4)	(2.6)	125.7	(20.0)	(284.8)	(181.7)
Income tax (provision) benefit	(5.4)	(6.1)	(21.7)	7.1 [k]	96.9 [k]	76.2
(Loss) income after tax	(7.8)	(8.7)	104.0	(12.9)	(187.9)	(105.5)
Equity losses of affiliates	(7.1)	(8.1)	—	8.1 [a2]	—	—
Net (loss) income	(14.9)	(16.8)	104.0	(4.8)	(187.9)	(105.5)

(1) The Pro Forma column is presented in accordance with Canadian GAAP.

Telesat Holding

Unaudited Pro Forma Condensed Consolidated Statement of Operations [1]
For the Six Months Ended June 30, 2007

	Historical Loral Skynet Corporation (US$)	Historical Loral Skynet Corporation (CAD)	Historical Telesat Canada (CAD)	Pro Forma Adjustments Acquisition (CAD)	Pro Forma Adjustments Financing (CAD)	Pro Forma (CAD)
			(in millions)			
Service revenues	69.0	78.3	224.3			302.6
Equipment sales revenues			26.1			26.1
Sales-type lease revenues			32.6			32.6
Total operating revenues	69.0	78.3	283.0			361.3
Amortization	26.4	30.0	61.4	9.8 [a]		101.2
Operations and administration	43.4	49.3	86.5			135.8
Cost of equipment sales			21.2			21.2
Cost of sales-type lease			15.5			15.5
Corporate allocations and management fees	5.9	6.7		(3.9) [i]		2.8
Total operating expenses	75.7	86.0	184.6	5.9		276.5
Operating (loss) income	(6.7)	(7.7)	98.4	(5.9)		84.8
Interest and investment income	2.9	3.3		(0.5) [j]		—
				(2.8) [a2]		
Interest expense	(6.3)	(7.1)	(10.6)	(7.3) [j]	(5.6) [d]	(169.2)
					(150.8) [e]	
					(1.4) [e]	
					(3.9) [f]	
					17.5 [g]	
Unrealized gain on foreign exchange contracts	65.5	74.3				74.3
Other income	0.1	0.1	6.5	7.8 [j]		14.4
Income (loss) before taxes	55.5	62.9	94.3	(8.7)	(144.2)	4.3
Income tax (provision) benefit	(23.7)	(26.9)	(29.8)	3.1 [k]	48.9 [k]	(4.7)
Income (loss) after tax	31.8	36.0	64.5	(5.6)	(95.3)	(0.4)
Equity losses of affiliates	(4.6)	(5.2)	—	5.2 [a2]	—	—
Net income loss	27.2	30.8	64.5	(0.4)	(95.3)	(0.4)

(1) The Pro Forma column is presented in accordance with Canadian GAAP.

