

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14D-1  
(Amendment No. 11)

TENDER OFFER STATEMENT  
PURSUANT TO SECTION 14(d)(1) OF THE  
SECURITIES EXCHANGE ACT OF 1934

LORAL CORPORATION  
(Name of Subject Company)

LOCKHEED MARTIN CORPORATION  
LAC ACQUISITION CORPORATION  
(Bidders)

Common Stock, par value \$0.25 per share  
(Title of Class of Securities)

543859 10 2  
(CUSIP number of Class of Securities)

Frank H. Menaker, Jr., Esq.  
Lockheed Martin Corporation  
6801 Rockledge Drive  
Bethesda, Maryland 20817  
(301) 897-6000  
(Name, address and telephone number of person  
authorized to receive notice and communications on  
behalf of the person(s) filing statement)

With a copy to:

Peter Allan Atkins, Esq.  
Lou R. Kling, Esq.  
Skadden, Arps, Slate, Meagher & Flom  
919 Third Avenue  
New York, New York 10022  
(212) 735-3000

This Amendment No. 11 amends and supplements the Tender Offer Statement on Schedule 14D-1 (as may be amended from time to time, the "Schedule 14D-1") of LAC Acquisition Corporation, a New York corporation (the "Purchaser") and a wholly-owned subsidiary of Lockheed Martin Corporation, a Maryland corporation ("Lockheed Martin"), filed on January 12, 1996 with the Securities and Exchange Commission (the "Commission") in respect of the tender offer (the "Offer") by the Purchaser for all of the outstanding shares of Common Stock, par value \$0.25 per share, of Loral Corporation (the "Company" or "Loral"). The Offer is being made pursuant to an Agreement and Plan of Merger dated as of January 7, 1995 by and among the Company, Purchaser and Lockheed Martin. All capitalized terms set forth herein which are not otherwise defined herein shall have the same meanings as ascribed thereto in the Offer to Purchase, dated January 12, 1996 (which is attached as Exhibit (a)(9) to the Schedule 14D-1 (the "Offer to Purchase")). In connection with the foregoing, the Purchaser and Lockheed Martin are hereby amending and supplementing the Schedule 14D-1 as follows:

Item 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

Item 5(a)-(e) is hereby amended and supplemented by the addition of the following paragraphs thereto:

"The Distribution Agreement. The Distribution Agreement will be amended as of April 15, 1996 as set forth below. All capitalized terms set forth in this paragraph which are not otherwise defined herein shall have the same meanings as ascribed thereto in the Distribution Agreement,

dated January 7, 1996, which is attached as Exhibit (c)(3) to the Schedule 14D-1.

1. Subject to the provisions of paragraph 2 below, Lockheed Martin Corporation ("Lockheed Martin") waives the provisions of Section 2.6(a) and (b) of the Distribution Agreement insofar as such provisions would otherwise prohibit, restrict or delay the assignment, conveyance or transfer of shares (the "SSL Shares") of capital stock of Space Systems/Loral, Inc. ("SSL") to Loral SpaceCom or a Loral Spacecom subsidiary prior to the Distribution Date if waivers of all Third Party Call Rights or Third Party Put Rights with respect to the SSL Shares have not been received prior to the time of such assignment, conveyance or transfer.

2. The parties consent to the prior assignment by Loral Space & Communications Corp. ("Loral Space") of all of its rights and obligations under the Distribution Agreement to Loral Space & Communications Ltd., a Bermuda company ("Loral SpaceCom"), and agree that all references to Spinco in the Distribution Agreement shall be deemed to be references to Loral Spacecom. Loral SpaceCom reaffirms and acknowledges its agreement that (x) it shall, pursuant to the provisions of Section 2.6(c) of the Distribution Agreement, indemnify Loral and all Parent Indemnified Parties for all Indemnifiable Losses arising out of, relating to or resulting from the exercise or purported exercise of any Third Party Call Right or any Third Party Put Right and (y) prior to the exercise or the receipt of waivers of Third Party Call Rights, it shall not assign, convey or transfer the applicable SSL Shares to any third party or otherwise take any action that would have the effect of denying or materially adversely affecting the Third Party Call Rights set forth in the SSL Stockholders Agreements. Loral SpaceCom further agrees that it shall indemnify and hold harmless the Company and all Parent Indemnified Parties from and against all Indemnifiable Losses arising out of, relating to or resulting from the transfer of the SSL Shares to Loral SpaceCom prior to the receipt by the Company or Loral SpaceCom of all waivers and consents otherwise required prior to such transfer, including without limitation, the continuation of the Company after the Distribution Date as a party to the SSL Stockholders Agreements. Notwithstanding anything to the contrary contained in the Distribution Agreement Amendment or in the Distribution Agreement, Loral SpaceCom shall indemnify the Company and the Parent Indemnified Parties for costs, fees and expenses of attorneys, accountants, consultants and other similar persons engaged by the Company or the Parent Indemnified Parties with respect to the matters set forth in this paragraph 2 or in Section 2.6 of the Distribution Agreement if and only to the extent that they relate to (x) claims or inquiries initiated by a third-party not affiliated with the Company or Lockheed Martin or (y) Actions.

3. (a) Notwithstanding anything to the contrary contained in Section 6.7(d) of the Distribution Agreement, the obligations and rights of the parties arising under Section 6.7(d) shall be qualified in their entirety by and subject to the limitations with respect thereto set forth in the Agreement Containing Consent Order to be entered into between Lockheed Martin and the Federal Trade Commission (the "FTC") (File No. 961-0026).

(b) Section 2.1(a), "Transfer of Assets", of the Distribution Agreement, detailing the steps in the Restructuring of the Company, is amended and supplemented by replacing Section 2.1(a) with the new Section 2.1(a) contained in Annex I to the Letter Amendment (the "Distribution Agreement Amendment" ) dated as of April 15, 1996 to the Restructuring, Financing and Distribution Agreement,

dated as of January 7, 1996, a copy of which is attached hereto and filed as Exhibit (c)(20) to the Schedule 14D-1.

(c) Spinco's indemnification obligation under Section 5.2(a)(v) of the Distribution Agreement is amended to cover all Indemnifiable Losses of Parent Indemnifiable Parties arising out of, relating to or resulting from, directly or indirectly, any transfer of Spinco Assets to, or assumption of Spinco Liabilities by, Spinco or any Spinco Company in accordance with the Distribution Agreement or otherwise in connection with the Restructuring (other than any costs and expenses which have been expressly assumed by the Company pursuant to the provisions of the Distribution Agreement) or the continuation of the Company, LAC or LAH as parties to the SSL Stockholders Agreements on or after the Distribution Date.

The foregoing summary of the Distribution Agreement Amendment does not purport to be complete and is qualified in its entirety by reference to the text of the Letter Amendment to the Distribution Agreement dated as of April 15, 1996 which is herein incorporated by reference, a copy of which is attached hereto and filed as Exhibit (c)(20) to the Schedule 14D-1."

Item 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES

Item 7 is hereby amended and supplemented as set forth in Item 5 above.

Item 10. ADDITIONAL INFORMATION.

Item 10(a) is hereby amended and supplemented as set forth in Item 5 above.

Item 10 (b)-(c) is hereby amended and supplemented by incorporating by reference therein the Agreement Containing Consent Order entered into between Lockheed Martin and the Federal Trade Commission on April 15, 1996, a copy of which is attached hereto and filed as Exhibit (c)(17) to the Schedule 14D-1.

Item 10 (b)-(c) is hereby further amended and supplemented by incorporating by reference therein the Letter from the Federal Trade Commission, dated April 18, 1996 confirming early termination of the waiting period provided by Section 7A(b)(1) of the Clayton Act and the Hart-Scott-Rodino Antitrust Improvements Act of 1976, a copy of which is attached hereto and filed as Exhibit (c)(18) to the Schedule 14D-1.

Item 10(f) is hereby amended and supplemented by incorporating by reference therein the press release issued by the Federal Trade Commission on April 18, 1996, a copy of which is attached hereto and filed as Exhibit (c)(19) to the Schedule 14D-1.

