SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-1
(Amendment No. 10)

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. 10 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:

"Exchange Agreement. Prior to the Distribution Date, Loral SpaceCom, the Company and Lockheed Martin intend to enter into an Exchange Agreement providing that, in the event that Loral SpaceCom is required to purchase additional shares of SS/L common stock held by the SS/L Strategic Partners or the Lehman Partnerships (a "Put Transaction"), and such Put Transaction requires a filing with, or the approval of, any antitrust authorities having jurisdiction over the matter, the parties will cooperate to comply with informational requirements and jointly attempt to resolve any objections raised without any change in Lockheed Martin's ownership interest in Loral SpaceCom. If such a change is nonetheless required to obtain

antitrust approval of the Put Transaction, Lockheed Martin will be required to transfer to Loral SpaceCom some or all of the shares of Loral SpaceCom securities beneficially owned by it in exchange for shares of GTL Common Stock or, if the use of GTL Common Stock as consideration is inconsistent with obtaining antitrust approval for the Put Transaction, in exchange for cash. The shares of Loral SpaceCom securities so transferred will be valued at the greater of the fair market value or the original purchase price thereof in connection with the Distribution, increased at the rate of 10% per annum, compounded annually, from the date of the consummation of the Offer.

The foregoing summary of the Exchange Agreement does not purport to be complete and is qualified in its entirety by reference to the text of the Form of Exchange Agreement dated as of April 22, 1996 which is herein incorporated by reference, a copy of which is attached hereto and filed as Exhibit (c)(16) to the Schedule 14D-1."

"The Merger Agreement. On April 15, 1996, Loral, Lockheed Martin and the Purchaser agreed to an amendment to the Merger Agreement that permits the Board of Directors of Loral to provide that all Stock Options which are outstanding immediately prior to Purchaser's acceptance for payment and payment for Shares tendered pursuant to the Offer and which are held by holders who are subject to the reporting requirements of Section 16(a) of the Exchange Act will be cancelled and the holders thereof will be entitled to receive from the Company, for each Share subject to such Stock Option, (1) an amount in cash equal to the difference between the Merger Price and the exercise price per share of such Stock Option, which amount will be payable upon consummation of the Offer, plus (2) one share of common stock, par value $0.01 per share of Loral SpaceCom (Loral SpaceCom Common Stock"), on the same basis as all other holders of Stock Options.

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

Item 5(a)-(e) is hereby further amended and supplemented by replacing the section in the Offer to Purchase encaptioned "Loral Space Stockholders Agreement" with the following:

"Shareholders Agreement. On or prior to the Distribution Date, Loral SpaceCom and the Company will enter into a Shareholders Agreement (the "Shareholders Agreement") which establishes, among other things, certain conditions with respect to the relationship between Loral SpaceCom, on the one hand, and the Company and its affiliates (the "Subject Shareholders"), on the other hand. The Shareholders Agreement limits the ability of Subject Shareholders, during the term of the Shareholders Agreement to acquire any voting securities or assets of, or solicit proxies or make a public announcement of a proposal of any extraordinary transaction with respect to, Loral SpaceCom. The Series A convertible preferred stock, par value $.01 per share, of Loral SpaceCom (the "Series A Preferred Stock") issued to the Company may be voted without restriction on all matters submitted to shareholders for approval, except that it may not vote for the election of directors. Subject Shareholders may vote their shares of Loral SpaceCom Common Stock on all matters, including the election of directors, except that in the event of an election contest, the Subject Shareholders have agreed, pursuant to the Shareholders Agreement, that they will, subject to certain exceptions, vote any of Loral SpaceCom's equity securities, at the option of the Subject Shareholders, either (i) as recommended by the Board of Directors or management of Loral SpaceCom, or (ii) in the same proportions as the other holders of Loral SpaceCom's equity securities vote their securities. The Shareholders Agreement also limits the ability of the Subject Shareholders to transfer the equity securities of Loral SpaceCom held by the

Subject Shareholders except pursuant to a registered public offering, the volume limitations of Rule 144 under the Exchange Act or pursuant to certain permitted transfers. The Shareholders Agreement provides that if, within one year following the date thereof, the Subject Shareholders vote against any transaction involving (i) a merger, consolidation, corporate reorganization or similar transaction or (ii) a sale, lease, exchange, transfer or other disposition of all or substantially all of the assets of Loral SpaceCom or any of its affiliates, in either case between Loral SpaceCom, on the one hand, and SS/L, K&F, GTL, Globalstar and certain other subsidiaries and affiliates of the Loral SpaceCom, on the other hand, Loral SpaceCom shall have the right to purchase from the Subject Shareholders all of the equity securities of Loral SpaceCom held by the Subject Shareholders for a price equal to $344 million plus all amounts expended by the Subject Shareholders following the date of the Shareholders Agreement in connection with the acquisition of equity securities (other than acquisitions from another Subject Shareholder) following the date of the Shareholders Agreement minus any net sales proceeds received by the Subject Shareholders following the date of the Shareholders Agreement in connection with the sale of equity securities (other than sales to another Subject Shareholder) following the date of the Shareholders Agreement. The Shareholders Agreement also provides that if, within five years following the date hereof, any transaction occurs involving (i) a merger, consolidation, corporate reorganization or similar transaction, (ii) a sale, lease, exchange, transfer or other disposition of all or substantially all of the assets of Loral SpaceCom, Globalstar or any of their respective affiliates or (iii) the liquidation or dissolution of Loral SpaceCom (each of the transactions set forth in clauses (i) through (iii) referred to as a "Triggering Transaction"), in each case, involving as parties, Loral SpaceCom or any of its affiliates, on the one hand, and either GTL or Globalstar or any of their respective subsidiaries on the other hand, the Company shall have the right to purchase from Loral SpaceCom (including any successor to the rights and obligations of Loral SpaceCom) a sufficient number of shares of Loral SpaceCom (or such successor) to prevent dilution at a per share price equal to (x) if the Triggering Transaction shall occur on a date prior to the first anniversary thereof, $6.00, subject to antidilution adjustments and (y) if the Triggering Transaction shall occur after the first anniversary, but prior to the fifth anniversary thereof, 80% of the per share price of Loral SpaceCom implicit in the Triggering Transaction. The Shareholders Agreement also provides that in the event of certain transactions, the Subject Shareholders shall have the right to require Loral SpaceCom to purchase the Guarantee Warrants issued to the Company at fair market value. The Shareholders Agreement also provides that under certain circumstances involving the repurchase by Loral SpaceCom of its equity securities, the Subject Shareholders will sell to Loral SpaceCom such number of Loral SpaceCom equity securities held by them sufficient to reduce the Subject Shareholders' ownership of Loral SpaceCom equity securities to 20% at a price equal to the repurchase price offered by Loral SpaceCom, provided, however, that if the repurchase price is less than the purchase price initially paid by the Subject Shareholders for the Series A Preferred Stock, as adjusted by a 10% compounded annual rate of increase, the Subject Shareholders may elect, in lieu of selling such equity securities to Loral SpaceCom, to sell such equity securities to third parties over certain time periods, which periods in no event will be less than six months after the date the Subject Shareholders deliver notice of their election to Loral SpaceCom. The Shareholders Agreement further provides that under certain circumstances and subject to certain conditions the Subject Shareholders may require Loral SpaceCom to register under the Securities Act any Loral SpaceCom securities held by the Subject Shareholders. The Shareholders Agreement provides, subject to certain exceptions, that, in the event of a tender offer, if Subject Shareholders wish to sell or transfer any Loral Spacecom securities pursuant to the tender offer the subject Shareholders must first offer the shares for sale to Loral SpaceCom.

The terms of the Shareholders Agreement will continue until the earlier of (x) the date on which the voting power of the equity securities owned by the Subject Shareholders represents, on a fully-diluted basis, less than five percent (5%) of the total voting power, (y) the tenth anniversary of the date of the agreement, or (z) a change of control Loral SpaceCom.