Telesat Holding

Unaudited Pro Forma Condensed Consolidated Balance Sheet [1]
June 30, 2007

	Historical Loral Skynet Corporation (US$)	Historical Loral Skynet Corporation (CAD)	Historical Telesat Canada (CAD)	Pro Forma Adjustments Acquisition (CAD)	Pro Forma Adjustments Financing (CAD)	Pro Forma (CAD)
				(in millions)		
Assets:						
Cash and cash equivalents	14.7	15.7	44.4	(3,277.1) [a]	513.5 [d]	70.2
				(34.3) [a]	3,231.6 [e]	—
				(5.2) [h]	(67.9) [f]	
					(350.5) [g]	
Accounts receivable, net	12.2	13.0	247.2	(201.0) [a]		59.2
Other current assets	85.1	90.6	43.3	(10.3) [a]	(63.6) [e]	59.5
				(0.5) [a]		
Deferred tax asset—current	—	—	5.5			5.5
Total current assets	112.0	119.3	340.4	(3,528.4)	3,263.1	194.4
Property, plant and equipment—net	464.5	494.9	1,446.4	(46.6) [a]		1,894.7
Investments in and advances to affiliates	95.6	101.8	15.1	(101.8) [a]		0.6
				(14.5) [a]		
Goodwill	72.7	77.4	53.5	(130.9) [a]		2,192.3
				2,192.3 [a]		
Other assets	61.5	65.5	40.5	(3.8) [a]	(6.0) [g]	1,027.5
				930.4 [a]		
				0.9 [a]		
Total assets	806.3	858.9	1,895.9	(702.4)	3,257.1	5,309.5
Liabilities and Shareholders' Equity						
Current portion of debt	—	—	3.3		21.2 [e]	24.5
Accounts payable	5.3	5.6	32.3			37.9
Accrued employment costs	4.9	5.2	—			5.2
Customer advances	8.8	9.4	50.2			59.6
Income taxes payable	3.0	3.2	12.3	(3.2) [a]		12.3
Accrued interest and preferred dividends	20.7	22.1	—		(22.1) [b]	—
Other current liabilities	0.3	0.3	58.7	(21.2) [a]		37.5
				(0.3) [a]		
Due to related parties	64.7	68.9	—	(63.6) [a]		5.3
Total current liabilities	107.7	114.7	156.8	(88.3)	(0.9)	182.3
Pension and other postretirement liabilities	19.1	20.3	10.7	(9.4) [a]		26.5
				4.9 [a]		
Long-term debt	128.0	136.4	211.2		3044.4 [e]	2,954.8
					(23.8) [e]	
					(345.5) [g]	
					(67.9) [f]	
Long-term liabilities	72.3	77.0	350.7	(24.8) [a]	99.9 [e]	502.8
Deferred tax liability—long-term	—	—	197.6	115.9 [a]		313.5
Preferred stock, mandatorily redeemable					159.8 [d]	159.8
Total liabilities	327.1	348.4	927.0	(1.7)	2,866.0	4,139.7
Shareholders' equity						
Parent company investment	289.2	308.1	—	(548.1) [c]	240.0 [b]	—
Common stock	—	—	341.1	(341.1) [c]	35.5 [b]	1,199.4
				783.9 [a]	353.7 [d]	
					26.3 [e]	
Series A preferred stock	225.3	240.0			(240.0) [b]	—
Paid-in capital	—	—	184.6	(184.6) [c]		—
(Accumulated deficit) retained earnings	(43.8)	(46.7)	450.5	(403.8) [c]	(13.4) [b]	(29.6)
				(5.2) [h]	(5.0) [g]	
					(6.0) [g]	
Accumulated other comprehensive income (loss)	8.5	9.1	(7.3)	(1.8) [c]		—
Total shareholders' equity	479.2	510.5	968.9	(700.7)	391.1	1,169.8
Total liabilities and shareholders' equity	806.3	858.9	1,895.9	(702.4)	3,257.1	5,309.5

(1) The Pro Forma column is presented in accordance with Canadian GAAP.

Telesat Holding

Notes to Unaudited Pro Forma Condensed Consolidated Financial Information
(amounts in millions)

(a) Reflects the preliminary estimate of the allocation of the purchase price for Telesat Canada and Loral Skynet (CAD in millions).

The fair value of Loral Skynet reflects the negotiated value between Loral and PSP (as adjusted for the expenditures through June 30, 2007 on Telstar 11N), of which US$25.5 (CAD 27.1) was paid via the transfer of marketable securities to Loral and the balance in common stock of Telesat. The historical amounts for Loral Skynet Corporation are based on the fair values determined in connection with Loral Skynet Corporation's adoption of fresh-start accounting effective October 1, 2005.

	Loral Skynet	Telesat	Total			
Purchase price (translated at $1.00/CAD 1.0654)	27.1	3,250.0	3,277.1			
Balance of fair value of Loral Skynet	783.9		783.9			
Estimated acquisition costs [1]	—	34.3	34.3			
Total purchase price to be allocated	811.0	3,284.3	4,095.3			
Historical net assets	510.5	968.9	1,479.4			
Less, historical goodwill	(77.4)	(53.5)	(130.9)			
Less excluded assets and liabilities:						
Investment in XTAR [2]	(101.8)		(101.8)			
Globalstar securities [2]	(10.3)		(10.3)			
Due to related parties	63.6		63.6			
Tax liabilities	27.8		27.8			
Pension liabilities	9.4		9.4			
Promissory notes receivable–BCE [3]		(201.0)	(201.0)			
Promissory notes receivable–TMI [3]		(3.8)	(3.8)			
Promissory notes payable–BCE [3]		21.2	21.2			
Investment in WildBlue [3]		(14.5)	(14.5)			
Acquired historical net assets	421.8	717.3	1,139.1			
				Estimated Useful Life (years)	Amortization Expense Annual	Amortization Expense Six Months
Estimated fair value increments:						
Fixed assets	(31.3)	(15.3)	(46.6)	6.9	(6.8)	(3.4)
Intangible assets:						
Orbital locations	16.4	494.1	510.5	Indefinite		
Backlog, net	6.2	207.8	214.0	13.0	16.5	8.3
Customer relationships	51.2	138.6	189.8	19.4	9.8	4.9
Trade names	(3.9)	20.0	16.1	Indefinite		
Total intangible assets	69.9	860.5	930.4		26.3	13.2
Total adjustment to amortization					19.5	9.8
Pension asset		0.9	0.9		(1.4)	—
Other benefits liability		(4.9)	(4.9)		(0.6)	—
Total adjustment to operations and administration					(2.0)	—
Total estimated fair value increments	38.6	841.2	879.8			
Less related deferred tax impact [4]		(115.9)	(115.9)			
Identifiable net assets at fair value	460.4	1,442.6	1,903.0			
Goodwill	350.6	1,841.7	2,192.3			

(1) Represents estimated merger and acquisition, legal, valuation, accounting fees and expenses.