Item 11. Material to be Filed as Exhibits

Item 11 is hereby amended and supplemented by the addition of the following exhibits thereto:

Exhibit (c)(17) Agreement Containing Consent Order entered into between Lockheed Martin and the Federal Trade Commission on April 15, 1996

Exhibit (c)(18) Letter from the Federal Trade Commission, dated April 18, 1996 confirming early termination of the waiting period provided by Section 7A(b)(1) of the Clayton Act and the Hart-Scott-Rodino Antitrust Improvements Act of 1976

Exhibit (c)(19) Press Release issued by the Federal

Exhibit (c)(20) Letter Amendment dated as of April 15, 1996 to the Restructuring, Financing and Distribution Agreement, dated as of January 7, 1996, by and among Lockheed Martin Corporation, Loral Corporation, Loral Space and Communications Corporation, Loral Aerospace Holdings, Inc., Loral Aerospace Corp., Loral General Partner, Inc., Loral Globalstar, L.P., Loral Globalstar Limited

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

LAC ACQUISITION CORPORATION

By: /s/ STEPHEN M. PIPER  
Name: Stephen M. Piper  
Title: Assistant Secretary

Dated: April 22, 1996

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

LOCKHEED MARTIN CORPORATION

By: /s/ STEPHEN M. PIPER  
Name: Stephen M. Piper  
Title: Assistant Secretary

Dated: April 22, 1996

EXHIBIT INDEX

Exhibit No.	Description
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Exhibit (c)(19)	Press Release issued by the Federal Trade Commission on April 18, 1996
Exhibit (c)(20)	Letter Amendment dated as of April 15, 1996 to the Restructuring, Financing and Distribution Agreement, dated as of January 7, 1996, by and among Lockheed Martin Corporation, Loral Corporation, Loral Space and Communications Corporation, Loral Aerospace Holdings, Inc., Loral Aerospace Corp., Loral General Partner, Inc., Loral Globalstar, L.P., Loral Globalstar Limited

UNITED STATES OF AMERICA  
BEFORE FEDERAL TRADE COMMISSION

In the Matter of )  
 )  
 )  
LOCKHEED MARTIN CORPORATION, ) File No. 961-0026  
 a corporation. )  
 )  
 )  
 )

AGREEMENT CONTAINING CONSENT ORDER

The Federal Trade Commission ("Commission"), having initiated an investigation of the proposed acquisition by Lockheed Martin Corporation ("Lockheed Martin") of Loral Corporation ("Loral"), and it now appearing that Lockheed Martin, hereinafter sometimes referred to as "Proposed Respondent," is willing to enter into an agreement containing an order to divest assets, to refrain from certain acts and to provide for certain other relief:

IT IS HEREBY AGREED by and between Proposed Respondent Lockheed Martin, by its duly authorized officers and attorneys, and counsel for the Commission that:

1. Proposed Respondent Lockheed Martin is a corporation organized, existing the doing business under and by virtue of the laws of the state of Maryland with its office and principal place of business located at 6801 Rockledge Drive, Bethesda, Maryland 20817.

2. Proposed Respondent admits all the jurisdictional facts set forth in the draft of complaint here attached.

3. Proposed Respondent waives:

(a) any further procedural steps;

(b) the requirement that the Commission's decision contain a statement of findings of fact and conclusions of law;

(c) all rights to seek judicial review or otherwise to challenge or contest the validity of the order entered pursuant to this agreement; and

(d) any claim under the Equal Access to Justice Act.

4. Proposed Respondent shall submit within thirty (30) days of the date this agreement is signed by

LOCKHEED MARTIN CORPORATION  
AGREEMENT CONTAINING CONSENT ORDER

Proposed Respondent, an initial report, pursuant to Section 2.33 of the Commission's Rules, signed by Proposed Respondent setting forth in detail the manner in which the Proposed Respondent will comply with Paragraphs II. through XVI. of the order when and if entered. Such report will not become part of the public record unless and until the accompanying agreement and order are accepted by the Commission for public comment.

5. This agreement shall not become part of the public record of the proceeding unless and until it is accepted by the Commission. If this agreement is accepted by the Commission it, together with the draft of complaint contemplated thereby, will be placed on the public record for a period of sixty (60) days and information in respect thereto publicly released. The Commission thereafter may either withdraw its acceptance of this agreement and so notify the Proposed Respondent, in which event it will take such action as it may

consider appropriate, or issue and serve its complaint (in such form as the circumstances may require) and decision, in disposition of the proceeding.

6. This agreement is for settlement purposes only and does not constitute an admission by Proposed Respondent that the law has been violated as alleged in the draft of complaint here attached, or that the facts as alleged in the draft complaint, other than jurisdictional facts, are true.

7. This agreement contemplates that, if it is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of Section 2.34 of the Commission's Rules, the Commission may, without further notice to Proposed Respondent, (1) issue its complaint corresponding in form and substance with the draft of complaint here attached and its decision containing the following order to divest and refrain from certain acts in disposition of the proceeding, and (2) make information public with respect thereto. When so entered, the order shall have the same force and effect and may be altered, modified, or set aside in the same manner and within the same time provided by statute for other orders. The order shall become final upon service. Delivery by the U.S. Postal Service of the complaint and decision containing the agreed-to order to Proposed Respondent's address as stated in the agreement shall constitute service. Proposed Respondent waives any right it may have to any other manner of service. The complaint may be used in construing the terms of the order, and no agreement, understanding, representation or interpretation not contained in the order or the agreement may be used to vary or contradict the terms of the order.

8. Proposed Respondent has read the proposed complaint and order contemplated hereby. Proposed Respondent understands that once the order has been issued, it will be required to file one or more compliance reports showing that it has fully complied with the order. Proposed Respondent further understands it may be liable for civil penalties in the amount provided by law for each violation of the order after it becomes final.

#### ORDER

##### I.

IT IS ORDERED that, as used in this order, the following definitions shall apply:

A. "Respondent" or "Lockheed Martin" means Lockheed Martin Corporation, its directors, officers, employees, agents, representatives, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled by Lockheed Martin Corporation, and the respective directors, officers, employees, agents, representatives, successors and assigns of each. Lockheed Martin includes Loral Corporation, which prior to the Acquisition had its principal office and place of business located at 600 Third Avenue, New York, New York 10016; except that Lockheed Martin does not include any of the foregoing that will be part of Loral Space after the Acquisition.

B. "Loral" means Loral Corporation, a New York corporation, with its principal office and place of business located at 600 Third Avenue, New York, New York 10016, its directors, officers, employees, agents, representatives, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled by Loral Corporation, and the respective directors, officers, employees, agents, representatives, successors and assigns of each; except that Loral does not include any of the foregoing that will be part of Loral Space after the Acquisition.

C. "Commission" means the Federal Trade Commission.

D. "SETA Services" means systems engineering, technical assistance services and support services relating to Air Traffic Control Systems provided by Lockheed Martin to the Federal Aviation Administration, pursuant to Paragraphs C.2.2.1.3., C.2.2.1.5., C.2.2.1.12. and C.2.2.4. of Task Area 2 and Paragraphs C.9.1.3, C.9.2.2., C.9.2.3., C.9.2.4., C.9.2.6., C.9.2.7., C.9.2.8. and C.9.2.10. of Task Area 9 of the National Implementation and Support Contract, DTFA01-93-C-00031, that involve the development of technical and other specifications for procurements and programs; the assessment of bid and other proposals; the evaluation, testing or monitoring of any service, equipment or product provided by any company; the modification or change of any performance requirements of any contractor; or the development of financial, cost or budgetary plans, procedures or policies.

E. "SETA Services Operations" means all assets, properties, business and goodwill, tangible and intangible, held by Respondent and used in the provision of SETA Services including, without limitation, the following:

1. all rights, obligations and interests in Paragraphs C.2.2.1.3., C.2.2.1.5., C.2.2.1.12., C.2.2.4., C.9.1.3., C.9.2.2., C.9.2.3, C.9.2.4., C.9.2.6., C.9.2.7., C.9.2.8. and C.9.2.10. of contract DTFA01-93-C-00031 relating to the provision of SETA Services;

2. all customer lists, vendor lists, catalogs, sales promotion literature, advertising materials, research materials, financial information, technical information, management information and systems, software, software licenses, inventions, copyrights, trademarks, trade secrets, intellectual property, patents, technology, know-how, specifications, designs, drawings, processes and quality control data;

3. all rights, titles and interests in and to owned or leased real property, together with appurtenances, licenses and permits;

4. all rights, titles and interests in and to the contracts entered into in the ordinary course of business, including, but not limited to, contracts with customers (together with associated bid and performance bonds), suppliers, subcontractors, sales representatives, distributors, agents, personal property lessors, personal property lessees, licensors, licensees, consignors and consignees;

5. all rights under warranties and guarantees, express or implied;

6. all books, records and files;

7. all data developed, prepared, received, stored or maintained; and

8. all items of prepaid expense.

F. "Non-Public Air Traffic Control Information" means any information not in the public domain disclosed by the Federal Aviation Administration or any company to Respondent in its capacity as a provider of SETA Services.

G. "Standard Terminal Automation Replacement System" means any current or future equipment and services design, developed, proposed or provided by Loral Air Traffic Control to upgrade the traffic control equipment and systems in the Federal Aviation Administration's U.S. air traffic control terminals.

H. "Traffic Flow Management System" means any

current or future equipment and services designed, developed, proposed or provided by Loral Air Traffic Control to predict arrival and departure traffic flows at U.S. airports for the Federal Aviation Administration.

I. "Operational and Supportability Implementation Service" means any current or future equipment and services designed, developed, proposed or provided by Loral Air Traffic Control to upgrade Federal Aviation Administration flight service stations.

J. "Air Traffic Control Systems" means any current or future air traffic control equipment, system or service designed, developed, proposed or provided by Loral Air Traffic Control, including, but not limited to, the Standard Terminal Automation Replacement System, the Traffic Flow Management System and the Operational and Supportability Implementation Service, for the Federal Aviation Administration.

K. "Military Aircraft" means fixed-wing aircraft manufactured for sale to the United States or foreign governments.

L. "NITE Hawk Systems" means any airborne forward-looking infrared targeting system researched, developed, designed, manufactured or sold by Loral for use on the F/A-18 series of Military Aircraft.

