

Bond Number: K07169681

Federal Communications Corporation (FCC)
TELSTAR-11R Satellite License Payment Bond

KNOW ALL PERSONS BY THESE PRESENTS, That Loral Orion, Inc. (hereinafter called the Principal), and Westchester Fire Insurance Company, a corporation of the state of New York (hereinafter called the Surety), are held and firmly bound unto the United States Treasury (hereinafter called the Obligee), in the maximum penal sum of THREE MILLION DOLLARS (\$3,000,000.00) to the payment of which sum, well and truly be made, the Principal and Surety bind themselves, and each of their heirs, administrators, executors and assigns, jointly and severally, firmly by these presents. Regardless of the number of years this bond may liability of the Surety payable under this bond shall not be cumulative and is limited to the stated maximum penal sum.

WHEREAS, the Principal's application to launch and operate its TELSTAR-11R satellite, has been granted by the Federal Communications Commission ("FCC") and the Principal is authorized to launch and operate its TELSTAR-11R satellite at 37.5 degrees West Longitude in accordance with the terms and conditions set forth in its authorization and subsequently granted modification to that authorization which are hereby referred to and made a part of hereof.

WHEREAS, the Principal must file a payment bond with the FCC pursuant to the procedures set forth in Public Notice, DA 03-2602, 18 FCC Red 16283 (2003) within 30 days of the application being granted.

NOW, THEREFORE, THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, that if the Principal shall well and truly perform each every obligation in said application at the time and in the manner specified during the term of this bond, then this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, That this bond is subject to the following conditions:

1. TELSTAR-11R must be constructed, launched, and placed into operation in accordance with the technical parameters and terms and conditions of the attached authorization and subsequent modification by the following specified time periods-milestones.
 - a. Execute a binding contract for construction within one year (9/28/2005)
 - b. Complete the Critical Design Review within two years (9/28/2006)
 - c. Commence construction within three years (9/28/2007)
 - d. Launch and begin operations within five years (9/28/2009)
2. Upon completion of each milestone, confirmation of which will be filed with the FCC by Principal, and issuance of a Public Notice by the FCC confirming same, the maximum penal sum of the bond shall be reduced by 25% (\$750,000.00) via a rider to this bond sent to the FCC and the Obligee.
3. In the event of a Notice of Default (i.e. an order or public notice revoking Principal's authorization) issued by the FCC to the Principal and the Surety regarding the performance of the milestones specified above during the term of this bond, the Surety shall be liable only up to the current outstanding maximum penal sum amount after giving effect to applicable milestone reductions. It is also understood and unconditionally agreed that upon receipt of such Notice of Default, the sole remedy under this bond will be the tender of payment of the current outstanding maximum penal sum of the bond (taking into account subsequent riders to the maximum penal sum of the bond described above) within thirty (30) business days of such Notice of Default.

Any such Notice of Default made under this Bond shall be made in writing and shall be given a personal delivery or expedited delivery service, postage pre-paid, addressed to the parties at the addresses specified below:

To the Surety:

Westchester Fire Insurance Company
Two Liberty Place, TL33B
1601 Chestnut Street
Philadelphia, PA 19103

To the Principal:

Loral Orion, Inc.
In care of: Loral Space & Communications Ltd.
600 Third Avenue
New York, NY 10016
Attention: John P. Stack

With a required copy to:

Loral Orion, Inc.
In care of: Loral Skynet
500 Hills Drive
PO Box 7018
Bedminster, NJ 07921
Attention: Jeffrey Stine

4. No right of action shall accrue on this bond to or for the use of any person or corporation other than the Oblige named herein or the heirs, executors, administrators or successors of the Oblige.
5. If any conflict or inconsistency exists between the Surety's obligations or undertakings as described in this bond and as described in other documents, statutes or regulations, then the terms of this bond shall prevail.

This bond shall be effective 28th day of October, 2004, and shall cease at such time as the FCC confirms that the Principal has satisfied all of the milestones set forth in paragraph 1.

Signed and sealed this 27th day of October, 2004.

Principal: Loral Orion, Inc.