After the seventh anniversary of the date of the Shareholders Agreement, the Subject Shareholders shall have the right to propose for election to the Board of Directors in opposition to management's nominees the number of directors that is proportionate to the percentage of voting securities of Loral SpaceCom then held by the Subject Shareholders and to vote in favor of their election to the Board.

The foregoing summary of the Shareholders Agreement does not purport to be complete and is qualified in its entirety by reference to the text of the Form of Shareholders Agreement dated as of April 22, 1996 which is herein incorporated by reference, a copy of which is attached hereto and filed as Exhibit (c)(15) 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 the addition of the following paragraph thereto:

"Hart-Scott-Rodino. On April 18, 1996 Lockheed Martin was notified that the FTC had terminated the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act")."

Item 11. Material to be Filed as Exhibits

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

Exhibit (b)(5)	Revolving Credit Agreement (364 day), dated as of April 15, 1996, by and among Lockheed Martin Corporation, LAC Acquisition Corporation, as Guarantor, the Banks listed therein, Morgan Guaranty Trust Company of New York, as Documentation Agent, and Bank of America National Trust and Savings Association, as Administrative Agent
Exhibit (b)(6)	Revolving Credit Agreement (5 year), dated as of April 15, 1996, by and among Lockheed Martin Corporation, LAC Acquisition Corporation, as Guarantor, the Banks listed therein, Morgan Guaranty Trust Company of New York, as Documentation Agent, and Bank of America National Trust and Savings Association, as Administrative Agent
Exhibit (c)(14)	Letter Amendment dated as of April 15, 1996 to the Agreement and Plan of Merger, dated as of January 7, 1996, by and among Loral Corporation, Lockheed Martin Corporation and LAC Acquisition Corporation.
Exhibit (c)(15)	Form of Shareholders Agreement, dated as of April 22, 1996, by and among Loral Corporation and Loral Space & Communications Ltd.
Exhibit (c)(16)	Form of Exchange Agreement, dated as of April 22, 1996, by and among Loral Space & Communications Ltd., Lockheed

Martin Corporation and Loral Corporation.

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 19, 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 19, 1996

EXHIBIT INDEX

Exhibit No.	Description
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[CONFORMED COPY]

$5,000,000,000

REVOLVING CREDIT AGREEMENT

(364 day)

dated as of

April 15, 1996

among

LOCKHEED MARTIN CORPORATION,

LAC ACQUISITION CORPORATION,

as Guarantor,

The BANKS Listed Herein,

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

as Documentation Agent,

and

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,

as Administrative Agent

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* The Table of Contents is not a part of this Agreement.

REVOLVING CREDIT AGREEMENT

AGREEMENT dated as of April 15, 1996 among LOCKHEED MARTIN CORPORATION, LAC ACQUISITION CORPORATION, as Guarantor, the BANKS listed on the signature pages hereof, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Documentation Agent, and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Administrative Agent.

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. The following terms, as used herein and in any Exhibit or Schedule hereto, have the following meanings:

"Acquisition" means the acquisition by the Company, through Acquisition Company, of Loral pursuant to the Merger Agreement, including the Tender Offer and the Merger.

"Acquisition Company" means LAC Acquisition Corporation, a New York corporation.

"Adjusted CD Rate" means, with respect to any Interest Period (but subject to the last sentences of the definitions of Assessment Rate and Domestic Reserve Percentage), a rate per annum determined pursuant to the following formula:

$$ACDR = \left[\frac{CDBR}{1.00 - DRP} \right]^{*} + AR$$

ACDR = Adjusted CD Rate
CDBR = CD Base Rate

DRP = Domestic Reserve Percentage
AR = Assessment Rate

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* The amount in brackets being rounded upward to the next higher 1/100 of 1%

"Administrative Agent" means Bank of America National Trust and Savings Association in its capacity as administrative agent for the Banks hereunder, and its successor or successors in such capacity.

"Administrative Questionnaire" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Agents with a copy to the Company duly completed by such Bank.

"Agents" means the Administrative Agent and the Documentation Agent, and "Agent" means either of the foregoing.

"Agreement" means this Revolving Credit Agreement as it may be amended from time to time.

"Applicable Lending Office" means, with respect to any Bank, (i) in the case of its Domestic Loans, its Domestic Lending Office, (ii) in the case of its Eurodollar Loans, its Eurodollar Lending Office and (iii) in the case of its Money Market Loans, its Money Market Lending Office.

"Assessment Rate" means for any day the annual assessment rate in effect on such day which is payable by a member of the Bank Insurance Fund classified as adequately capitalized and within supervisory subgroup "A" (or a comparable successor assessment risk classification) within the meaning of 12 C.F.R. ss. 327.3(e) (or any successor provision) to the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring time deposits at offices of such institution in the United States. The Adjusted CD Rate shall be

adjusted automatically on and as of the effective date of any change in the Assessment Rate.

"Assignee" has the meaning set forth in Section 10.08(c).

"Assignment and Assumption Agreement" means an agreement, substantially in the form of Exhibit K hereto, under which an interest of a Bank hereunder is transferred to an Assignee pursuant to Section 10.08(c) hereof.

"Bank" means (i) each bank or financial institution listed on the signature pages hereof, (ii) each bank or financial institution that becomes a Bank pursuant to either Section 10.01 or Section 10.08(c), and (iii) their respective successors.

"Base Rate" means, for any day, a rate per annum equal to the higher of (i) the Reference Rate for such day or (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day, each change in the Base Rate to become effective on the day on which such change occurs.

"Base Rate Loan" means any Committed Loan in respect of which interest is to be computed on the basis of the Base Rate.

"Capitalized Lease Obligations" means any and all monetary obligations under any leasing arrangements which have been capitalized, as such obligations are reported in the consolidated financial statements of the Company and the Consolidated Subsidiaries.

"CD Base Rate" means, with respect to any Interest Period, the rate of interest determined by the Administrative Agent to be the average (rounded upward to the next higher 1/100 of 1%) of the prevailing rates per annum bid at 10:00 a.m. (New York time) (or as soon thereafter as practicable) on the first day of such Interest Period by two or more certificate of deposit dealers of recognized standing for the purchase at face value from each CD Reference Bank of its certificates of deposit in an amount comparable to the principal amount of the CD Loan of such CD Reference Bank to which such Interest Period applies and having a maturity comparable to such Interest Period.

"CD Loan" means any Committed Loan in respect of which interest is to be computed on the basis of the Adjusted CD Rate.

"CD Margin" means the percentage determined pursuant to Section 2.08(d) and Schedule I.

"CD Reference Banks" means Bank of America National Trust and Savings Association, Citibank, N.A. and First Interstate Bank of California.

"Change in Law" means, for purposes of Section 8.01 and Section 8.03, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"Closing Date" means the date, not later than April 30, 1996 (or if the condition referred to in Section 3.01(h) has not been satisfied on or before such date solely because the waiting period contemplated by the Hart-Scott- Rodino Act Antitrust Improvements Act of 1976, as amended, has not expired or otherwise terminated, not later than June 30, 1996), on which all the conditions referred to in Section 3.01 shall have been satisfied.

"Commitment" means as to each Bank at any time, the amount set forth opposite such Bank's name on the signature pages hereof or in the applicable Assignment and Assumption Agreement, as such amount may be increased or decreased pursuant to the terms of this Agreement.

"Commitment Termination Date" means April 14, 1997 (or if such date is not a Domestic Business Day, the next preceding Domestic Business Day).

"Committed Loan" means a Loan made by a Bank pursuant to Section 2.01.

"Committed Notes" means promissory notes of the Company, substantially in the form of Exhibit G-1 hereto, evidencing the obligation of the Company to repay the Committed Loans, and "Committed Note" means any one of such promissory notes issued hereunder.

"Company" means Lockheed Martin Corporation, a Maryland corporation, and its successors.