M. "Simulations and Training Systems" means the operational and weapons systems trainers designed, developed, manufactured or sold by Loral that simulate Military Aircraft.

N. "Electronic Countermeasures" means systems designed, developed, manufactured or sold by Loral, including, but not limited to, the ALR-56A and ALR-56C, that detect, jam and deceive hostile radars and radar and infrared guided weapons for use on Military Aircraft.

O. "Mission computers" means any computer designed, developed, manufactured or sold by Loral, including, but not limited to, to AP1, AAAP1R and CP1075/B/C, that control monitor or manage the operations and electronics of any Military Aircraft.

P. "Unmanned Aerial Vehicle" means any unmanned aircraft used for tactical or strategic reconnaissance missions manufactured for sale to the United States or foreign governments.

Q. "Integrated Communications Systems" means systems designed, developed, manufactured or sold by Loral, including, but not limited to, the 367-6000-59-R-012 and the 367-6000-59-R-013, that are capable of both wideband satellite and line-of-sight data link communications and command and control data links for use on Unmanned Aerial Vehicles.

R. "Loral Air Traffic Control" means Loral Air Traffic Control, an entity with its principal place of business at 9211 Corporate Blvd., Rockville, Maryland 20850, or any other entity within or controlled by Lockheed Martin that is engaged in, among other things, the research, development, manufacture or sale of Air Traffic Control Systems, and its directors, officers, employees, agents, representatives, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled by Loral Air Traffic Control (or such similar entity), and the respective directors, officers, employees, agents, representatives, successors and assigns of each; except that Loral Air Traffic Control does not include any of the foregoing that will be part of Loral Space after the Acquisition.

S. "Lockheed Martin Military Aircraft Business" means any entity within or controlled by Lockheed Martin that is engaged in, among other things, the research, development, manufacture or sale of Military Aircraft or Unmanned Aerial Vehicles, and its directors, officers,



employee, agents, representatives, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled by a Lockheed Martin Military Aircraft Business and the respective directors, officers, employees, agents, representatives, successors and assigns of each.

T. "Management and Data Systems" means Lockheed Martin Management and Data Systems Division, an entity with its principal place of business at 7000 Gerdes Blvd., King of Prussia, Pennsylvania 19406, or any other entity within or controlled by Lockheed Martin that is engaged in, among other things, the provision of SETA Services, and its directors, officers, employees, agents, representatives, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled by Lockheed Martin Management and Data Systems Division (or such similar entity), and the respective directors, officers, employees, agents, representatives, successors and assigns of each.

U. "Non-Public Military Aircraft Information (NITE Hawk)" means (1) any information not in the public domain disclosed by any Military Aircraft manufacturer, other than Lockheed Martin, to Respondent or Loral in its capacity as a provider of NITE Hawk Systems and (a) if written information, designated in writing by the Military Aircraft manufacturer as proprietary information by an appropriate legend, marking, stamp or positive written identification on the face thereof, or (b) if oral, visual or other information, identified as proprietary information in writing by the Military Aircraft manufacturer prior to the disclosure or within thirty (30) days after such disclosure; or (2) any information not in the public domain disclosed by any Military Aircraft manufacturer prior to the Acquisition to Loral in its capacity as a provider of NITE Hawk Systems. Non-Public Military Aircraft Information (NITE Hawk) shall not include: (1) information known or disclosed to Respondent, excluding Loral, at the time Respondent signed the Agreement Containing Consent Order in this matter, (2) information that subsequently falls within the public domain through no violation of this order by Respondent, (3) information that subsequently becomes known to Respondent from a third party not in breach of a confidential disclosure agreement (information obtained from Loral or otherwise obtained as a result of the Acquisition shall not be considered information known to Respondent from a third party), or (4) information after six (6) years from the date of disclosure of such Non-Public Military Aircraft Information (NITE Hawk) to Respondent, or such other period as agreed to in writing by Respondent and the provider of the information.

V. "Non-Public Military Aircraft Information (Simulation and Training)" means (1) any information not in the public domain disclosed by any Military Aircraft manufacturer, other than Lockheed Martin, to Respondent or Loral in its capacity as a provider of Simulation and Training Systems and (a) if written information, designated in writing by the Military Aircraft manufacturer as proprietary information by an appropriate legend, marking, stamp or positive written identification on the face thereof, or (b) if oral, visual or other information, identified as proprietary information in writing by Military Aircraft manufacturer prior to the disclosure or within thirty (30) days after such disclosure; or (2) any information not in the public domain disclosed by any Military Aircraft manufacturer prior to the Acquisition to Loral in its capacity as a provider of Simulation and Training Systems. Non-Public Military Aircraft Information (Simulation and Training) shall not include: (1) information known or disclosed to Respondent, excluding Loral, at the time Respondent signed the Agreement containing Consent Order in this matter, (2) information that subsequently falls within the public domain through no violation of this order by Respondent, (3) information that subsequently becomes

known to Respondent from a third party not in breach of a confidential disclosure agreement (information obtained from Loral or otherwise obtained as a result of the Acquisition shall not be considered information known to Respondent from, a third party) or (4) information after six (6) years from the date of disclosure of such Non-Public Military Aircraft information (Simulation and Training) to Respondent, or such other period as agreed to in writing by Respondent and the provider of the information.

W. "Non-Public Military, Aircraft Information (Electronic Countermeasures)" means (1) any information not in the public domain disclosed by any Military Aircraft manufacturer, other than Lockheed Martin, to Respondent or Loral in its capacity as a provider of Electronic Countermeasures and (a) if written information, designated in writing by the Military Aircraft manufacturer as proprietary information by an appropriate legend, marking, stamp or positive written identification on the face thereof, or (b) if oral, visual or other information, identified as proprietary information in writing by the Military Aircraft manufacturer prior to the disclosure or within thirty (30) days after such disclosure; or (2) any information not in the public domain disclosed by any Military Aircraft manufacturer prior to the Acquisition to Loral in its capacity as a provider of Electronic Countermeasures. Non-Public Military Aircraft Information (Electronic Countermeasures) shall not include: (1) information known or disclosed to Respondent, excluding Loral, at the time Respondent signed the Agreement Containing Consent Order in this matter, (2) information that subsequently falls within the public domain through no violation of this order by Respondent, (3) information that subsequently becomes known to Respondent from a third party not in breach of a confidential disclosure agreement (information obtained from Loral or otherwise obtained as a result of the Acquisition shall not be considered information known to Respondent from a third party), or (4) information after six (6) years from the date of disclosure of such Non-Public Military Aircraft Information (Electronic Countermeasures) to Respondent, or such other period as agreed to in writing by Respondent and the provider of the information.

X. "Non-Public Military Aircraft Information (Mission Computers)" means (1) any information not in the public domain disclosed by any Military Aircraft manufacturer, other than Lockheed Martin, to Respondent or Loral in its capacity as a provider of Mission Computers, and (a) if written information, designated in writing by the Military Aircraft manufacturer as proprietary information by an appropriate legend, marking, stamp or positive written, identification on the face thereof, or (b) if oral, visual or other information, identified as proprietary information in writing by the Military Aircraft manufacturer prior to the disclosure or within thirty (30) days after such disclosure; or (2) any information not in the public domain disclosed by any Military Aircraft manufacturer prior to the Acquisition to Loral in its capacity as a provider of Mission Computers. Non-Public Military Aircraft Information (Mission Computers) shall not include: (1) information known or disclosed to Respondent, excluding Loral, at the time Respondent signed the Agreement Containing Consent Order in this matter, (2) information that subsequently falls within the public domain through no violation of this order by Respondent, (3) information that subsequently becomes known to Respondent from a third party not in breach of a confidential disclosure agreement (information obtained from Loral or otherwise obtained as a result of the Acquisition shall not be considered information known to Respondent from a third party), or (4) information after six (6) years from the date of disclosure of such Non-Public Military Aircraft Information (Mission Computers) to Respondent, or such other period as agreed to in writing by Respondent and the provider of the information.

Y. "Non-Public Unmanned Aerial Vehicle Information" means (1) any information not in the public domain disclosed by any Unmanned Aerial Vehicle manufacturer, other than Lockheed Martin, to Respondent or Loral in its capacity as a provider of Integrated Communications Systems, and (a) if written information, designated in writing by the Unmanned Aerial Vehicle manufacturer as proprietary information by an appropriate legend, marking, stamp or positive written identification on the face thereof, or (b) if oral, visual or other information, identified as proprietary information in writing by the Unmanned Aerial Vehicle manufacturer prior to the disclosure or within thirty (30) days after such disclosure; or (2) any information not in the public domain disclosed by any Unmanned Aerial Vehicle manufacturer prior to the Acquisition to Loral in its capacity as a provider of Integrated Communications systems. Non-Public Unmanned Aerial Vehicle Information shall not include: (1) information known or disclosed to Respondent, excluding Loral, at the time Respondent signed the Agreement Containing Consent Order in this matter, (2) information that subsequently falls within the public domain through no violation of this order by Respondent, (3) information that subsequently becomes known to Respondent from a third party not in breach of a confidential disclosure agreement (information obtained from Loral or otherwise obtained as a result of the Acquisition shall not be considered information known to Respondent from a third party), or (4) information after six (6) years from the date of disclosure of such Non-Public Unmanned Aerial Vehicle Information to Respondent, or such other period as agreed to in writing by Respondent and the provider of the information.