(2) Income associated with excluded assets has also been adjusted. Accordingly, equity losses of affiliates, relating to XTAR, of CAD 5.2, for the six months ended June 30, 2007 and CAD 8.1 for the year ended December 31, 2006 and the gain on sale of Globalstar securities realized of CAD 2.8 for the six months ended June 30, 2007 and CAD 8.1 for the year ended December 31, 2006, have also been eliminated.

(3) Pursuant to the definitive share purchase agreements with BCE, certain assets and liabilities of Telesat Canada are excluded from the sale. Refer to the financial statements of Telesat Canada for a description of these assets and liabilities.

(4) Represents a deferred tax adjustment on the Telesat fair market value increments, other than assets with indefinite lives, at the future tax rate of 31.86% and an additional valuation allowance on the tax benefit from capital losses to be incurred at the acquisition date.

The unaudited pro forma condensed consolidated financial information reflects our preliminary allocation of the purchase price to goodwill and other assets and liabilities. The final purchase price allocation may result in a different allocation of these other assets and liabilities, including intangible assets, presented in this note. An increase or decrease in the amount of purchase price allocation to amortizable assets would affect the amount of annual amortization expense. Amortizable intangible assets have been amortized on a straight-line basis in the accompanying unaudited pro forma condensed consolidated statement of operations. The fair value reflected for satellites under construction is equal to the amount of costs incurred as of June 30, 2007.

(b) Reflects the cash payments by Loral Skynet Corporation, concurrent with the close of the Transactions, to fund the redemption of the Loral Skynet Corporation Series A Preferred Stock, as well as to pay all interest, redemption premium and any other amounts that may be due in respect of Loral Skynet Corporation's senior secured notes (see Note g) (CAD in millions):

Loral Skynet Corporation Series A Preferred Stock		240.0
Accrued dividends on the Loral Skynet Corporation Series A Preferred Stock	13.4	
Accrued interest on the Loral Skynet Corporation senior secured notes	8.7	
Total accrued interest and accrued dividends	22.1	
Redemption premium on the Loral Skynet Corporation senior secured notes	13.4	
Total accrued interest, preferred dividends and redemption premium to be paid		35.5
Total cash to be paid by Loral Skynet Corporation		275.5

The charge for the redemption premium on the Loral Skynet Corporation senior secured notes has not been included in the unaudited pro forma condensed consolidated statement of operations because it is a non-recurring charge directly attributable to the Transactions.

(c) Reflects the elimination of the historical shareholders' equity as follows (CAD in millions):

	Loral Skynet Corporation	Telesat	Total
Parent company investment	548.1		548.1
Common stock		341.1	341.1
Paid-in capital		184.6	184.6
(Accumulated deficit) retained earnings	(46.7)	450.5	403.8
Accumulated other comprehensive income (loss)	9.1	(7.3)	1.8
	510.5	968.9	1,479.4

(d) Reflects the cash equity contributions by PSP and reimbursement to Loral to effect the 64% / 36% economic ownership (CAD in millions).

The cash equity contributions reflect a true-up between Telesat, PSP and Loral under the Ancillary Agreement to reflect the amounts of our relative contributions, after giving effect to among other things, the exchange rate then in effect, gains and/or losses on hedging transactions, the spending on Telstar 11N and interim taxes.

Common Equity			
PSP	399.5		
Loral	(45.8)		
Total common equity	353.7		
		Dividends @ 7%	
		Annual	Six Months
PSP Preferred Equity	159.8	11.2	5.6
Total cash to Telesat	513.5		

The PSP preferred equity has been reflected as a liability because it is mandatorily redeemable at the option of the holders on or after the twelfth anniversary of its issuance date and the dividends have been reflected as interest expense. The dividends on the preferred equity are assumed to be paid in kind (i.e. in additional shares of preferred stock) until certain financial conditions are achieved.