"Consolidated Subsidiary" means at any date any Subsidiary the accounts of which would be consolidated with the Company in its consolidated financial statements if such statements were prepared as of such date. For purposes of Sections 4.04 and 5.01 and the definition of the term "Exempt Subsidiary", Consolidated Subsidiary includes any Exempt Subsidiary.

"Debt" means all indebtedness for borrowed money, ESOP guarantees and Capitalized Lease Obligations reported as debt in the consolidated financial statements of the Company and the Consolidated Subsidiaries, plus all indebtedness for borrowed money and capitalized lease obligations incurred by third parties and guaranteed by the Company or a Consolidated Subsidiary not otherwise reported as debt in such consolidated financial statements.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Designated Representative" means any officer or employee as shall be so identified in an Officer's Certificate.

"Documentation Agent" means Morgan Guaranty Trust Company of New York in its capacity as documentation agent for the Banks hereunder, and its successors in such capacity.

"Dollars" or "$" means lawful currency of the United States.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in San Francisco or New York are authorized by law to close.

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Company and the Agents; provided that any Bank may so designate separate Domestic Lending Offices for its Base Rate Loans, on the one hand, and its CD Loans, on the other hand, in which case all references herein to the Domestic Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Domestic Loans" means CD Loans or Base Rate Loans or both.

"Domestic Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of new non-personal time deposits in dollars in New York City having a maturity comparable to the related Interest Period and in an amount of $100,000 or more. The Adjusted CD Rate shall be adjusted automatically on and as of the effective date of any change in the Domestic Reserve Percentage.

"Eligible Institution" means any commercial bank having total assets in excess of $3,000,000,000 (or the equivalent amount in the local currency of such bank) as determined by the Documentation Agent based on the most recent publicly available financial statements of such bank, or any affiliates thereof that are financial institutions.

"Environmental Laws" means any and all applicable federal, state and local statutes, regulations, ordinances, rules, administrative orders, consent decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, hazardous substances, or hazardous wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances, or hazardous wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as in effect from time to time.

"ERISA Group" means the Company and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with the Company, are treated as a single employer under Section 414 of the Internal Revenue Code.

"Eurodollar Auction" means a solicitation of Money Market Quotes setting forth Money Market Margins based on the Eurodollar Rate pursuant to Section 2.03.

"Eurodollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"Eurodollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its

Eurodollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Eurodollar Lending Office by notice to the Company and the Agents.

"Eurodollar Loan" means any Committed Loan in respect of which interest is to be computed on the basis of the Eurodollar Rate.

"Eurodollar Margin" means the percentage determined pursuant to Section 2.08(d) and Schedule I.

"Eurodollar Rate" means, in respect of any Eurodollar Loan for any Interest Period therefor, a rate per annum equal to the arithmetic average (rounded upwards to the nearest 1/16th of 1%) of the respective rates per annum at which deposits in Dollars are offered to each of the Eurodollar Reference Banks in the London interbank market in an amount approximately equal to the principal amount of the Eurodollar Loan of such Eurodollar Reference Bank, or, in the case of a Money Market Eurodollar Loan, the principal amount of such Loan for which the Eurodollar Rate is being determined for maturities comparable to such Interest Period as of approximately 11:00 a.m. (London time) two Eurodollar Business Days prior to the commencement of such Interest Period.

"Eurodollar Reference Banks" means the principal London offices of Bank of America National Trust and Savings Association, Barclays Bank PLC and Morgan Guaranty Trust Company of New York.

"Event of Default" has the meaning set forth in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exempt Subsidiary" means Lockheed Martin Finance Corporation, Martin Marietta Materials, Inc. and any other entity of which the Company owns a sufficient number of securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other governing body that is designated as such pursuant to an Officer's Certificate; provided that no such designation may be made unless, as of the end of the most recent fiscal quarter prior to such designation, the book value, net of depreciation and amortization and after intercompany eliminations, of the assets of such entity, when aggregated with the book values, net of depreciation and amortization and after intercompany eliminations, of the assets of all Exempt Subsidiaries, other than Lockheed Martin Finance Corporation and Martin Marietta Materials, Inc., does not exceed 6% of the book value of the total assets of the Company and its Consolidated Subsidiaries. Exempt Subsidiary includes any direct or indirect subsidiary of an Exempt Subsidiary.

"Facility Fee" has the meaning set forth in Section 2.11.

"Failed Loan" has the meaning specified in Section 2.04(e).

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as determined by it.

"Fixed Rate Loans" means CD Loans, Eurodollar Loans or Money Market Loans (excluding Money Market Eurodollar Loans bearing interest at the Base Rate pursuant to Section 8.03) or any combination of the foregoing.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guarantor" means Acquisition Company and its successors.

"Information Memorandum" means the Lockheed Martin Information Memorandum -- $10.0 Billion Senior Credit Facilities previously distributed to the Banks, as amended and supplemented prior to February 16, 1996.

"Interest Period" means: (a) as to each (1) Eurodollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion/Continuation, and ending one, two, three, six or (as provided in Section 2.08(b)) twelve months thereafter, and (2) Money Market Eurodollar

Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such whole number of months thereafter, in each case as selected by the Company, provided that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Eurodollar Business Day;

(ii) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) which begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Eurodollar Business Day of a calendar month; and

(iii) any Interest Period which would otherwise end after the Commitment Termination Date shall end on the Commitment Termination Date; and

(b) as to each (1) CD Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion/Continuation and ending 30, 60, 90 or 180 days thereafter, and (2) Money Market Rate Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such number of days thereafter (but not less than seven days), in each case as selected by the Company; provided that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (ii) below) which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day; and

(ii) any Interest Period which would otherwise end after the Commitment Termination Date shall end on the Commitment Termination Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Invitation for Money Market Quotes" means the notice substantially in the form of Exhibit C hereto to the Banks in connection with the solicitation by the Company of Money Market Quotes.

"Lien" means any mortgage, pledge, security interest, lien, or encumbrance.

"Loan" and "Loans" mean and include each and every loan made by a Bank under this Agreement.

"Loral" means Loral Corporation, a New York corporation, and its successors.

"Material Adverse Effect" means a material adverse effect on (a) the ability of the Company and the Guarantor, on a consolidated basis, to perform their obligations under this Agreement or any of the Notes, (b) the validity or enforceability of this Agreement or any of the Notes, (c) the rights and remedies of any Bank or the Agents under this Agreement or any of the Notes, or (d) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith.

"Material Debt" means Debt (other than Debt evidenced by the Notes) of the Company and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal amount exceeding $100,000,000.

"Merger" means the merger of Acquisition Company and Loral contemplated by the Merger Agreement.

"Merger Agreement" means the Agreement and Plan of Merger dated as of January 7, 1996, among the Company, Loral and Acquisition Company.

"Money Market Eurodollar Loan" means a loan to be made by a Bank pursuant to a Eurodollar Auction (including such a loan bearing interest at the Base Rate pursuant to Section 8.03).

"Money Market Lending Office" means, as to each Bank, its Domestic Lending Office or such other office, branch or affiliate of such Bank as it may hereafter designate as its Money Market Lending Office by notice to the Company and the Agents; provided that any Bank may from time to time by notice to the Company and the Administrative Agent designate separate Money Market Lending Offices for its Money Market Eurodollar Loans, on the one hand, and its Money Market Rate Loans, on the other hand, in which case all references herein to the Money Market Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Money Market Loan" means a Money Market

Eurodollar Loan or a Money Market Rate Loan.

"Money Market Margin" has the meaning set forth in Section 2.03(d).

"Money Market Notes" means promissory notes of the Company, substantially in the form of Exhibit G-2 hereto, evidencing the obligation of the Company to repay the Money Market Loans, and "Money Market Note" means any one of such promissory notes issued hereunder.

"Money Market Quote" means an offer by a Bank, in substantially the form of Exhibit D hereto, to make a Money Market Loan in accordance with Section 2.03.