Z. "Satellite" means an unmanned machine that is launched from the Earth's surface for the purpose of transmitting data back to Earth and which is designed either to orbit the Earth or travel away from the Earth.

AA. "Restructuring Agreement" means the Restructuring, Financing and Distribution Agreement, dated as of January 7, 1996, by and among Loral Corporation, Loral Aerospace Holdings, Inc., Loral Aerospace Corp., Loral General Partner, Inc., Loral Globalstar, L.P., Loral Globalstar Limited, Loral Telecommunications Acquisition, Inc. (to be renamed Loral Space & Communications Ltd.) and Lockheed Martin Corporation.

BB. "Loral Space" means Loral Space & Communications Ltd., a company organized under the laws of the Islands of Bermuda, with its principal office and place of business located at 600 Third Avenue, New York, New York 10016, as described by the Restructuring Agreement; its directors, officers, employees, agents, representatives, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled or managed by Loral Space & Communications Ltd., including, but not limited to, Globalstar, L.P., Space Systems/Loral, Inc. and K&F Industries, Inc., and the respective directors, officers, employees, agents, representatives, successors and assigns of each; except that Loral Space does not include any of the foregoing that will be part of Loral or Lockheed Martin after the Acquisition.

CC. "Space Systems/Loral" means Space Systems/Loral, Inc., an entity with its principal place of business at 3825 Fabian Way, Palo Alto, California 94303, or any other entity within or controlled by Loral Space that is engaged in, among other things, the research, development, manufacture or sale of Satellites, and its directors, officers, employees, agents, representatives, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled by Space Systems/Loral, Inc. (or such similar entity), and the respective directors, officers, employees, agents, representatives, successors and assigns of each; except that Space Systems/Loral does not include any of the

foregoing that will be part of Loral or Lockheed Martin after the Acquisition and does not include any entity or line of business, outside of Space Systems/Loral, Inc., within or controlled by Loral Space that is not engaged in the research, development, manufacture or sale of Satellite.

DD. "Defensive Missiles Systems" are the research, development, manufacture or sale of defensive missiles systems and components, including, among other things, the Theater High Altitude Area Defense System, Corps SAM/MEADS, the Advanced Intercept Technology, National Missile Defense, Naval Upper Tier, the Airborne Laser, target programs and other related activities.

EE. "Fleet Ballistic Missiles" are the research, development, manufacture, sale or life cycle support including disposal of strategic offensive missiles and associated support equipment, including, among other things, the Trident missile.

FF. "Missile System Products Center" is the research, development, manufacture or sale of missile systems, missile components, missile technology, propulsion systems, seekers, electronics, avionics, composites, bombs, rockets and mortars, including, among other things, the Composites Initiative, the Propulsion Initiative, BLU-109 and Precision Guided Mortar Munition.

GG. "Space & Strategic Missiles" means Lockheed Martin Space & Strategic Missiles Sector, an entity with its principal place of business at 6801 Rockledge Drive, Bethesda, Maryland 20817, or any other entity within or controlled by Lockheed Martin that is engaged in, among other things, the research, development, manufacture or sale of Satellites; and its directors, officers, employees, agents, representatives, predecessors, successors and assigns; its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures controlled by Lockheed Martin Space & Strategic Missiles Sector (or such similar entity), and the respective directors, officers, employees, agents, representatives, successors and assigns of each; except that Space & Strategic Missiles does not include Defensive Missile Systems, Fleet Ballistic Missiles, and Missile System Products Center, and any other entity or line of business, outside of Lockheed Martin Space & Strategic Missiles Sector, within or controlled by Lockheed Martin that is not engaged in the research, development, manufacture or sale of Satellites.

HH. "Common LM/Loral Space Director" means any person who is simultaneously a member of the Board of Directors of Lockheed Martin or an officer of Lockheed Martin and a member of the Board of Directors of Loral Space or an officer of Loral Space.

II. "Non-Public Space Information of Lockheed Martin" means any information not in the public domain relating to Space & Strategic Missiles.

JJ. "Non-Public Space Information of Loral Space" means any information not in the public domain relating to Space Systems/Loral.

KK. "Lockheed Martin/Loral Space Technical Services Agreement" means the technical services agreement between Lockheed Martin and Loral Space, as described by Article VI, Section 6.7, Paragraph (d), of the Restructuring Agreement.

LL. "Merger Agreement" means the Agreement and Plan of Merger, dated as of January 7, 1996, by and among Loral Corporation, Lockheed Martin Corporation and LAC Acquisition Corporation.

MM. "Stockholders Agreement" means the Stockholders Agreement referred to in the Restructuring Agreement.

NN. "Non-Voting Equity Securities" means any share of stock that does not entitle the shareholder to vote

for any member of the Board of Directors.

00. "Voting Equity Securities" means any share of stock that entitles the shareholder to vote for any member of the Board of Directors.

PP. "Acquisition" means the transaction described by the Merger Agreement and the Restructuring Agreement, including, but not limited to: (1) the acquisition by Respondent of all of the outstanding voting common stock of Loral; (2) the transfer of the space and telecommunications businesses of Loral and its subsidiaries to Loral Space; (3) the acquisition by Respondent of a 20% convertible preferred stock interest in Loral Space, which in turn owns a 33% interest in Space Systems/Loral; (4) the Lockheed Martin/Loral Space Technical Services Agreement; and (5) the appointment of Mr. Bernard Schwartz, Chairman of the Board of Directors and Chief Executive Officer of Loral Space, to the position of Vice Chairman of the Board of Directors of Lockheed Martin.

## II.

IT IS FURTHER ORDERED that:

A. Respondent shall divest, absolutely and in good faith, within six (6) months of the date Respondent signed the Agreement Containing Consent Order in this matter, the SETA Services Operations, and shall not charge any costs associated with the divestiture to the Federal Aviation Administration.

B. Respondent shall divest the SETA Services Operations only to an acquirer or acquirers that receive the prior approval of the Commission and only in a manner that receives the prior approval of the Commission. The purpose of the divestiture is to ensure the continued provision of SETA Services in the same manner as provided by Respondent at the time of the proposed divestiture and to remedy the lessening of competition alleged in the Commission's complaint.

C. Pending divestiture of the SETA Services Operations, Respondent shall take such actions as are necessary to ensure the continued provision of SETA Services, to maintain the viability and marketability of the assets used to provide SETA Services, to prevent the destruction, removal, wasting, deterioration or impairment of the assets used to provide SETA Services, and to prevent the disclosure of Non-Public Air Traffic Control Information to Loral Air Traffic Control.

D. Upon reasonable notice from any acquirer or the Federal Aviation Administration to Respondent, Respondent shall provide such technical assistance to the acquirer at the acquirer's facility for a period of time sufficient to satisfy the acquirer's management that its personnel are appropriately trained in the skills necessary to perform the SETA Services Operations. Respondent shall convey all know-how necessary to perform the SETA Services Operations in substantially the same manner and quality provided by Respondent prior to divestiture, provided, however, that the Respondent may retain the right to use the know-how. However, Respondent shall not be required to continue providing such assistance for more than one (1) year from the date of the divestiture. Respondent shall charge the acquirer at a rate no more than its own costs for providing such technical assistance.

E. At the time of the execution of the purchase agreement between Respondent and a proposed acquirer of the SETA Services Operations ("Purchase Agreement"), Respondent shall provide the acquirer(s) with a complete list of all full-time, non-clerical, salaried employees of Respondent who were engaged in the provision of SETA Services on the date of the Acquisition, as well as all current full-time, non-clerical, salaried employees of Respondent engaged in the provision of SETA Services on the date of the purchase agreement. Such list(s) shall

state each such individual's name, position, address, business telephone number, or if no business telephone number exists, a home telephone number, if available and with the consent of the employee, and a description of the duties and work performed by the individual in connection with the SETA Services Operations.

F. Following the execution of the Purchase Agreement(s) and subject to the consent of the employees, Respondent shall provide the proposed acquirer(s) with an opportunity to inspect the personnel files and other documentation relating to the individuals identified in Paragraph II.E. of this order to the extent permissible under applicable laws. For a period of six (6) months following the divestiture, Respondent shall further provide the acquirer(s) with an opportunity to interview such individuals and negotiate employment contracts with them.

G. Respondent shall provide all employees identified in Paragraph II.E. of this order with reasonable financial incentives, if necessary, to continue in their employment positions pending divestiture of the SETA Services Operations, and to accept employment with the acquirer(s) at the time of the divestiture. Such incentives shall include continuation of all employee benefits offered by Respondent until the date of the divestiture, and vesting of all pension benefits (as permitted by law). In addition, respondent shall not enforce any confidentially restrictions relating to the SETA services or SETA Services Operations that apply to any employee identified in Paragraph II.E. who accepts employment with any proposed acquirer. Respondent also shall not enforce any non-compete restrictions that apply to any employee identified in Paragraph II.E. who accepts employment with any proposed acquirer.