By: John P. Stack
John Stack - Assistant Treasurer

Art Katz
(Witness) Art Katz -
Vice President & Secretary

Surety: Westchester Fire Insurance Company

By: Paula Seymour
Paula Seymour - Attorney-in-Fact

Michael Seff
(Witness) - Michael Seff

Power of Attorney

WESTCHESTER FIRE INSURANCE COMPANY



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Know all men by these presents: That **WESTCHESTER FIRE INSURANCE COMPANY**, a corporation of the State of New York, having its principal office in the City of Atlanta, Georgia, pursuant to the following Resolution, adopted by the Board of Directors of the said Company on November 8, 1999, to wit:

- RESOLVED, that the following Rules shall govern the execution for the Company of bonds, undertakings, recognizances, contracts and other writings in the nature thereof:
- (1) That the President, any Senior Vice President, any Vice President, and Assistant Vice President, or any Attorney-in-Fact, may execute for and on behalf of the Company any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof; the same to be attested when necessary by the Corporate Secretary, or any Assistant Corporate Secretary, and the seal of the Company affixed thereto; and that the President, any Senior Vice President, any Vice President or any Assistant Vice President may appoint and authorize any other Officer (elected or appointed) of the Company, as Attorney-in-Fact to so execute or attest to the execution of all such writings on behalf of the Company and to affix the seal of the Company thereon.
 - (2) Any such writing executed in accordance with these Rules shall be as binding upon the Company in any case as though signed by the President and attested to by the Corporate Secretary.
 - (3) The signature of the President, or a Senior Vice President, or a Vice President, or an Assistant Vice President and the seal of the Company may be affixed by facsimile on any power of attorney granted pursuant to this Resolution, and the signature of a certifying Officer and the seal of the Company may be affixed by facsimile to any certificate of any such power, and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company.
 - (4) Such other Officers of the Company, and Attorneys-In-Fact shall have authority to certify or verify copies of this Resolution, the By-Laws of the Company, and any affidavit or record of the Company necessary to the discharge of their duties.
 - (5) The passage of this Resolution does not revoke any earlier authority granted by Resolutions of the Board of Directors.

Does hereby nominate, constitute and appoint **JAMES HOLLAND, TRACEY D. WATSON, THERESA GIRALDO, PAULA SEYMOUR, MIGDALIA OTERO, SHIRLEY DEWELY, TERRY ANN GONZALES-SELMAN, MICHAEL SEFF, BEVERLY WOOLFORD, IVETTE PIMIENTA, DEBRA L. TEPLITZKY, FRANCESCA PAPA, SUZANNE BLAU and TATYANA OFENBAKH** all of the City of New York, State of New York, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding Ten Million Dollars (\$10,000,000) and the execution of such writings in pursuance of these presents shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office.

IN WITNESS WHEREOF, the said Stephen M. Haney, Vice-President, has hereunto subscribed his name and affixed the corporate seal of the said **WESTCHESTER FIRE INSURANCE COMPANY** this 24th day of May 2004.



WESTCHESTER FIRE INSURANCE COMPANY

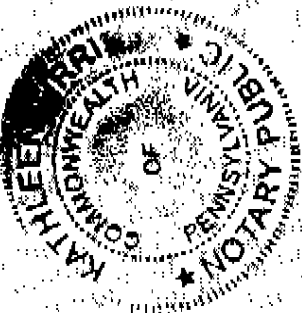
Stephen M. Haney

Stephen M. Haney, Vice President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

On this 24th day of May, A.D. 2004, before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came Stephen M. Haney, Vice-President of the **WESTCHESTER FIRE INSURANCE COMPANY** to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company; that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.



NOTARIAL SEAL
Kathleen Tirri, Notary Public
Philadelphia, Philadelphia County
My commission expires September 22, 2007

Kathleen Tirri

Notary Public

I, the undersigned Secretary of **WESTCHESTER FIRE INSURANCE COMPANY**, do hereby certify that the original **POWER OF ATTORNEY**, of which the foregoing is a substantially true and correct copy, is in full force and effect.