(e) Reflects the assumption of debt by Telesat to finance the Transactions (CAD in millions):

	Principal
Revolver (based on June 30, 2007 exchange rate of $1.00/CAD 1.0654)	26.3
Term loan A (CAD denominated)	200.0
Term loan B (based on June 30, 2007 exchange rate of $1.00/CAD 1.0654)	1,869.8
Bridge facility (based on June 30, 2007 exchange rate of $1.00/CAD 1.0654)	969.5
Total debt	3,065.6
Less, current portion	21.2
Long-term debt	3,044.4
Total debt on balance sheet	3,065.6
Original issue discount on senior secured facilities	(23.8)
Net gain on derivatives recorded by Loral Skynet Corporation in other current assets	63.6
Value of hedges contributed by PSP	26.3
Reclassification of liability for fair value of remaining basis swap derivative	99.9
Total debt proceeds received	3,231.6

Interest expense, including commitment fees and amounts to compensate lenders for Canadian withholding tax, is estimated to be CAD 150.8 for the six months ended June 30, 2007 and CAD 301.4 for the year ended December 31, 2006 based on the estimated weighted average effective interest rate for the Telesat debt of approximately 9.8%. This estimated weighted average interest rate is estimated based on rates established in the credit and bridge facility agreements at closing, as affected by exchange rates as of and for the period ended June 30, 2007 and the currency basis swap on a portion of Term loan B. The loans will typically bear interest at a floating rate of the Bankers Acceptance rate or an Alternative Base Rate, as applicable, or LIBOR plus an applicable margin. The annual pretax effect of a 1/8% variance in interest rates would be approximately CAD 4.

The senior secured debt is being issued with an all-in original issue discount of 1.0%, which equates to CAD 23.8. These amounts have been reflected as debt discount on the accompanying unaudited pro forma condensed consolidated balance sheet. Amortization of these fees was estimated using the effective interest method based on the term of the respective loans. Such amortization is estimated to be CAD 1.4, for the six months ended June 30, 2007 and CAD 2.5 for the year ended December 31, 2006.

(f) Reflects estimated financing fees and expenses in connection with the debt financing of CAD 67.9.

These amounts have been reflected as debt discount on the accompanying unaudited pro forma condensed consolidated balance sheet. Amortization of these fees was estimated using the effective interest method based on the term of the respective loans. Such amortization is estimated to be CAD 3.9, for the six months ended June 30, 2007 and CAD 7.3 for the year ended December 31, 2006.

(g) Reflects the repayment of the existing Loral Skynet Corporation senior secured notes, Telesat Canada bank debt and the Telesat Canada 8.2% Senior Notes (CAD in millions):

				Interest Expense	
	Debt	Redemption Premium	Total	Six Months Ended June 30, 2007	Year Ended December 31, 2006
Loral Skynet Corporation	136.4	(see (b) above)	136.4	10.1	20.2
Telesat Canada—long term	209.1	5.0	214.1	7.4	17.4
	345.5	5.0	350.5	17.5	37.6
Write-off of Loral Skynet's Corporation's deferred financing cost relating to the 14% senior secured notes			6.0		

The charges for the redemption premium on the Loral Skynet Corporation senior secured notes and the Telesat Canada long-term notes, as well as the write-off of the deferred financing cost relating to the Loral Skynet Corporation senior secured notes, have not been included in the unaudited pro forma condensed consolidated statement of operations because they are nonrecurring charges directly attributable to the Transactions.

(h) Reflects the estimated payments under retention plans to Telesat Canada and Loral Skynet employees of CAD 5.2.

The charges for these payments have not been included in the unaudited pro forma condensed consolidated statement of operations because they are non-recurring charges directly attributable to the Transactions. In addition, there are transaction related payments that are due to employees of Telesat Canada that are the responsibility of BCE. BCE has elected to have Telesat Canada make these payments, and as a result there will be a corresponding decrease to the purchase price.

(i) Reflects the provisions of the agreement entered into between Loral and Telesat to pay Loral US$5 annually for consulting services to be provided to Telesat (in millions):

	Six Months Ended June 30,2007	Year Ended December 31, 2006
Consulting services per agreement to be entered into with Loral	US$ 2.5	US$ 5.0
Historical Loral Corporate expenses allocated to Loral Skynet Corporation	5.9	9.9
Reduction to operating expenses	US$ 3.4	US$ 4.9
Reduction to operating expenses (translated at the average period exchange rate)	CAD 3.9	CAD 5.6

We do not believe that Telesat will incur replacement costs as a result of this arrangement.

Cash payments to Loral earned under this arrangement are assumed to be deferred with interest until a total leverage ratio is achieved under the senior secured credit facilities and notes described in Note (e) above.