H. For a period of one (1) year commencing on the date of the individual's employment by an acquirer, Respondent shall not re-hire any of the individuals identified in Paragraph II.E. of this order who accept employment with any acquirer, unless such individual has been separated from employment by the acquirer against that individual's wishes.

I. Prior to divestiture, Respondent shall not transfer, without the consent of the Federal Aviation Administration, any of the individuals identified in Paragraph II.E. of this order whose employment responsibilities involve access to Non-Public Air Traffic Control Information from Management and Data Systems to any other position involving business with the Federal Aviation Administration.

### III.

IT IS FURTHER ORDERED that:

A. Respondent shall not provide, disclose or otherwise make available to Loral Air Traffic Control any Non-Public Air Traffic Control Information.

B. Respondent shall use any Non-Public Air Traffic Control Information obtained by Management and Data Systems only in Respondent's capacity as provider of technical assistance to an acquirer, pursuant to Paragraph II.D. of this order.

### IV.

IT IS FURTHER ORDERED that:

A. If Respondent has not divested, absolutely and in good faith and with the Commission's prior approval, the SETA Services operations within six (6) months of the date Respondent signed the Agreement Containing Consent Order in this matter, the Commission may appoint a trustee to divest the SETA Services Operations. In the event that the Commission or the Attorney General brings an action pursuant to SECTION 5(1) of the Federal Trade

Commission Act, 15 U.S.C. SECTION 45(1), or any other statute enforced by the Commission, Respondent shall consent to the appointment of a trustee in such action. Neither the appointment of a trustee nor a decision not to appoint a trustee under this Paragraph IV. shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to SECTION 5(1) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by Respondent to comply with this order.

B. If a trustee is appointed by the Commission or a court pursuant to Paragraph IV.A. of this order, Respondent shall consent to the following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:

1. The Commission shall select the trustee, subject to the consent of Respondent, which consent shall not be unreasonably withhold. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondent has not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after notice by the staff of the commission to Respondent of the identity of any proposed trustee, Respondent shall be deemed to have consented to the selection of the proposed trustee.

2. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to divest the SETA Services Operations.

3. Within ten (10) days after appointment of the trustee, Respondent shall execute a trust agreement that, subject to the prior approval of the Commission and, in the case of a court-appointed trustee, of the court, transfers to the trustee all rights and powers necessary to permit the trustee effect the divestiture required by this order.

4. The trustee shall have twelve (12) months from the date the Commission approves the trust agreement described in Paragraph IV.B.3. to accomplish the divestiture, which shall be subject to the prior approval of the Commission. If, however, at the end of the twelve (12) month period, the trustee has submitted a plan of divestiture or believes that divestiture can be achieved within a reasonable time, the divestiture period may be extended by the Commission, or, in the case of a court-appointed trustee, by the court; provided, however, the Commission may extend this period only two (2) times.

5. The trustee shall have full and complete access to the personnel, books, records and facilities related to the SETA Services Operations, or to any other relevant information, as the trustee may request. Respondent shall develop such financial or other information as the trustee may request and shall cooperate with the trustee. Respondent shall take no action to interfere with or impede the trustee's accomplishment of the divestiture. Any delays in divestiture caused by Respondent shall extend the time for divestiture under this Paragraph in an amount equal to the delay, as determined by the Commission or, for a courtappointed trustee, by the court.

6. The trustee shall use his or her best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to Respondent's absolute and unconditional obligation to divest at no minimum price. The divestiture shall be made in the manner and to an acquirer or acquirers as set out in Paragraph II. of this order; provided, however, if the trustee receives bona fide offers from more than

one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the trustee shall divest to the acquiring entity selected by Respondent from among those approved by the Commission.

7. The trustee shall serve, without bond or other security, at the cost and expense of Respondent, on such reasonable and customary terms and conditions as the Commission or a court may set. The trustee shall have the authority to employ at the cost and expense of Respondent, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the trustee's duties and responsibilities. The trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed trustee, by the court, of the account of the trustee, including fees for his or her services, all remaining monies shall be paid at the direction of Respondent, and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the trustee's divesting the SETA Services Operations.

8. Respondent shall indemnify the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of any claim, whether or not resulting in any liability, except to the extent that such liabilities, losses, damages, claims, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the trustee.

9. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in Paragraph IV.A. of this order.

10. The Commission or, in the case of a court-appointed trustee, the court, may on its own initiative or at the request of the trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestiture required by this order.

11. The trustee may also divest such additional ancillary assets and businesses and effect such arrangements as are necessary to assure the marketability, viability and competitiveness of the SETA Services Operations.

12. The trustee shall have no obligation or authority to operate or maintain the SETA Services Operations.

13. The trustee shall report in writing to Respondent and the Commission every sixty (60) days concerning the trustee's efforts to accomplish divestiture.

V.

IT IS FURTHER ORDERED that within forty-five (45) days after the date this order becomes final and every forty-five (45) days thereafter until Respondent has fully complied with Paragraphs II. through IV. of this order, Respondent shall submit to the Commission a verified written report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with Paragraphs II. through IV. of this order. Respondent shall include in its compliance reports, among other things that are required from time to time, a full description of the efforts



being made to comply with Paragraphs II. through IV. including a description of all substantive contacts or negotiations for the divestiture required by this order, including the identity of all parties contacted. Respondent shall include in its compliance reports copies of all written communications to and from such parties, all internal memoranda and all reports and recommendations concerning the divestiture.

VI.

IT IS FURTHER ORDERED that:

A. Respondent shall not, absent the prior written consent of the proprietor of Non-Public Military Aircraft Information (NITE Hawk), provide, disclose or otherwise make available to any Lockheed Martin Military Aircraft Business any Non-Public Military Aircraft Information (NITE Hawk).

B. Respondent shall use any Non-Public Military Aircraft Information (NITE Hawk) only in respondent's capacity as a provider of NITE Hawk systems, absent the prior written consent of the proprietor of Non-Public Military Aircraft information (NITE Hawk).

VII.

IT IS FURTHER ORDERED that:

A. Respondent shall not, absent the prior written consent of the proprietor of Non-Public Military Aircraft Information (Simulation and Training), provide, disclose or otherwise make available to any Lockheed Martin Military Aircraft Business any Non-Public Military Aircraft Information Simulation and Non-training).

B. Respondent shall use any Non-Public Military Aircraft Information (Simulation and Training) only in Respondent's capacity as a provider of Simulation and Training Systems, absent the prior written consent of the proprietor of Non-Public Military Aircraft Information (Simulation and Training).

VIII.

IT IS FURTHER ORDER that:

A. Respondent shall not, absent the prior written consent of the proprietor of Non-Public Military Aircraft Information (Electronic Countermeasures), provide, disclose or otherwise make available to any Lockheed Martin Military Aircraft Business any Non-Public Military Aircraft Information (Electronic Countermeasures).

B. Respondent shall use any Non-Public Military Aircraft Information (Electronic Countermeasures) only in Respondent's capacity as a provider of Electronic Countermeasures, absent the prior written consent of the proprietor of Non-Public Military Aircraft Information (Electronic Countermeasures).

IX.

IT IS FURTHER ORDERED that:

A. Respondent shall not, absent the prior written consent of the proprietor of Non-Public Military Aircraft Information (Mission Computers), provide, disclose or otherwise make available to any Lockheed Martin Military Aircraft Business any Non-Public Military Aircraft Information (Mission Computers).

B. Respondent shall use any Non-Public Military Aircraft Information (Mission Computers) only in Respondent's capacity as a provider of Mission Computers, absent the prior written consent of the proprietor of Non-Public Military Aircraft Information (Mission Computers).

X.

IT IS FURTHER ORDERED that Respondent shall deliver a copy of this order to any United States Military Aircraft manufacturer prior to obtaining any information outside the public domain relating to that manufacturer's Military Aircraft, either from the Military Aircraft manufacturer or through the Acquisition.

XI.

IT IS FURTHER ORDERED that:

A. Respondent shall not, absent the prior written consent of the proprietor of Non-Public Unmanned Aerial Vehicle Information, provide, disclose or otherwise make available to any Lockheed Martin Military Aircraft Business any Non-Public Unmanned Aerial Vehicle Information.

B. Respondent shall use any Non-Public Unmanned Aerial Vehicle Information only in Respondent's capacity as a provider of Integrated Communications Systems, absent the prior written consent of the proprietor of Non-Public Unmanned Aerial Vehicle Information.

XII.

IT IS FURTHER ORDERED that Respondent shall deliver a copy of this order to any United States Unmanned Aerial Vehicle manufacturer prior to obtaining any information outside the public domain relating to that manufacturer's Unmanned Aerial Vehicle, either from the Unmanned Aerial Vehicle manufacturer or through the Acquisition.

XIII.

IT IS FURTHER ORDERED that:

A. Respondent shall not discuss, provide, disclosure or otherwise make available, directly or indirectly, to any Common LM/Loral Space Director of Lockheed Martin.

any Non-Public Space Information

B. Respondent shall require any Common LM/Loral Space Director to refrain from discussing, providing, disclosing or otherwise making available, directly or indirectly, any Non-Public Space Information of Loral Space to any member of the Board of Directors of Lockheed Martin, any officer of Lockheed Martin or any employee of Lockheed Martin.