"Money Market Quote Request" means the notice, in substantially the form of Exhibit B hereto, to be delivered by the Company in accordance with Section 2.03 in requesting Money Market Quotes.

"Money Market Rate" has the meaning set forth in Section 2.03(d).

"Money Market Rate Loan" means a Loan to be made by a Bank pursuant to a Rate Auction.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions.

"Note" or "Notes" has the meaning set forth in Section 2.06.

"Notice of Borrowing" means a Notice of Committed Borrowing (as defined in Section 2.02) or a Notice of Money Market Borrowing (as defined in Section 2.03(f)).

"Notice of Conversion/Continuation" has the meaning set forth in Section 2.05.

"Officer's Certificate" means a certificate signed by an officer of the Company.

"Original Commitment" means $5,000,000,000.

"Other Taxes" has the meaning set forth in Section 8.04.

"Parent" means with respect to any Bank, any Person controlling such Bank.

"Participant" has the meaning set forth in Section 10.08(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means any individual, firm, company, corporation, joint venture, joint-stock company, limited liability company or partnership, trust, unincorporated organization, government or state entity, or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group.

"Post-Default Rate" means, with respect to any Loan or any interest payment at any date on or after the due date of such Loan or interest payment, a rate per annum equal to the sum of 2% plus the Base Rate for such date.

"Principal Property" means, at any time, any manufacturing facility that is located in the United States, is owned by the Company or any of its Subsidiaries, and has a book value, net of any depreciation or amortization, pursuant to the then most recently delivered financial statements, in excess of $5,000,000.

"Quarterly Date" means the last day of March, June, September and December in each year, commencing June 30, 1996.

"Rate Auction" means a solicitation of Money Market Quotes setting forth Money Market Rates pursuant to Section 2.03.

"Rating Agency" means either of Moody's or S&P.

"Reference Banks" means the CD Reference Banks or the

Eurodollar Reference Banks, as the context may require, and "Reference Bank" means any one of such Reference Banks.

"Reference Rate" means the rate of interest publicly announced by Bank of America National Trust and Savings Association in San Francisco from time to time as its "reference rate" (which is a rate set by Bank of America National Trust and Savings Association based on various factors including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate); any change in the Reference Rate shall take effect on the day specified in the public announcement of such change.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Required Banks" means at any time and for any specific purpose the Bank or Banks having, in the aggregate, more than 50% of the Total Commitments, or, if the Commitments have terminated, more than 50% of the Loans.

"Restricted Subsidiary" means (x) any Significant Subsidiary, (y) any Subsidiary that has substantially all of its property located in the United States and that owns a Principal Property and (z) any Subsidiary theretofore designated a Restricted Subsidiary pursuant to the next sentence and not subsequently designated not a Restricted Subsidiary pursuant to the sentence thereafter. If at the end of any fiscal quarter ending on or after June 30, 1996, the aggregate principal amount of Debt of the Company and its Subsidiaries secured by Liens exceeds $100,000,000 and the aggregate total assets (net of depreciation and, amortization, and after intercompany eliminations, but without giving effect, as to any Restricted Subsidiary pursuant to clause (z) above, to assets encumbered by Liens to secure Debt) of the Company and all of its Restricted Subsidiaries ("Total Restricted Assets") are less than 85% of the total assets of the Company and its Subsidiaries (net of depreciation and amortization, and after intercompany eliminations, but without giving effect, as to any Restricted Subsidiary pursuant to clause (z) above, to assets encumbered by Liens to secure Debt) ("Total Assets"), then the Company shall, not later than the date on which financial statements for the fiscal period then ending are required to be delivered pursuant to this Agreement, designate other Subsidiaries as Restricted Subsidiaries such that, after giving effect thereto, Total Restricted Assets equal or exceed 85% of Total Assets. If at the end of any fiscal quarter, Total Restricted Assets are more than 85% of Total Assets, the Company may designate Restricted Subsidiaries which are not then Restricted Subsidiaries pursuant to clause (x) or (y) above as being no longer Restricted Subsidiaries, provided that after giving effect thereto, Total Restricted Assets equal or exceed 85% of Total Assets. Subsidiaries of a Restricted Subsidiary are not Restricted Subsidiaries solely by virtue of such subsidiary status.

"Retiring Bank" has the meaning set forth in Section 10.01(a).

"S&P" means Standard & Poor's Ratings Group and its successors.

"Significant Subsidiary" means a Subsidiary with a book value of total assets, net of depreciation and amortization and after intercompany eliminations, in excess of $100,000,000.

"Stockholders' Equity" means consolidated stockholders' equity of the Company and the Consolidated Subsidiaries reported as stockholders' equity on the consolidated balance sheet of the Company and the Consolidated Subsidiaries.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the Board of Directors or other persons performing similar functions are at the time directly or indirectly owned by the Company, other than any such corporation or other entity that is an Exempt Subsidiary.

"Taxes" has the meaning set forth in Section 8.04.

"Tender Offer" means the tender offer for shares of Loral contemplated by the Merger Agreement.

"Total Commitments" means, at the time for any determination thereof, the aggregate of the Commitments of the Banks.

"Total Usage" means, as to any Bank at any time of determination, the sum of (i) the aggregate principal amount of all Committed Loans by such Bank at such time outstanding and (ii) the product derived by multiplying (a) the aggregate principal amount of all Money Market Loans at such time outstanding and (b) the quotient derived by dividing such Bank's Commitment by Total Commitments.

"Transferee" has the meaning set forth in Section 10.08(e).

"United States" means the United States of America, including the States and the District of Columbia, but excluding the Commonwealths,

territories and possessions of the United States.

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or an appointed trustee under Title IV of ERISA.

SECTION 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time applied on a basis consistent (except for changes concurred in by the Company's independent public accountants) with the most recent audited consolidated financial statements of the Company and its Consolidated Subsidiaries delivered to the Banks; provided that, if the Company notifies the Documentation Agent that the Company wishes to amend any covenant contained in Article V to eliminate the effect of any change after the date hereof in generally accepted accounting principles (which, for purposes of this proviso shall include the generally accepted application or interpretation thereof) on the operation of such covenant (or if the Documentation Agent notifies the Company that the Required Banks wish to amend any such covenant for such purpose), then the Company's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles is adopted by the Company, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Banks.

ARTICLE II

THE LOANS

SECTION 2.01. The Committed Loans. On or after the Closing Date each of the Banks severally agrees, upon the terms and conditions of this Agreement, to make Loans to the Company under this Section 2.01 from time to time prior to the Commitment Termination Date or the termination in full of such Bank's Commitment, whichever is earlier, such that the Total Usage at any time shall not exceed such Bank's Commitment in effect at such time. Within such limits, the Company may borrow, repay and reborrow under this Section 2.01. Each borrowing from the Banks shall be in an aggregate amount of not less than $10,000,000 and in multiples of $1,000,000.

SECTION 2.02. Method of Committed Borrowing. The Company shall give the Administrative Agent written or telephonic notice (a "Notice of Committed Borrowing") no later than 1:00 p.m. (New York time) or, with respect to any Base Rate Loan, 11:00 a.m. (New York time) (i) at least three Eurodollar Business Days before the date of each borrowing hereunder on the basis of the Eurodollar Rate (or at least four Eurodollar Business Days before the date of a borrowing hereunder with an Interest Period of twelve months in accordance with Section 2.08(b)), (ii) at least two Domestic Business Days before the date of each borrowing hereunder on the basis of the Adjusted CD Rate and (iii) on the day of each borrowing hereunder on the basis of the Base Rate, specifying in each case the date of such borrowing, which shall be a Domestic Business Day in the case of a Domestic Loan or a Eurodollar Business Day in the case of a Eurodollar Loan, the amount to be borrowed, any election as between the Base Rate, the Adjusted CD Rate and the Eurodollar Rate, and, if the Eurodollar Rate or Adjusted CD Rate is elected, a selection of the applicable Interest Period. A written Notice of Committed Borrowing shall be executed by an officer or a Designated Representative and shall be substantially in the form of Exhibit A hereto. A telephonic notice hereunder may only be provided by an officer or a Designated Representative, such notice to be promptly followed by a written Notice of Committed Borrowing executed as set forth above.