(j) The Loral Skynet Corporation financial information presented herein is in accordance with Canadian GAAP in all material respects. The following reclassifications have been made to Loral Skynet's Corporation's historical financial statements to conform with the presentation used by Telesat Canada (CAD in millions):

	Six Months Ended June 30, 2007	Year Ended December 31, 2006
Reclassification of the balance of interest and investment income not eliminated in (a1) above, to other income	0.5	1.8
Reclassification of the interest expense capitalized by Loral Skynet Corporation to other income	7.3	4.1
	7.8	5.9

(k) Reflects a tax benefit on the pro forma adjustments, excluding a tax benefit on the preferred dividends described in Note (d) above, utilizing the Telesat Canada historical rate of 35.3% for the six months ended June 30, 2007 and 35.4% for the year ended December 31, 2006.

(l) The following summarizes the non-recurring charges directly attributable to the Transactions that have not been included in the accompanying unaudited pro forma condensed consolidated statement of operations as more fully described in the notes above (CAD in millions):

Note Reference		Year Ended December 31, 2006
(b)	Redemption premium on the Loral Skynet Corporation senior secured notes	13.4
(g)	Write-off of deferred financing cost relating to the Loral Skynet Corporation senior secured notes	6.0
(g)	Redemption premium on the Telesat Canada long-term notes	5.0
(h)	Estimated payments under retention plans to employees of both companies	5.2
	Total non-recurring charges directly attributable to the Transactions not included in the pro forma statement of operations	29.6

(m) The unaudited pro forma condensed consolidated financial information has been presented in accordance with Canadian GAAP. The following reconciles the differences according to Canadian GAAP and United States GAAP (CAD in millions):

	Six Months Ended June 30, 2007	Year Ended December 31, 2006
Reconciliation of Pro Forma Net Loss		
Canadian GAAP—Net income (loss)	(0.4)	(105.5)
Gains (losses) on derivatives	(12.4)	(1.0)
Sales-type lease—operating lease for United States GAAP	(29.3)	
Capital lease—operating lease for United States GAAP	13.6	
Tax effect of above adjustments	9.5	0.3
Accounting for uncertain tax positions	1.8	—
United States GAAP—Net Loss	(17.2)	(106.2)

Exhibit 99.11

PRO FORMA EFFECT ON LORAL OF THE COMBINATION OF LORAL SKYNET AND TELESAT CANADA

Unaudited Pro Forma Condensed Consolidated Financial Information

The following unaudited pro forma condensed consolidated statements of operations for the six month period ended June 30, 2007 and the year ended December 31, 2006 and the unaudited pro forma condensed consolidated balance sheet as of June 30, 2007 give effect to Loral Space & Communications Inc.'s ("Loral") contribution on October 31, 2007, of substantially all of Loral Skynet Corporation's ("Loral Skynet") assets to Telesat Holding, a new company formed by Loral and its Canadian partner is these transactions, the Public Sector Pension Investment Board ("PSP"), which also acquired 100% of the shares of Telesat Canada and certain other assets on October 31, 2007. The unaudited pro forma information also gives effect to the cash payments Loral made in connection with the redemption of Loral Skynet's 12% non-convertible preferred stock and certain other payments associated with the transaction. Loral will account for its investment in Telesat Holding using the equity method of accounting.

The unaudited Loral pro forma condensed consolidated financial information is based on the unaudited pro forma condensed consolidated financial information of Telesat Holding, included elsewhere herein. The Loral unaudited pro forma condensed consolidated statements of operations assume the contribution of Loral Skynet and the acquisition of Telesat Canada occurred on January 1, 2006 and the Loral unaudited condensed consolidated balance sheet assumes the transactions occurred on June 30, 2007. The unaudited pro forma condensed consolidated financial information of Loral reflects its investment in Telesat Holding based on the historical book value of the contributed assets and liabilities of Loral Skynet to the extent of Loral's 64% continuing economic interest in those assets and the gain related to PSP's 36% economic interest in Telesat Holding. Loral will have a significant continuing interest in Telesat Holding and, accordingly, will only recognize a gain to the extent of PSP's economic interest in the contributed assets and liabilities of Loral Skynet through their 36% ownership interest in Telesat Holding. The unaudited pro forma condensed consolidated financial information is not necessarily indicative of the financial position or results of operations that would actually have occurred had the transactions been consummated as of the dates or as at the beginning of the periods presented, nor is it necessarily indicative of future operating results or financial position.