C. Respondent shall conduct all matters relating to Space & Strategic Missiles without the vote, concurrence or other participation of any kind whatsoever of any Common LM/Loral Space Director.

D. Any Common LM/Loral Space Director shall not be counted for purposes of establishing a quorum in connection with any matter relating to Space & Strategic Missiles.

E. Respondent shall not provide any Common LM/Loral Space Director with any type of compensation that is based in whole or in part on the profitability or performance of Space & Strategic Missiles; provided, however, that any Common LM/Loral Space Director may receive as compensation for his or her serving on the Lockheed Martin Board of Directors such stock options or other stock-based compensation as is provided generally to other members of the Lockheed Martin Board of Directors in accordance with Respondent's ordinary practice.

XIV.

IT IS FURTHER ORDERED that:

A. Respondent shall not provide or otherwise make available, directly or indirectly, any personnel, information, facilities, technical services or support

from Space & Strategic Missiles to, Space Systems/Loral pursuant to any provision contained in the Lockheed Martin/Loral Space Technical Services Agreement.

B. Respondent shall not disclose or otherwise make available to Space & Strategic Missiles any information received in connection with the Lockheed Martin/Loral Space Technical Services Agreement.

C. Respondent shall not disclose to any Space & Strategic Missile employee any information or technical services provided to Space Systems/Loral by Lockheed Martin pursuant to the Lockheed Martin/Loral Space Technical Services Agreement.

XV.

IT IS FURTHER ORDERED that if Respondent's ownership of the equity securities of Loral Space increases to more than twenty percent (20%) of the total equity securities (including both Voting Equity Securities and Non-Voting Equity Securities) of Loral Space as the result of repurchases of equity securities by Loral Space or for any other reason, Respondent shall, following its obtaining actual knowledge of an event leading to such increase ("Event"), reduce its equity security ownership interest to a level of not more than twenty percent (20%). Those equity securities which must be sold are hereinafter referred to as the "Excess Securities." Respondent shall have a period of 185 days following its obtaining actual knowledge of the Event to sell the Excess Securities (the "Sale Period"); provided, however, that, if within ten (10), business days of Respondent's receipt of such knowledge, Respondent requests that Loral Space file a registration statement providing for such sale, the Sale Period shall be deemed to begin on the effective date of such registration statement, and shall extend for 150 days thereafter, and provided further that, if Respondent elects to sell the Excess Securities in a manner that does not require Loral Space to file a registration statement, and such sales cannot be accomplished within the Sale Period without violating Rule 144 (or any successor provision) under the Securities Act of 1933, then the Sale Period shall be extended by the minimum amount necessary to allow such securities to be sold pursuant to Rule 144 (or any successor provision). Pending the sale of Excess Securities, Respondent shall not exercise any voting rights relating to the Excess Securities. Respondent shall amend the Stockholders Agreement to provide Respondent the means of complying with the foregoing provisions and shall thereafter not amend the applicable provisions of the Stockholders Agreement in a fashion so as to impair Respondent's ability to comply with this paragraph. The provisions of this paragraph shall terminate ten (10) years from the date this order becomes final.

XVI.

IT IS FURTHER ORDERED that Respondent shall comply with all terms of the Interim Agreement, attached to this order and made a part hereof as Appendix I. Said Interim Agreement shall continue in effect until the provisions in Paragraphs II. through XVI. of this order are complied with or until such other time as is stated in said Interim Agreement.

XVII.

IT TO FURTHER ORDERED that within sixty (60) days of the date this order becomes final and annually for the next ten (10) years on the anniversary of the date this order becomes final, and at such other times as the Commission may require, Respondent shall file a verified written report with the Commission setting forth in detail the manner and form in which it has complied and is complying with Paragraphs VI. through XVI. of this order. To the extent not prohibited by United States Government national security requirements, Respondent shall include in its reports information sufficient to identify all United States Military Aircraft and Unmanned

Aerial Vehicle manufacturers with whom Respondent has entered into an agreement for the research, development, manufacture or sale of NITE Hawk Systems, Simulation and Training Systems, Electronic Countermeasures, Mission Computers or Integrated Communications Systems.

XVIII.

IT IS FURTHER ORDERED that Respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or sale of any division or any other change in the corporation in each instance where such change may affect compliance obligations arising out of the order.

XIX.

IT IS FURTHERED ORDERED that, for the purpose of determining or securing compliance with this order, and subject to any legally recognized privilege and applicable United States Government national security requirements, upon written request, and on reasonable notice, Respondent shall permit any duly authorized representatives of the Commission:

A. Access, during office hours and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Respondent, relating to any matters contained in this order; and

B. Upon five (5) days' notice to Respondent, and without restraint or interference from Respondent, to interview officers, directors, or employees of Respondent, who may have counsel present, regarding any such matters.

XX.

IT TO FURTHERED ORDERED that this order shall terminate twenty (20) years from the date this order becomes final, except as otherwise provided in this order.

Signed this 15th day of April, 1996

FEDERAL TRADE COMMISSION

LOCKHEED MARTIN CORPORATION

By: /s/ Steven K. Bernstein  
Steven K. Bernstein  
John E. Scribner  
Christina R. Perez  
Nicholas R. Koberstein  
Attorneys  
Bureau of Competition

By: /s/ Frank H. Menaker, Jr.  
Frank H. Menaker, Jr.  
General Counsel

/s/ Raymond A. Jacobsen, Jr.  
Raymond A. Jacobsen, Jr.  
Howrey & Simon  
Counsel for Lockheed  
Martin Corporation

APPROVED:

/s/ Ann Malester  
Ann Malester  
Assistant Director  
Bureau of Competition

/s/ William J. Baer  
William J. Baer  
Director  
Bureau of Competition

[BUREAU OF COMPETITION LOGO]

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

4/18/1996

Raymond A. Jacobsen Jr., Esquire  
Matthew E. Carswell, Esquire  
Howrey & Simon  
1299 Pennsylvania Avenue, N.W.  
Washington, D.C. 200042402

Re: Premerger Notification Requirements Under the  
Hart-Scott-Rodino Antitrust Improvements Act of  
1976 Transaction Identification Number 96-0920

Dear Mr. Jacobsen:

Confirming our telephone conversation of 04/18/96, a request for early termination of the waiting period provided by Section 7A(b)(1) of the Clayton Act and Section 803.10(b) of the premerger notification rules with respect to the proposed acquisition by Lockheed Martin Corporation of certain voting securities of Loral Corporation has been granted. Termination of the waiting period became effective upon communication.\*

Notice of this termination will be published in the Federal Register in accordance with Section 7a(b)(2) of the Clayton Act and Section 803.11(c) of the premerger notification rules.

Sincerely,

Renee Horton  
Sandra Peay  
Contract Representative  
Premerger Notification Office  
Bureau of Competition  
(202) 326-3100

\*Early termination granted sua sponte.

FTC NEWS

FEDERAL TRADE COMMISSION WASHINGTON, D.C. 20580 (202) 326-2180  
FOR RELEASE: APRIL 18, 1996

LOCKHEED MARTIN TO SETTLE CHARGES IN LORAL ACQUISITION

Lockheed Martin Corporation will settle Federal Trade Commission charges that its \$9.1 billion acquisition of Loral Corporation would violate antitrust laws. The FTC charged that the proposed deal would violate antitrust laws by reducing competition in the markets for the research, development, manufacture, and sale of air traffic control systems, commercial low earth orbit (LEO) satellites, commercial geosynchronous earth orbit (GEO) satellites, military tactical fighter aircraft, and unmanned aerial vehicles.

Lockheed Martin and Loral are two of the largest U.S. defense and space contractors. In January, 1996, Lockheed Martin proposed to buy Loral. As part of the transaction, Loral's space and telecommunications businesses would be transferred to a new entity, Loral Space & Communications Ltd. with Lockheed Martin purchasing a 20 percent convertible preferred equity interest in Loral Space. The proposal additionally provides that Bernard Schwartz, CEO and Chairman of the Board of Loral Space, would be appointed Vice Chairman of the Board of Lockheed Martin. Finally, the proposal contains an agreement that Lockheed Martin provide certain technical services to Loral at cost.

The terms of the settlement provide for Lockheed Martin to divest its systems engineering and technical services (SETA) contract with the Federal Aviation Administration; prohibit Lockheed Martin from providing certain technical services or information to Space Systems/Loral, a subsidiary of Loral Space & Communications Ltd.; restrict participation and compensation of persons who serve as directors or officers of both Lockheed Martin or Loral Space; limit Lockheed Martin's ownership of Loral Space; and require "firewalls" to limit information flow about competitors' tactical fighter aircraft and unmanned aerial vehicles.

"The Department of Defense and other agencies of the government are entitled, like any other consumer, to the benefits that competitive markets provide," said William J. Baer, Director of the FTC's Bureau of Competition. "This order ensures that the Lockheed Martin/Loral merger will not cause higher prices or lower quality for the defense and space industries or result in higher costs to DoD or American taxpayers."