SECTION 2.03. Money Market Borrowings.

(a) In addition to Committed Loans pursuant to Section 2.01, the Company may, as set forth in this Section 2.03 from time to time prior to the Commitment Termination Date or earlier termination of the Commitments, request the Banks to make offers to make Money Market Loans to the Company, but only to the extent that any such Money Market Loans together with all other outstanding Loans do not exceed the Total Commitments. Such Banks may, but shall have no obligation to, make such offers and the Company may, but shall have no obligation to, accept any such offers in the manner set forth in this Section.

(b) When the Company wishes to request offers to make Money Market Loans under this Section, it shall transmit to the Administrative Agent by facsimile transmission a Money Market Quote Request so as to be received no later than 1:00 p.m. (New York time) on (x) the fourth Eurodollar Business Day prior to the date of the Loan proposed therein, in the case of a Eurodollar Auction or (y) the Domestic Business Day next preceding the date of the Loan proposed therein, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified the Banks not later than the date of the Money Market Quote Request for the

first Eurodollar Auction or Rate Auction for which such change is to be effective) specifying:

(i) the proposed funding date of such Loan, which shall be a Eurodollar Business Day in the case of a Eurodollar Auction or a Domestic Business Day in the case of a Rate Auction,

(ii) the aggregate amount of such Loan, which shall be $10,000,000 or a larger multiple of $1,000,000,

(iii) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period,

(iv) the interest payment date or dates applicable thereto, and

(v) whether the Money Market Quotes requested are to set forth a Money Market Margin or a Money Market Rate.

The Company may request offers to make Money Market Loans for more than one Interest Period in a single Money Market Quote Request.

(c) Promptly upon receipt of a Money Market Quote Request, the Administrative Agent shall send to the Banks by facsimile transmission an Invitation for Money Market Quotes, which shall constitute an invitation by the Company to each such Bank to submit Money Market Quotes offering to make the Money Market Loans to which such Money Market Quote Request relates in accordance with this Section.

(d)(i) Each Bank may submit a Money Market Quote containing an offer or offers to make Money Market Loans in response to any Invitation for Money Market Quotes. Each Money Market Quote must comply with the requirements of this subsection (d) and must be submitted to the Administrative Agent by facsimile transmission at its offices specified on the signature pages hereto not later than (x) 10:45 a.m. (New York time) on the third Eurodollar Business Day prior to the proposed date of borrowing, in the case of a Eurodollar Auction or (y) 9:15 a.m. (New York time) on the proposed date of borrowing, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified the Banks not later than the date of the Money Market Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective); provided that Money Market Quotes submitted by the Administrative Agent (or any affiliate of the Administrative Agent) in the capacity of a Bank may be submitted, and may only be submitted, if the Administrative Agent or such affiliate in the capacity of a Bank notifies the Administrative Agent of the terms of the offer or offers contained therein not later than 15 minutes prior to the deadline for the other Banks. Subject to Articles III and VI, any Money Market Quote so made shall be irrevocable except with the written consent of the Administrative Agent given on the instructions of the Company.

(ii) Each Money Market Quote shall specify:

(A) the proposed date of borrowing,

(B) the principal amount of the Money Market Loan for which each such offer is being made, which principal amount (w) may be greater than or less than the Commitment of the quoting Bank, (x) must be $5,000,000 or a larger multiple of $1,000,000, (y) may not exceed the principal amount of Money Market Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Money Market Loans for which offers being made by such quoting Bank may be accepted,

(C) in the case of a Eurodollar Auction, the margin above or below the applicable Eurodollar Rate (the "Money Market Margin") offered for each such Money Market Loan, expressed as a percentage (specified to the nearest 1/10,000th of 1%) to be added to or subtracted from such Eurodollar Rate,

(D) in the case of a Rate Auction, the rate of interest per annum (specified to the nearest 1/10,000th of 1%) (the "Money Market Rate") offered for each such Money Market Loan, and

(E) the identity of the quoting Bank.

A Money Market Quote may set forth up to five separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Money Market Quotes.

(iii) Any Money Market Quote shall be disregarded if it:

(A) is not substantially in conformity with Exhibit D hereto or does not specify all of the information required by subsection(d)(ii);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Money Market Quotes; or

(D) arrives after the time set forth in subsection (d)(i).

(e) The Administrative Agent shall promptly notify the Company of the terms (x) of any Money Market Quote submitted by a Bank that is in accordance with subsection (d) and (y) of any Money Market Quote that amends, modifies or is otherwise inconsistent with a previous Money Market Quote submitted by such Bank with respect to the same Money Market Quote Request. Any such subsequent Money Market Quote shall be disregarded by the Administrative Agent unless such subsequent Money Market Quote is submitted solely to correct a manifest error in such former Money Market Quote. The Administrative Agent's notice to the Company shall specify (A) the aggregate principal amount of Money Market Loans for which offers have been received for each Interest Period specified in the related Money Market Quote Request, (B) the respective principal amounts and Money Market Margins or Money Market Rates, as the case may be, so offered and (C), if applicable, any limitations on the aggregate principal amount of Money Market Loans for which offers in any single Money Market Quote may be accepted.

(f) Not later than (x) 1:00 p.m. (New York time) on the third Eurodollar Business Day prior to the proposed date of borrowing, in the case of a Eurodollar Auction, or (y) 11:00 a.m. (New York time) on the proposed date of borrowing, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective), the Company shall notify the Administrative Agent by telephonic notice of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e). A telephonic notice hereunder may only be provided by an officer or a Designated Representative. In the case of acceptance, such telephonic notice shall be promptly followed by a written notice executed by an officer or a Designated Representative (a "Notice of Money Market Borrowing"), substantially in the form of Exhibit E hereto, specifying the aggregate principal amount of offers for each Interest Period that are accepted. The Company may accept any Money Market Quote in whole or in part; provided that:

(i) the aggregate principal amount of each borrowing of Money Market Loans may not exceed the applicable amount set forth in the related Money Market Quote Request,

(ii) the principal amount of each borrowing of Money Market Loans must be $10,000,000 or a larger multiple of $1,000,000,

(iii) acceptance of offers may only be made on the basis of ascending Money Market Margins or Money Market Rates, as the case may be, and

(iv) the Company may not accept any offer that is described in subsection (d)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(g) If offers are made by two or more Banks with the same Money Market Margins or Money Market Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Money Market Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Banks as nearly as possible (in multiples of $1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determinations by the Administrative Agent of the amounts of Money Market Loans shall be conclusive in the absence of manifest error.

SECTION 2.04. Notice to Banks; Funding of Loans. (a) Upon receipt of a Notice of Borrowing, the Administrative Agent shall give each Bank prompt notice of each such borrowing, specifying the relevant information including such Bank's portion of such borrowing (if any) and the date on which funds are to be made available. If a Notice of Borrowing is revoked by the Company after receipt thereof by the Administrative Agent, the Company shall be subject to the provisions of Section 2.14.

(b) Not later than 1:00 p.m. (New York time) on the date specified by the Administrative Agent pursuant to Section 2.04(a), each Bank participating therein shall make available its share of such borrowing, in Dollars, in immediately available funds, to the Administrative Agent at its address referred to in Section 10.02. Unless (i) the Administrative Agent has not received a written Notice of Borrowing pursuant to Section 2.02 or 2.03(f) or (ii) the Administrative Agent determines that any applicable condition set forth in Article III has not been satisfied, the amounts so received by the Administrative Agent shall be made available immediately upon receipt, but not later than 4:00 p.m. (New York time) on such date, to the Company by wire transfer in Dollars, in immediately available funds, to an account of the Company maintained at a financial institution located in the United States designated by the Company to the Administrative Agent.