Assumptions underlying the pro forma adjustments are described in the accompanying notes which should be read in conjunction with this unaudited pro forma condensed consolidated financial information. You should read the unaudited proforma condensed consolidated financial information and the related notes thereto in conjunction with the unaudited pro forma condensed consolidated financial information and the related notes thereto of Telesat Holding and the historical consolidated financial statements and related notes thereto of Loral Skynet and Telesat Canada included elsewhere herein or previously filed with the SEC in Loral's Current Report on Form 8-K filed on August 9, 2007, and the historical consolidated financial statements and related notes thereto of Loral, included in its Quarterly Report on Form 10-Q for the Quarterly period ended June 30, 2007 and its Annual Report on Form 10-K for the year ended December 31, 2006.

Loral Space & Communications Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
(in millions except per share amounts)

	Six Months Ended June 30, 2007			
	Historical Consolidated Loral	Historical Loral Skynet (a)	Pro Forma Adjustments	Pro Forma
Revenues from satellite manufacturing	$ 379.0	$ —	$ 31.6 (d)	$410.6
Revenues from satellite services	67.5	(69.0)	1.5 (e)	—
Total revenues	446.5	(69.0)	33.1	410.6
Cost of satellite manufacturing	347.1	—	29.3 (d)	376.4
Cost of satellite services	50.5	(50.8)	0.3 (e)	—
Selling, general and administrative expenses	75.8	(24.9)	3.4 (f)	54.3
Operating income	(26.9)	6.7	0.1	(20.1)
Interest and investment income	17.2	(2.9)	2.5 (c1)	16.8
Interest expense	(5.1)	6.3	—	1.2
Unrealized gain on foreign exchange contracts	65.5	(65.5)		
Other income	0.3	(0.2)	—	0.1
Income from operations before income taxes, equity losses in affiliates and minority interest	51.0	(55.6)	2.6	(2.0)
Income tax provision	(31.8)	23.7	(1.0) (h)	(9.1)
Income from operations before equity losses in affiliates and minority interest	19.2	(31.9)	1.6	(11.1)
Equity losses in affiliates	(1.9)	4.6	(4.6) (c1)	(12.4)
			(0.9) (d)	
			(9.6) (g)	
Minority interest	(13.5)	13.5	—	—
Net income (loss)	3.8	(13.8)	(13.5)	(23.5)
Preferred dividends	(7.7)			(7.7)
Beneficial conversion feature related to the issuance of Loral Series A-1 Preferred Stock	(25.4)			(25.4)
Net income (loss) applicable to common stockholders	$ (29.3)	$ (13.8)	$ (13.5)	$ (56.6)
Basic and diluted loss per share	$ (1.46)			$ (2.82)
Weighted average shares outstanding:				
Basic and diluted	20.1			20.1

Loral Space & Communications Inc.
Unaudited Pro Forma Condensed Consolidated Statement of Operations
(in millions except per share amounts)

	Year Ended December 31, 2006			
	Historical Consolidated Loral	Historical Loral Skynet (a)	Pro Forma Adjustments	Pro Forma
Revenues from satellite manufacturing	$ 636.6	$ —	$ 59.9 (d)	$696.5
Revenues from satellite services	160.7	(163.7)	3.0 (e)	—
Total revenues	797.3	(163.7)	62.9	696.5
Cost of satellite manufacturing	550.8	—	57.0 (d)	607.8
Cost of satellite services	98.6	(99.3)	0.7 (e)	—
Selling, general and administrative expenses	127.1	(53.2)	4.9 (f)	78.8
Gain on litigation settlement	(9.0)			(9.0)
Operating income	29.8	(11.2)	0.3	18.9
Interest and investment income	31.5	(8.7)	7.1 (c1)	29.9
Interest expense	(23.4)	17.6	—	(5.8)
Unrealized loss on foreign exchange contracts	(5.7)	5.7		
Other expense	(2.1)	(1.0)	—	(3.1)
Income from operations before income taxes, equity losses in affiliates and minority interest	30.1	2.4	7.4	39.9
Income tax provision	(20.9)	5.4	(3.0) (h)	(18.5)
Income from operations before equity losses in affiliates and minority interest	9.2	7.8	4.4	21.4
Equity losses in affiliates	(7.2)	7.0	(7.1) (c1)	(68.2)
			(1.1) (d)	
			(59.8) (g)	
Minority interest	(24.8)	24.8	—	—
Net income (loss)	$ (22.8)	$ 39.6	$ (63.6)	$ (46.8)
Basic and diluted loss per share	$ (1.14)			$ (2.34)
Weighted average shares outstanding:				
Basic and diluted	20.0			20.0