As a result of the proposed acquisition, Lockheed Martin, currently the FAA's SETA contractor, would gain ownership of Loral, the largest supplier of air traffic control systems to the FAA. The SETA contractor is responsible for developing technical and other procurement specifications, assessing bids and other proposals submitted by companies competing for FAA contracts, and evaluating the cost and performance of the contractors.

According to the FTC complaint detailing the charges, Lockheed Martin's position as SETA contractor would allow it access to competitively sensitive, non-public information about contractors competing with Lockheed Martin/Loral for air traffic control systems business. The complaint alleges that access to that information could result in increased prices and reduced innovation. In addition, Lockheed Martin would be in a position to disadvantage competitors or raise competitors' costs by setting unfair proposal specifications or submitting unfair evaluations.

The proposed agreement to settle the FTC charges, announced today for public comment, would require that Lockheed Martin divest its SETA contract and any

associated assets, within six months, to a Commission-approved acquirer. In addition, it would require Lockheed Martin to provide technical assistance to the acquirer in order to assure uninterrupted SETA services to the FAA.

Lockheed Martin and Loral are also leading competitors in the markets for commercial LEO and GEO satellites. Under the terms of the merger agreement, Lockheed Martin proposed to acquire a 20 percent convertible, preferred stock interest in Loral Space and to provide technical assistance, including R&D support, at cost, upon Loral Space's request. Bernard Schwartz, Chairman of the Board of Directors and Chief Executive Officer of Loral Space, would be appointed to the position of Vice Chairman of the Board of Lockheed Martin, under the agreement.

According to the FTC complaint, the technical services agreement could allow Lockheed Martin to gain access to proprietary information about Loral Space's competitive activities and bidding strategies, thereby increasing the likelihood of collusion between the companies. The agreement also would likely reduce Loral Space's incentives to invest in R&D, since R&D would be included in the technical package provided at cost by Lockheed Martin. In addition, Mr. Schwartz's positions with each company would give him access to competitively sensitive information, including bid strategies, pricing and R&D plans, which could adversely impact satellite competition between the two companies. Moreover, compensation based on the profitability of Lockheed Martin's space business could diminish Schwartz's incentive to compete aggressively with Loral Space products and services against Lockheed Martin. Thus, these arrangements would violate antitrust laws, according to the complaint.

The proposed settlement would prohibit Lockheed Martin's space business from providing personnel, information or facilities to Space Systems/Loral, pursuant to the technical services agreement. It would also prohibit Lockheed Martin from acquiring an interest greater than 20 percent in Loral Space. In addition, it would prohibit any person serving as a board member or officer of both companies simultaneously, including Mr. Schwartz, from participating in Lockheed Martin's space business, obtaining non-public information relating to Lockheed Martin's space business or providing non-public information about Space Systems/Loral to Lockheed Martin. In addition, the order would prohibit compensation for individuals serving as a board member or officer of both companies to be based on the profitability or performance of Lockheed Martin's space business.

Loral is currently the sole supplier of a number of critical components for tactical fighter aircraft procured by the Department of Defense. Lockheed Martin is a leading manufacturer of tactical fighter aircraft. Integration of these critical components into the aircraft requires the transfer of non-public, competitively sensitive information between the aircraft manufacturers and the component supplier. According to the complaint, the merger of Loral and Lockheed Martin would allow Lockheed Martin/Loral to gain access to competitively sensitive information about its fighter aircraft competitors. To preserve competition and protect innovation and research, the proposed agreement to settle the charges would erect a "firewall" that would prohibit the Lockheed Martin division that manufactures and supplies critical aircraft components from making any competing aircraft manufacturers' proprietary information available to Lockheed Martin's aircraft division. Similar "firewall" provisions have been used in previous Commission orders and the Department of Defense has stated that the proposed order resolves all of the competitive concerns it identified as a result of the merger.

Currently, Loral is the sole supplier of integrated communications systems for unmanned aerial vehicles and

Lockheed Martin manufactures and markets such vehicles. Because other manufacturers of the aerial vehicles provide proprietary information to the integrated communication system supplier, the complaint alleges that the merger would allow Lockheed Martin's unmanned aerial vehicle division to gain access to competitively sensitive non-public information about competitors which could affect prices and reduce innovation and quality. The agreement to settle the charges would require a "firewall" to prevent confidential or proprietary information from being transferred from the division that develops the integrated communications systems to the unmanned aerial vehicle division.

Commission staff consulted closely with the Department of Defense during the course of this investigation and in identifying appropriate relief for the competitive concerns that were identified.

The Commission vote to announce the proposed consent agreement for public comment was 5-0. It will be published in the Federal Register shortly and will be subject to public comment for 60 days, after which the Commission will decide whether to make it final. Comments should be addressed to the FTC, Office of the Secretary, 6th Street and Pennsylvania Avenue, N.W., Washington D.C. 20580.

NOTE: A consent agreement is for settlement purposes only and does not constitute an admission of a law violation. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of \$10,000.

COPIES OF THE COMPLAINT, CONSENT AND AN ANALYSIS TO AID PUBLIC COMMENT ARE AVAILABLE FROM THE FTC'S PUBLIC REFERENCE BRANCH, ROOM 130, 6TH STREET AND PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20580; 202-326-2222; TTY FOR THE HEARING IMPAIRED 202-326-2502. TO FIND OUT THE LATEST NEWS AS IT IS ANNOUNCED, CALL THE FTC NEWSPHONE RECORDING AT 202-326-2710. FTC NEWS RELEASES AND OTHER MATERIALS ALSO ARE AVAILABLE ON THE INTERNET AT THE FTC'S WORLD WIDE WEB SITE AT: [HTTP://WWW.FTC.GOV](http://www.ftc.gov)

# # #

MEDIA CONTACT: Victoria Streitfeld or Claudia Bourne Farrell  
Office of Public Affairs  
202-326-2180

STAFF CONTACT: William J. Baer or Steven K. Bernstein  
Bureau of Competition  
202-326-2932 or 202-326-2682



LOCKHEED MARTIN CORPORATION  
6801 ROCKLEDGE DRIVE  
BETHESDA, MARYLAND 20817

as of April 15, 1996

Loral Corporation  
Loral Space & Communications Ltd.  
Loral Aerospace Holdings, Inc.  
Loral Aerospace Corp.  
Loral General Partner, Inc.  
Loral Globalstar, L.P.  
600 Third Avenue  
New York, New York 10016

Loral Globalstar Limited  
P.O. Box 309  
Ugland House  
South Church Street  
Grand Cayman Islands  
British West Indies

Re: Waiver With Respect to and Amendment  
of Distribution Agreement

Ladies and Gentlemen:

Reference is made to the Restructuring, Financing and Distribution Agreement (the "Distribution Agreement"), dated as of January 7, 1996, by and among Lockheed Martin Corporation ("Lockheed Martin"), Loral Corporation ("Loral"), Loral Aerospace Holdings, Inc., Loral Aerospace Corp., Loral General Partner, Inc., Loral Globalstar, L.P., Loral Globalstar Limited and Loral Space & Communications Corp. ("Loral SpaceCom Corp."). Terms not specifically defined herein shall have the meanings set forth in the Distribution Agreement. The following sets forth our mutual agreement with respect to certain matters relating to the Distribution Agreement.

1. Subject to the provisions of paragraph 2 below, Lockheed Martin hereby waives the provisions of Section 2.6(a) and (b) of the Distribution Agreement insofar as such provisions would otherwise prohibit, restrict or delay the assignment, conveyance or transfer of shares (the "SS/L Shares") of capital stock of Space Systems/Loral, Inc. ("SS/L") to Loral Space & Communications Ltd., a Bermuda company ("Loral SpaceCom") or a Loral SpaceCom subsidiary prior to the Distribution Date if waivers of all Third Party Call Rights or Third Party Put Rights with respect to such SS/L Shares have not been received prior to the time of such assignment, conveyance or transfer.

2. The parties consent to the prior assignment by Loral SpaceCom Corp. of all of its rights and obligations under the Distribution Agreement to Loral SpaceCom and agree that all references to Spinco in the Distribution Agreement shall be deemed to be references to Loral SpaceCom. SpaceCom hereby reaffirms and acknowledges its agreement that (x) it shall, pursuant to the provisions of Section 2.6(c) of the Distribution Agreement, indemnify the Company and all Parent Indemnified Parties for all Indemnifiable Losses arising out of, relating to or resulting from the exercise or purported exercise of any Third Party Call Right or any Third Party Put Right and (y) prior to the exercise or the receipt of waivers of Third Party Call Rights, it shall not assign, convey or transfer the applicable SS/L Shares to any third party or otherwise take any action that would have the effect of denying or materially adversely affecting the Third Party Call Rights set forth in the SSL Stockholders Agreements. Loral SpaceCom further agrees that it shall indemnify and hold harmless the Company and all Parent Indemnified Parties from and against all Indemnifiable Losses (whether as a result of injunctive action or otherwise) arising out of, relating to or resulting from the transfer of the SS/L Shares to Loral SpaceCom prior to the receipt by the Company or Loral SpaceCom of all waivers and consents otherwise

required prior to such transfer, including without limitation, the continuation of the Company after the Distribution Date as a party to the SSL Stockholder Agreements. Notwithstanding anything to the contrary contained herein or in the Distribution Agreement, Loral SpaceCom shall indemnify the Company and the Parent Indemnified Parties for costs, fees and expenses of attorneys, accountants, consultants and other similar persons engaged by the Company or the Parent Indemnified Parties with respect to the matters set forth in this paragraph 2 or in Section 2.6 of the Distribution Agreement if and only to the extent that they relate to (x) claims or inquiries initiated by a third-party not affiliated with the Company or Lockheed Martin or (y) Actions.