(c) Unless the Administrative Agent shall have received notice from a Bank at least one Domestic Business Day prior to the date of the borrowing that such Bank will not make available to the Administrative Agent such Bank's share of the borrowing, the Administrative Agent may assume that such Bank has made such share available to the Administrative Agent on the date of the borrowing in accordance with subsection (b) of this Section 2.04 and the Administrative Agent may, in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Administrative Agent, such Bank and the Company severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Company until the date such amount is repaid to the Administrative Agent, at the Federal Funds Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan for purposes of this Agreement, and the Company shall not be required to repay such amount pursuant to this subsection (c).

(d) The failure of any Bank to make a Loan required to be made by it as part of any borrowing hereunder shall not relieve any other Bank of its obligation, if any, hereunder to make its Loan on the date of such borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the date of the borrowing.

(e) If any Bank shall fail to make any Loan (the "Failed Loan") which such Bank is otherwise obligated hereunder to make to the Company on the date of borrowing thereof and the Agents shall not have received notice from the Company or such Bank that any condition precedent to the making of the Failed Loan has not been satisfied, then, until such Bank shall have made or be deemed to have made (pursuant to the last sentence of this subsection (e)) the Failed Loan in full or the Documentation Agent shall have received notice from the Company or such Bank that any condition precedent to the Failed Loan was not satisfied at the time the Failed Loan was to have been made, whenever the Administrative Agent shall receive any amount from the Company for the account of such Bank, (i) the amount so received will, upon receipt by the Administrative Agent, be deemed to have been paid to the Bank in satisfaction of the obligation for which paid, without actual disbursement of such amount to the Bank, (ii) the Bank will be deemed to have made the same amount available to the Administrative Agent for disbursement as a Loan to the Company up to the amount of such Failed Loan and (iii) the Administrative Agent will, accordingly, disburse such amount (up to the amount of the Failed Loan) to the Company or, if the Administrative Agent has previously made such amount available to the Company on behalf of such Bank pursuant to the provisions hereof, reimburse itself (up to the amount of the amount made available to the Company); provided, however, that the Administrative Agent shall have no obligation to disburse any such amount to the Company or otherwise apply it or deem it applied as provided herein unless the Administrative Agent shall have determined in its sole discretion that to so disburse such amount will not violate any law, rule, regulation or requirement applicable to the Administrative Agent. Upon any such disbursement by the Administrative Agent, such Bank shall be deemed to have made a Base Rate Loan to the Company in satisfaction, to the extent thereof, of such Bank's obligation to make the Failed Loan. If and during the time that a Failed Loan shall exist, the Company shall have the right to terminate in full the Commitment of the Bank causing such Failed Loan as provided in Section 10.01(a).

SECTION 2.05. Conversion/Continuation of Loans. (a) With respect to Committed Loans, the Company shall have the option to (i) convert all or any part of (A) outstanding Base Rate Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Eurodollar Loans or CD Loans and (B) outstanding Eurodollar Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Base Rate Loans or CD Loans and (C) outstanding CD Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Base Rate Loans or Eurodollar Loans, or (ii) upon the expiration of any Interest Period applicable to outstanding Eurodollar Loans or CD Loans, to continue all or any portion of such Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount as Eurodollar Loans or CD Loans, as the case may be. The Interest Period of any Base Rate Loan, Eurodollar Loan or CD Loan converted to a Fixed Rate Loan pursuant to clause (i) above shall commence on the date of such conversion. The succeeding Interest Period of any Fixed Rate Loan continued pursuant to clause (ii) above shall commence on the last day of the Interest Period of the Loan so continued. Eurodollar Loans and CD Loans may only be converted on the last day of the then current Interest Period applicable thereto or on the date required pursuant to Section 8.03.

(b) The Company shall deliver a written or telephonic notice of such continuation or conversion (a "Notice of Conversion/Continuation") to the Administrative Agent no later than (x) 1:00 p.m. (New York time) at least three Eurodollar Business Days (four Eurodollar Business Days if the Interest Period is for twelve months) in advance of the date of the proposed conversion to, or continuation of, a Eurodollar Loan, (y) 1:00 p.m. (New York time) at least two Domestic Business Days in advance of the date of the proposed conversion to, or continuation of, a CD Loan and (z) 11:00 a.m. (New York time) on the day of a conversion to a Base Rate Loan. A written Notice of Conversion/Continuation shall be executed by an officer

or a Designated Representative, shall be in substantially the form attached as Exhibit F and shall specify: (i) the proposed conversion/continuation date (which shall be a Eurodollar Business Day in the case of a Eurodollar Loan or a Domestic Business Day in the case of a CD Loan or Base Rate Loan), (ii) the aggregate amount of the Loans being converted/continued, (iii) an election between the Base Rate, the Adjusted CD Rate and the Eurodollar Rate and (iv), in the case of a conversion to, or a continuation of, CD Loans or Eurodollar Loans, the requested Interest Period. A telephonic Notice of Conversion/Continuation may only be provided by an officer or a Designated Representative, which notice must be promptly followed by a written Notice of Conversion/Continuation executed as set forth above. Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall give each Bank prompt notice of the contents thereof and such Bank's pro rata share of all conversions and continuations requested therein. If no timely Notice of Conversion/Continuation is delivered by the Company as to any Eurodollar Loan or CD Loan and such Loan is not repaid by the Company at the end of the applicable Interest Period, such Loan shall be converted to a Base Rate Loan.

SECTION 2.06. Loan Accounts and Notes.

(a) Except as provided in subsection (b) below, the Committed Loans and Money Market Loans of each Bank shall be evidenced by a loan account in the Company's name maintained by such Bank and the Administrative Agent in the ordinary course of business. Such loan account maintained by the Administrative Agent shall be conclusive evidence absent manifest error of the amount of the Loan made by such Bank to the Company, the interest accrued and payable thereon and all interest and principal payments made thereon. Any failure so to record or any error in doing so shall in no way limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) Upon written request made to the Documentation Agent by a Bank, the Company shall deliver to the Documentation Agent for such Bank a single Committed Note and a single Money Market Note, if applicable, evidencing the Committed Loans and the Money Market Loans, respectively, of such requesting Bank, payable to the order of each such Bank for the account of its Applicable Lending Office. Each such Note shall be in substantially the form of Exhibit G-1 or G-2 hereto, as appropriate. Each reference in this Agreement to the "Note" or "Notes" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

(c) Upon receipt from the Company of the requesting Bank's Note, the Documentation Agent shall forward such Note to such Bank. Such Bank shall record the date and amount of each Loan made by it and the date and amount of each payment of principal made by the Company with respect thereto, and may, if such Bank so elects in connection with any transfer or enforcement of its Note, endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; provided that the failure of any Bank that has requested a Note to make any such recordation or endorsement shall not affect the obligations of the Company hereunder or under the Note. Each Bank that receives a Note from the Company is hereby irrevocably authorized by the Company to so endorse its Note and to attach to and make a part of its Note a continuation of any such schedule as and when required.

SECTION 2.07. Payment of Principal. (a) Each Committed Loan shall fall due and be paid as to principal (i) on the Commitment Termination Date and (ii) on any date that the aggregate principal amount of all Loans then outstanding exceeds Total Commitments, but ratably only to the extent of such excess.

(b) Each Money Market Loan shall fall due and be paid as to principal on the last day of the Interest Period applicable to such Loan.