In witness whereof, I have hereunto subscribed my name as Secretary, and affixed the corporate seal of the Corporation, this 27th day of October 2004.



George D. Mulligan

George D. Mulligan, Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER May 24, 2006.


State of NEW YORK

County of NEW YORK

On this 27th day of October, 20 04, before me personally came Paula Seymour who being by me duly sworn, did depose and say that he is an Attorney-in-Fact of the Westchester Fire Insurance Company, and knows the corporate seal affixed to said annexed instrument is such corporate seal, and was thereto affixed by authority of the Power of Attorney, of said Company of which a Certified Copy is hereto attached, and that he signed said Instrument as an Attorney-in-Fact of said Company by like authority.

NETTE PIMIENTA
NOTARY PUBLIC, State of New York
No. 01PI6063530
Qualified in New York County
Commission Expires September 4, 2005

Acknowledged and Sworn to before me on the date
above written



Notary Public

WESTCHESTER FIRE INSURANCE COMPANY

FINANCIAL STATEMENT

DECEMBER 31, 2003

ADMITTED ASSETS

BONDS	\$1,211,249,339
SHORT - TERM INVESTMENTS	32,098,606
STOCKS	2,499,900
REAL ESTATE	0
CASH ON HAND AND IN BANK	2,502,736
PREMIUM IN COURSE OF COLLECTION	77,829,346
INTEREST ACCRUED	13,923,276
OTHER ASSETS	<u>84,597,742</u>
TOTAL ASSETS	<u>1,434,698,844</u> ✓

LIABILITIES

RESERVE FOR UNEARNED PREMIUMS	\$379,073,789
RESERVE FOR LOSSES	747,946,558
RESERVE FOR TAXES	8,300,884
FUNDS HELD UNDER REINSURANCE TREATIES	13,943
OTHER LIABILITIES	<u>(176,810,273)</u>
TOTAL LIABILITIES	<u>\$958,524,901</u>

CAPITAL: SPECIAL SURPLUS	\$117,300,000
CAPITAL: 928,592 SHARES, \$4.85 PAR VALUE	4,503,671
CAPITAL: PAID IN	128,333,500
SURPLUS (UNASSIGNED)	<u>226,036,772</u>
SURPLUS TO POLICYHOLDERS	<u>476,173,943</u>
TOTAL	<u>\$1,434,698,844</u> ✓

(*EXCLUDES PREMIUM MORE THAN 90 DAYS DUE.)

STATE OF PENNSYLVANIA

COUNTY OF PHILADELPHIA

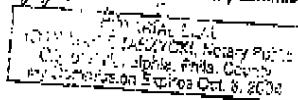
John P. Taylor, being duly sworn, says that he is Vice President of Westchester Fire Insurance Company and that to the best of his knowledge and belief the foregoing is a true and correct statement of the said Company's financial condition as of the 31 st day of December, 2003.

Sworn before me this 16th day of April, 2004.

John P. Taylor
Vice President

Janet Marie Janczyk
Notary Public

10/18/2004
My commission expires



/short forms 2003Awd/c/

ace usa

<u>Westchester Fire Insurance Company</u>	Insurance Company
<u>Loral Orion, Inc.</u>	Policy Holder
<u>KO7169681</u>	Policy Number
<u>Marsh USA Inc.</u>	Broker/Producer

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

You should be aware that under the Terrorism Risk Insurance Act of 2002 ("The Act") effective November 28, 2002, any losses caused by certified acts of terrorism under your existing coverage may be partially reimbursed by the United States under a formula established by federal law (applicability is subject to the terms and conditions of each individual policy). The Act was specifically designed to address the ability of businesses and individuals to obtain property and casualty insurance for terrorism and to protect consumers by addressing market disruptions and ensure the continued availability of terrorism coverage.

Under the terms of The Act, you may now have the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism, to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Responsibility for Compensation under The Act is shared between insurance companies covered by The Act and the United States. Under the formula set forth in The Act, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible, which is paid by the insurance company providing the coverage.

We are providing you with the terrorism coverage required by The Act. We have not established a separate price for this coverage; however, the portion of your premium that is reasonably attributable to such coverage is: \$0.