3. The parties agree that:

(a) Section 6.7(d) of the Distribution Agreement shall be amended by adding the following as the last sentence thereof:

"Notwithstanding anything to the contrary contained in this Section 6.7(d), the obligations and rights of the parties arising under this Section 6.7(d) shall be qualified in their entirety by and subject to the limitations with respect thereto set forth in the Agreement Containing Consent Order to be entered into between Parent and the Federal Trade Commission (File No. 961-0026)."

(b) Section 2.1(a) is hereby amended by deleting such Section 2.1(a) in its entirety and substituting therefor the new Section 2.1(a) contained in Annex I hereto.

(c) Section 5.2(a)(v) is hereby amended by adding at the end of such clause the following additional language:

"or the continuation of the Company, LAC or Holdings as parties to the SSL Stockholders Agreements on or after the Distribution Date."

Please indicate your acceptance of and agreement to the foregoing Waiver With Respect to and Amendment of the Restructuring, Financing and Distribution Agreement by signing below.

Very truly yours,

LOCKHEED MARTIN CORPORATION

By:  
Name:  
Title:

ACCEPTED AND AGREED  
AS OF THE DATE FIRST  
ABOVE WRITTEN:

LORAL CORPORATION

By:  
Name:  
Title:

LORAL SPACE & COMMUNICATIONS LTD.

By:  
Name:

Title:

LORAL AEROSPACE HOLDINGS, INC.

By:

Name:

Title:

LORAL AEROSPACE CORP.

By:

Name:

Title:

LORAL GENERAL PARTNER, INC.

By:

Name:

Title:

LORAL GLOBALSTAR, L.P.

By:

Name:

Title:

LORAL GLOBALSTAR LIMITED

By:

Name:

Title:

#### ANNEX 1

##### Section 2.1. Transfer of Assets

(a) Subject to the terms and conditions of this Agreement:

(i) prior to the Distribution Date, Loral shall form SS/L Bermuda, Ltd. ("SS/L Bermuda") and LGP Bermuda, Ltd. ("LGPB") as wholly-owned Bermuda corporations and Loral SpaceCom Corporation, as a wholly-owned Delaware corporation ("Loral SpaceCom-US");

(ii) prior to the Distribution Date, Loral shall form Loral SpaceCom DBS Holdings, Inc. ("SpaceCom DBS Holdings") as a wholly-owned subsidiary of Loral SpaceCom and Loral SpaceCom DBS, Inc. ("SpaceCom DBS") as a wholly-owned subsidiary of SpaceCom DBS Holdings;

(iii) prior to the Distribution Date, LG shall transfer to LGP all of its right, title and interest in and to all shares of capital stock owned by LG in GTL, by means of a non-liquidating distribution to LGP of such equity securities;

(iv) following the action referred to in the immediately preceding clause, Cayman shall transfer to LGP all of its assets, including all of its right, title and interest in and to its partnership interest in LG, by means of a liquidating distribution in dissolution of Cayman under local law;

(v) following the action referred to in the immediately preceding clause, LG shall dissolve under Delaware law, pursuant to which LG shall transfer its right, title and interest in and to its partnership interests in LQP, LQSS, Globalstar, Loral/Dasa Globalstar, L.P. ("Dasa") and in and to any other Spinco Asset owned by LG to LGP (provided, however, that the transfers of such partnership interests pursuant to this subsection (a) shall be preceded by the written consent to such transfer by the other partners, but only to the extent such consent is required under the relevant partnership agreements);

(vi) following the action referred to in the

immediately preceding clause, LGP shall distribute as a dividend all of its right, title and interest in and to (a) all properties received from LG pursuant to clause 2.1(a)(iii) hereof; (b) all properties received from LG pursuant to clause 2.1(a)(v) hereof; and (c) from its retained 2% interest in LQP, a 1% capital interest and a 1.75% profits interest in LQP to Aerospace;

(vii) following the action referred to in the immediately preceding clause, Aerospace shall distribute as a dividend all of its right, title and interest in and to (a) all properties received from LGP pursuant to clause 2.1(a)(vi) hereof; and (b) all shares of capital stock owned by Aerospace in SS/L to Holdings;

(viii) following the action referred to in the immediately preceding clause, Loral DBS, Inc. ("DBS") shall distribute all right, title and interest in and to its properties in liquidation of DBS to Holdings, including any interest it may hold in Continental;

(ix) following the action referred to in the immediately preceding clause, LAH shall distribute all right, title and interest in and to (a) all of the capital stock of Continental; (b) all properties received from Aerospace pursuant to clause 2.1(a)(vii) hereof; (c) all shares of capital stock owned by Holdings in SS/L (excluding the 731.85 shares to be transferred to SS/L Bermuda in exchange for a like number of SS/L Tracking Shares of SS/L Bermuda); (d) all shares of capital stock owned by Holdings in R/L DBS, L.L.C. ("R/L DBS"); and (e) all properties received from DBS pursuant to clause 2.1(a)(viii) hereof to Loral;

(x) following the action referred to in the immediately preceding clause, Loral Globalstar Canada, L.P., a Delaware limited partnership ("Canada"), shall dissolve under Delaware law, pursuant to which Canada shall distribute all right, title and interest in and to any Spinco Asset owned by Canada to GC One, Inc., a Delaware corporation ("GC-1"), and GC Two, Inc. a Delaware corporation ("GC-2"), respectively;

(xi) following the action referred to in the immediately preceding clause, GC-1 and GC-2 shall transfer all properties received from Canada pursuant to clause 2.1(a)(x) hereof to Loral by means of a liquidating distribution in dissolution of GC-1 and GC-2 under Delaware law;

(xii) following the action referred to in the immediately preceding clause, Loral Fairchild, Inc., a Delaware corporation and indirect, wholly-owned subsidiary of Loral ("Fairchild"), shall distribute its entire beneficial interest in the CCD Lawsuit to Loral;

(xiii) following the action referred to in the immediately preceding clause, Loral shall cause any Subsidiary to distribute all right, title and interest in and to any Spinco Asset of such Subsidiary to Loral (other than the interest in LGP which is being contributed pursuant to clause (xvi) hereof), to the extent not previously distributed to Loral pursuant to any of the preceding clauses of this Section 2.1(a);

(xiv) following the action referred to in the immediately preceding clause, Loral shall contribute all right, title and interest in and to (a) all shares of capital stock owned by Loral in SS/L and K&F to SS/L Bermuda; and (b) a 1% capital interest and 1.75% profits interest in LQP and all partnership interests in LQSS to LGPB as capital contributions to each entity;

(xv) following the action referred to in the immediately preceding clause, Parent shall transfer to Loral, as a capital contribution, \$712,400,000 in immediately available funds, less any amount which the parties hereto have at such time agreed is owed to

Parent pursuant to the provisions of Sections 4.1(a) and 4.1(c) hereof (the aggregate of such cash amount being hereinafter referred to as the "Spinco Cash Amount") and Loral shall then contribute all right, title and interest in and to (a) all properties described in clauses 2.1(a)(viii), (xi) and (xiii) hereof; (b) all properties received from LAH pursuant to clause 2.1(a)(ix) hereof (to the extent not previously contributed to SS/L Bermuda or LGPB pursuant to clause 2.1(a)(xiv) hereof); (c) all shares of capital stock in SS/L Bermuda and LGPB; (d) all shares of capital stock of Loral Travel Services, Inc., a Delaware corporation ("Travel"); (e) the entire beneficial interest in the CCD Lawsuit; (f) the 6.5% GTL Convertible Preferred Equivalent Obligations due 2006 owned by Loral; (g) all of the capital stock of Loral SpaceCom-US; (h) any other Spinco Asset owned by Loral to the extent not specifically referred to in any of the preceding or subsequent clauses of this Section 2.1(a); and (i) the Spinco Cash Amount to Loral SpaceCom in exchange for Loral SpaceCom Common Stock and Loral SpaceCom Preferred Stock, provided, however, that \$344,000,000 of the Spinco Cash Amount shall be in exchange for the Loral SpaceCom Preferred Stock and the balance shall be treated as additional consideration for the Loral SpaceCom Common Stock;

(xvi) following the action referred to in the immediately preceding clause, Aerospace shall distribute all right, title and interest in and to all of the capital stock of LGP to Holdings;

(xvii) following the action referred to in the immediately preceding clause, Holdings shall distribute all right, title and interest in and to all properties received from Aerospace pursuant to clause 2.1(a)(xvi) hereof to Loral;

(xviii) following the action referred to in the immediately preceding clause, Loral shall contribute all right, title and interest in and to all properties received from Holdings pursuant to clause 2.1(a)(xvii) hereof to Loral SpaceCom as a capital contribution;