SECTION 2.08. Interest. Payment of interest on the Loans shall be in accordance with the following:

(a) Interest shall, subject to any decrease or increase pursuant to clause (d) of this Section 2.08, accrue (x) on each Base Rate Loan for each day at a rate per annum equal to the Base Rate for such day, (y) on each CD Loan for each day during each period commencing on the first day of an Interest Period therefor to but excluding the last day of such Interest Period at a rate per annum equal to the sum of the CD Margin for such day plus the Adjusted CD Rate applicable to such Interest Period, and (z) on each Eurodollar Loan for each day during each period commencing on the first day of an Interest Period therefor to but excluding the last day of such Interest Period, at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus the Eurodollar Margin for such day, all as selected and specified in a notice to the Administrative Agent furnished pursuant to Section 2.02 or Section 2.05; provided that:

(i) each selection by the Company as between the Base Rate, the Adjusted CD Rate and the Eurodollar Rate shall be made, as among the Banks, pro rata in accordance with their respective Commitments, except as variation from such pro-rationing may be required by virtue of suspension as to a particular Bank of its Commitment to make Eurodollar Loans, as contemplated by Section 8.03(a); and

(ii) subject to the other provisions of this Section 2.08, there may be outstanding hereunder at the same time Committed Loans (or portions thereof) which are Base Rate Loans, other Committed Loans (or portions thereof) which are CD Loans and other Committed Loans (or portions thereof) which are Eurodollar Loans.

(b) If requested to do so by the Company, through the Administrative Agent, at least six Eurodollar Business Days before the beginning of any Interest Period applicable to a Eurodollar Loan, each Bank will advise the Company, through the Administrative Agent, before 10:00 a.m. (New York time) four Eurodollar Business Days preceding the beginning of such Interest Period, as to whether such Bank consents to the selection by the Company of a duration of twelve months for such Interest Period. If, but only if, all of the Banks so consent, the Company shall be entitled to select a duration of twelve months for such Interest Period pursuant to Section 2.02 or 2.05.

(c) Interest accrued on a Base Rate Loan shall be paid on each Quarterly Date and on the Commitment Termination Date. Interest accrued on a CD Loan or a Eurodollar Loan shall be paid (i) on the last day of the Interest Period for such Loan, (ii) in the case of a Eurodollar Loan with an Interest Period of twelve months, on the date which is six months from the first day of such Interest Period and (iii) on the date of any prepayment pursuant to Section 2.09 or conversion pursuant to Section 8.03 (but only to the extent accrued with respect to the amount being prepaid or converted). Interest accrued on a Money Market Loan shall be paid on the last day of the Interest Period for such Loan, the date of any prepayment pursuant to Section 2.09 or conversion pursuant to Section 8.03 or as provided in the Money Market Quote Request for such Loan.

(d) Each of the CD Margin and the Eurodollar Margin shall be determined by reference to the senior unsecured long-term debt ratings of the Company, or the senior unsecured long-term debt ratings of the Company (as guaranteed by the Guarantor), whichever is higher, by S&P and Moody's, as specified on Schedule I hereto. Any change in the CD Margin or the Eurodollar Margin, as applicable, shall become effective on the day on which such a Rating Agency shall publicly announce a change in such rating.

(e) Subject to Section 8.03, each Money Market Eurodollar Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period (determined as if the Money Market Eurodollar Loan were a Eurodollar Loan) plus (or minus) the Money Market Margin quoted by the Bank making such Loan in accordance with Section 2.03. Each Money Market Rate Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the Money Market Rate quoted by the Bank making such Loan in accordance with Section 2.03.

(f) Interest on past-due principal and interest shall accrue at the Post-Default Rate during the period from and including the due date thereof to but excluding the date that such amount is paid and shall be payable on demand.

(g) The Administrative Agent shall determine, in accordance with the provisions of this Agreement, each Base Rate, Eurodollar Rate and Adjusted CD Rate applicable to the Committed Loans hereunder. The Administrative Agent shall give prompt notice to the Company and the Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(h) Each Reference Bank agrees to use its best efforts to furnish quotations to the Administrative Agent by the times such quotations are required to be furnished hereunder. If any Reference Bank does not furnish a timely quotation, the Administrative Agent shall determine the relevant interest rate on the basis of the quotation or quotations furnished by the remaining Reference Bank or Banks or, if none of such quotations is available on a timely basis, the provisions of Section 8.02 shall apply.

(i) Interest on Fixed Rate Loans and Base Rate Loans (if the Federal Funds Rate is the basis for the effective rate of interest) shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed, calculated as to each Interest Period (or period ending on a repayment date or date of conversion to a CD Loan or a Eurodollar Loan or prepayment date selected pursuant to Section 2.09 or required pursuant to Section 8.03) from and including the first day thereof to but excluding the last day thereof. Interest on Base Rate Loans (if the Reference Rate is the effective rate of interest) shall be computed on the basis of a year of 365 or 366 days, as the case may be, and paid for the actual number of days elapsed, calculated from and including the date of such Base Rate Loan to but excluding the date of repayment or conversion of such Loan to a Fixed Rate Loan.

SECTION 2.09. Optional Prepayments. (a) The Company may, upon notice to the Administrative Agent not later than 11:30 a.m. (New York time) on the date of such prepayment, prepay Base Rate Loans (without penalty or premium), or any Money Market Loan bearing interest at the Base Rate pursuant to Section 8.03 (without penalty or premium), in whole at any time, or from time to time in part in amounts aggregating not less than $10,000,000.

(b) Subject to Section 2.14, the Company may, upon at least one Domestic Business Day's notice (delivered not later than 1:00 p.m. (New York time)) to the Administrative Agent, in the case of CD Loans, or upon at least three Eurodollar Business Days' notice to the Administrative Agent, in the case of Eurodollar Loans, prepay such Loans, in whole at any time, or from time to time in part in amounts aggregating not less than $10,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

(c) Except as provided in subsection (a) above, the Company may not prepay all or any portion of the principal amount of any Money Market Loan prior to the maturity thereof.

(d) Upon receipt of a notice of prepayment, the Administrative Agent shall give each Bank prompt notice of the contents thereof and the amount of such Bank's Loans being prepaid pursuant thereto.

SECTION 2.10. General Provisions as to Payments. (a) All payments by the Company of principal, interest, Facility Fee and other charges under this Agreement shall be made not later than 2:00 p.m. (New York time) on the date when due, in Dollars, in immediately available funds, to the Administrative Agent at its address referred to in Section 10.02. If a Fed-Wire reference or tracer number has been received, from the Company or otherwise, by the Administrative Agent by that time the Company will not be penalized for a payment received after 2:00 p.m. (New York time). The Administrative Agent will promptly distribute to each Bank its ratable share of each such payment received by the Administrative Agent for the account of the Banks. Whenever any payment of principal of, or interest on, the Domestic Loans, the Money Market Rate Loans or of the Facility Fee or any other amounts payable to the Banks hereunder shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Eurodollar Loans or the Money Market Eurodollar Loans shall be due on a day which is not a Eurodollar Business Day, the date for payment thereof shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Eurodollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Banks hereunder that the Company will not make such payment in full, the Administrative Agent may assume that the Company has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Company shall not have so made such payment, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.11. Fees. Commencing with the earlier of (x) the Closing Date and (y) April 15, 1996, the Company agrees to pay to the Banks a facility fee (the "Facility Fee") on the daily average of the Total Commitments at a rate per annum determined by reference to the senior unsecured long-term debt ratings of the Company, or the senior unsecured long-term debt ratings of the Company (as guaranteed by the Guarantor), whichever is higher, by S&P and Moody's, as specified on Schedule I hereto. Any change in the Facility Fee shall become effective on the day on which such a Rating Agency publicly announces a change in such rating. The Facility Fee shall (i) be computed on the basis of a year of 365 or 366 days for the actual number of days elapsed, (ii) be payable in arrears on each Quarterly Date during the period from and including the earlier of (x) the Closing Date and (y) April 15, 1996 to but excluding the Commitment Termination Date and on the Commitment Termination Date, and (iii) be paid by the Company to the Administrative Agent for the account of the Banks. Notwithstanding the foregoing, Facility Fees in respect of the Commitment of any Bank shall cease to accrue, and accrued but unpaid Facility Fees shall be payable, on the date (if any) on which such Bank's Commitment is terminated pursuant hereto.

SECTION 2.12. Reduction or Termination of Commitments.