Loral Space & Communications Inc.
Unaudited Pro Forma Condensed Consolidated Balance Sheet
(in millions except share data)

	As of June 30, 2007			
	Historical Consolidated Loral	Historical Loral Skynet (a)	Pro Forma Adjustments	Pro Forma
ASSETS				
Current assets:				
Cash and cash equivalents	$ 421.6	$ (14.7)	$ (85.4) [b]	$ 321.5
Short-term investments	104.7	—	(104.7) [b]	—
Accounts receivable, net	12.3	(12.2)	—	0.1
Contracts-in-process	110.4	—	—	110.4
Inventories	92.8	(1.1)	—	91.7
Other current assets	122.4	(84.0)	9.7[c]	48.6
			0.5[c]	
Due (to) from related parties		64.7	(59.7) [c]	5.0
Total current assets	864.2	(47.3)	(239.6)	577.3
Property, plant and equipment, net	578.1	(464.5)	—	113.6
Long-term receivables	105.9	—	—	105.9
Investments in and advances to affiliates	92.3	(95.6)	95.6[c]	92.3
Investment in New Telesat			190.1[b]	536.6
			234.5[c]	
			112.0[c]	
Goodwill	288.4	(72.7)	—	215.7
Other assets	127.0	(61.5)	—	65.5
Total assets	$ 2,055.9	$ (741.6)	$ 392.6	$1,706.9
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 73.1	$ (5.3)	$ —	$ 67.8
Accrued employment costs	37.2	(4.9)	—	32.3
Customer advances and billings in excess of costs and profits	270.7	(8.8)	—	261.9
Income taxes payable	3.8	(3.0)	3.0[c]	3.8
Accrued interest and preferred dividends	25.6	(20.7)	—	4.9
Other current liabilities	19.2	(0.3)	0.3[c]	19.2
Total current liabilities	429.6	(43.0)	3.3	389.9
Pension and other postretirement liabilities	173.2	(19.1)	—	154.1
Long-term debt	128.0	(128.0)	—	—
Long-term liabilities	167.9	(72.2)	23.3[c]	119.0
Total liabilities	898.7	(262.3)	26.6	663.0
Minority interest	225.3	(225.3)	—	—
Shareholders' equity:				
Intercompany investment	—	(289.2)	289.2[c]	—
Series A-1 Cumulative 7.5% convertible preferred stock, $0.01 par value, 2,200,000 shares authorized, 140,934 shares issued and outstanding	41.6			41.6
Series B-1 Cumulative 7.5% convertible preferred stock, $0.01 par value, 2,000,000 shares authorized, 863,404 shares issued and outstanding	254.5			254.5
Common stock, $.01 par value; 40,000,000 shares authorized, 20,274,431 shares issued and outstanding at June 30, 2007	0.2	—	—	0.2
Paid-in capital	648.5	—	—	648.5
(Accumulated deficit) Retained earnings	(48.1)	43.8	(43.8) [c]	63.9
			112.0[c]	
Accumulated other comprehensive income (loss)	35.2	(8.6)	8.6[c]	35.2
Total shareholders' equity	931.9	(254.0)	366.0[c]	1,043.9
Total liabilities and shareholders' equity	$ 2,055.9	$ (741.6)	$ 392.6	$1,706.9

Loral Space & Communications Inc.
Notes to Unaudited Pro Forma Condensed Consolidated Financial Information
(amounts in millions)

(a) The Loral Skynet results of operations and financial position have been presented separately on the accompanying unaudited condensed consolidated statement of operations and balance sheet, respectively, to be deducted from the Loral consolidated results as the first step in determining the pro forma effect of the transactions.

(b) Reflects the cash payments by Loral, concurrent with the close of the transactions, to redeem the Loral Skynet Series A Preferred Stock, as well as to pay all interest, redemption premium and any other amounts that may be due in respect of Loral Skynet's senior notes, net of the cash received from Telesat Holding to effect the 64% / 36% ownership split (US$ in millions):

Loral Skynet Series A Preferred Stock	$225.3
Accrued dividends on the Loral Skynet Series A Preferred Stock	12.5
Accrued interest on the Loral Skynet senior notes	8.2
Redemption premium on the Loral Skynet senior notes	12.6
Cash received from New Telesat to effect 64% / 36% economic ownership	(43.0)
Net cash paid by Loral for its investment in Telesat Holding	215.6
Cash proceeds from Telesat Holding for the contribution of Loral Skynet	(25.5)
Net cash to be paid by Loral	$190.1

(c) Reflects the elimination of the historical Loral Skynet equity accounts and the contribution of Loral Skynet to Telesat Holding at historical book value, as follows (in millions):

Historical net assets of Loral Skynet	$254.0
Less, excluded assets and liabilities:	
Investment in XTAR [(1)]	95.6
Globalstar securities [(1)]	9.7
Due to related parties	(59.7)
Tax liabilities	(26.1)
Net assets contributed to Telesat Holding	$234.5

(1) Income associated with assets excluded from the contribution of Loral Skynet to Telesat Holding has also been adjusted. Accordingly, equity losses of affiliates of $4.6 and $7.1 for the six months ended June 30, 2007 and the year ended December 31, 2006, respectively, relating to XTAR, and the gain on sale of Globalstar securities realized of $2.5 and $7.1 for the six months ended June 30, 2007 and the year ended December 31, 2007, respectively, have also been reinstated.

The unaudited pro forma condensed consolidated statements of operations do not reflect the non-recurring gain Loral will record related to the contribution of Loral Skynet by Loral, as follows (in millions):

Consideration received for the contribution of Loral Skynet to Telesat Holding:

Cash	CAD 27.1
Equity value in Telesat Holding	783.9
Total consideration	CAD 811.0
Adjusted to US $ ($1.00/CAD1.0654)	$ 761.2
Less, net cash paid by Loral for its investment in Telesat Holding	(215.6)
Net consideration for the contribution of Loral Skynet to Telesat Holding	545.6
Book value of net assets contributed per above	(234.5)
Total gain	$ 311.1
Partial gain to be recognized	$ 112.0

The partial gain to be recognized represents the total gain less the portion of that gain represented by the 64% economic interest retained, in accordance with EITF 01-2: *Interpretations of APB Opinion NO. 29.*

(d) Reflects the recharacterization of intercompany sales and gross profit from SS/L to Loral Skynet that were fully eliminated in the Loral consolidated results and will now be eliminated in the "Equity (Losses) Income of Affiliates" line to the extent of Loral's 64% economic interest in Telesat Holding, as follows (in millions):

	Six Months Ended June 30, 2007	Year Ended December 31, 2006
Revenues	$ 31.6	$ 59.9
Cost of sales	29.3	57.0
Gross profit	$ 2.3	$ 2.9
Elimination to the extent of Loral's economic interest (64%)	$ 1.5	$ 1.9
Elimination, net of 40% tax rate	$ 0.9	$ 1.1

(e) Reflects the reinstatement of intercompany sales of $1.5 and $3.0 from Loral Skynet to SS/L for the six months ended June 30, 2007 and the year ended December 31, 2006, respectively, and intercompany eliminations of $0.3 and $0.7 for the six months ended June 30, 2007 and the year ended December 31, 2006, respectively, primarily relating to depreciation expense, that were eliminated in Loral's consolidated results.

(f) Reflects the provisions of the agreement with PSP for Telesat Holding to pay Loral $5 annually for consulting services to be provided to Telesat Holding (in millions):

	Six Months Ended June 30, 2007	Year Ended December 31, 2006
Consulting services per agreement with Telesat Holding	$ 2.5	$ 5.0
Historical Loral Corporate expenses allocated to Loral Skynet	5.9	9.9
Excess Corporate expenses to be absorbed by Loral	$ (3.4)	$ (4.9)

(g) Reflects our share of the earnings of Telesat Holding, as follows (in millions):

	Six Months Ended June 30, 2007	Year Ended December 31, 2006
Pro forma net loss of Telesat Holding in Canadian Dollars and in accordance with US GAAP	CAD (17.2)	CAD (106.2)
Loral's share - 64%	CAD (11.0)	CAD (68.0)
Add 64% of the amortization on the fair value step-ups for Loral Skynet	0.1	0.2
Pro forma net loss of Telesat Holding in Canadian Dollars, as adjusted	CAD (10.9)	CAD (67.8)
Converted to U.S. dollars at $1.00/CAD 1.1349 and $1.00/CAD 1.1344, respectively	$ (9.6)	$ (59.8)

(1) The contribution by Loral of the Loral Skynet operations to Telesat Holding will be recorded by Loral at the historical book value with only partial gain recognition as described in Note (c), above. However, the contribution will be recorded by Telesat Holding at fair value. Accordingly, the amortization of the fair value step-ups applicable to the Loral Skynet assets and liabilities will be proportionately adjusted in determining Loral's proportionate share of the earnings of Telesat Holding.

(h) Reflects a tax provision on the pro forma adjustments using the statutory rate of 39.5%. Assumes a 100% valuation allowance on the tax benefit relating to the equity loss on affiliates described in Note (g) above.