The Company shall have the right at any time or from time to time, upon not less than three Domestic Business Days' prior written notice to the Administrative Agent, to terminate the Commitments of the Banks, in whole or in part, provided that each partial termination shall be in an aggregate amount of not less than $25,000,000 and a multiple of $5,000,000, and shall reduce the respective Commitments of all the Banks proportionately (the signature pages hereto shall be deemed to be amended to reflect the reduction in such Commitment). If after giving effect to such reduction, the aggregate principal amount of the outstanding Loans exceeds the Commitments as then reduced, the Company shall on such date ratably prepay the Committed Loans to the extent of such excess, all in accordance with Section 2.07. The Administrative Agent shall give prompt written notice to each Bank of each such reduction or termination. The

Commitment of a Bank may also be terminated under the provisions of Section 10.01(a).

SECTION 2.13. Lending Offices. Each Loan shall be made and maintained by the Applicable Lending Office of each respective Bank. Subject to the provisions of Sections 8.01, 8.03 and 10.08(d), each Bank may transfer any Loan to or designate a different office of itself or any subsidiary or affiliate and such office shall thereupon become an Applicable Lending Office.

SECTION 2.14. Reimbursement. The Company shall reimburse each Bank for all reasonable out-of-pocket costs and expenses, including the cost of any liquidation and redeployment of funds borrowed by such Bank (but excluding loss of margin for the period after any payment, conversion or failure to borrow, convert or continue as described herein), in the event that the Company makes any payment of principal with respect to, or converts, any Fixed Rate Loan on any day other than the last day of an Interest Period applicable thereto (pursuant to Section 2.09 or otherwise) or any borrowing, conversion, continuation or prepayment notified to the Banks pursuant to Section 2.02, 2.03, 2.05 or 2.09(b) relative to Fixed Rate Loans shall not be consummated because of the Company's failure to satisfy one or more of the applicable conditions precedent in Article III or because the Company fails to borrow, convert, continue or prepay at the specified time. Any Bank requesting reimbursement from the Company for such costs and expenses pursuant to this Section 2.14 shall provide the Company through the Administrative Agent with the calculation of the amount of such costs and expenses in reasonable detail.

ARTICLE III

CONDITIONS

SECTION 3.01. Conditions to Closing. The closing hereunder shall occur on the date that each of the following conditions shall have been satisfied (or waived in accordance with Section 10.07):

(a) Effectiveness. This Agreement shall have become effective pursuant to Section 10.12.

(b) Account. The Company shall have designated in writing to the Administrative Agent its account pursuant to Section 2.04(b).

(c) Signatures. The Company shall have certified the name and signature of each officer authorized to sign this Agreement and any Notes on its behalf and each person authorized to give Notices of Borrowing or give Notices of Conversion/Continuation under this Agreement; and the Guarantor shall have certified the name and signature of each officer authorized to sign this Agreement on its behalf. The Banks may conclusively rely on such certification until they respectively receive notice in writing to the contrary.

(d) Opinion of Company Counsel. The Agents shall have received (i) opinions of Miles & Stockbridge, a Professional Corporation, and O'Melveny & Myers, special counsel for the Company, substantially in the forms of Exhibits H-1 and H-2 hereto, and (ii) an opinion of the General Counsel, the Chief Counsel or an Assistant General Counsel of the Company, substantially in the form of Exhibit H-3 hereto; the Company hereby expressly instructs each such counsel to prepare such opinion for the benefit of the Agents and the Banks.

(e) Opinion of Bank Counsel. The Agents shall have received an opinion of Davis Polk & Wardwell, special counsel for the Agents, substantially in the form of Exhibit I hereto.

(f) Proof of Corporate Action. The Company shall have delivered copies certified by (i) its Secretary or an Assistant Secretary of its Charter and Bylaws and of all corporate action taken by the Company to authorize the execution, delivery and performance of this Agreement and the Notes and the borrowing hereunder and (ii) the Secretary or an Assistant Secretary of the Guarantor of its Charter and Bylaws and of all corporate action taken by the Guarantor to authorize the execution, delivery and performance of this Agreement.

(g) Termination and Payment under Existing Agreements. The Documentation Agent shall have received evidence reasonably satisfactory to it regarding the termination of commitments, and payment of amounts due, under the Loan Agreement dated as of March 15, 1995 among Lockheed Martin Corporation, the guarantors listed therein, the banks listed therein, Morgan Guaranty Trust Company of New York, as documentation agent, and Bank of America National Trust and Savings Association, as administrative agent, and the Amended and Restated Revolving Credit Agreement dated as of November 23, 1994 among Loral Corporation, certain banks, Morgan Guaranty Trust Company of New York, as documentation agent and co-arranger, Chemical Bank, as administrative agent and co-arranger, and Bank of America Illinois, as co-agent.

(h) Tender Offer Closing. It shall be the case that, and the Company shall so certify that, (i) tendered shares shall have been accepted

for payment pursuant to the Tender Offer in accordance with the terms of the Tender Offer; (ii) the terms and conditions of the Tender Offer shall be in substance as disclosed to the Banks in the Information Memorandum, but shall in all events include terms and conditions to the effect that upon the consummation of the Tender Offer, Acquisition Company shall own and control the number of shares of Loral's common stock as shall be necessary to approve the Merger without the affirmative vote or approval of any other shareholders; and (iii) conditions to the consummation of the Tender Offer shall have been satisfied and shall not have been waived, except for conditions (x) not material to the combined entity or the prospects and timing of the consummation of the Merger and (y) not relating to the legality, validity or legal effect of the financing contemplated hereby.

(i) Approvals; Compliance with Laws. It shall be the case that, the Company shall so certify that, and the Agents shall have received evidence satisfactory to them that, all necessary licenses, permits and governmental and third-party filings, consents and approvals for the Acquisition, including the Merger, have been made or obtained and remain in full force and effect, except for (x) those not material to the combined entity or the prospects and timing of the consummation of the Merger, (y) those not relating to the legality, validity or legal effect of the financing contemplated hereby and (z) in the case of the Merger, the approval of the holders of the requisite percentage of shares of Loral's common stock and the filing of any applicable articles or certificate of merger.

(j) Fees. The Banks and the Agents shall have received the fees, as otherwise agreed to by them and the Company, then or theretofore payable.

SECTION 3.02. Conditions to All Loans. The obligation of each Bank to make each Loan to be made by it on or after the Closing Date (including the initial Loan) is subject to the following conditions precedent:

(a) Events of Default, etc. No Event of Default shall have occurred and be continuing; and except as otherwise described by the Company in a writing to the Documentation Agent and waived by the Required Banks, the representations of the Company in Article IV (other than Sections 4.05, 4.11, 4.12 and the last sentence of Section 4.04) shall be true on and as of the date of such Loan with the same force and effect as if made on and as of such date. Notwithstanding the foregoing, for purposes of the representations of the Company in Article IV in respect of Loans to be made on the Closing Date, the limitation in the parenthetical included in the previous sentence shall not apply.

(b) Company Representation. Each Notice of Borrowing given by the Company pursuant to Section 2.02 or Section 2.03(f) shall constitute a representation by the Company as to the satisfaction in respect of such borrowing of the conditions referred to in Section 3.02(a).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants (such representations and warranties when given on the Closing Date to be given after giving effect to the consummation of the Tender Offer, provided that to the extent given on the Closing Date with respect to Loral and its Subsidiaries, such representations and warranties are given only to the knowledge of each officer of the Company listed as an executive officer in the Company's annual report on Form 10-K for the year ended December 31, 1995 and each member of the Company's treasury and legal departments) that:

SECTION 4.01. Corporate Existence and Power. Each of the Company and its Restricted Subsidiaries is a corporation duly organized and validly existing under the laws of the state of its incorporation without limitation on the duration of its existence, is in good standing therein, and is duly qualified to transact business in all jurisdictions where such qualification is necessary, except for such jurisdictions where the failure to be so qualified or licensed will not be reasonably likely to have a Material Adverse Effect; each of the Company and the Guarantor has corporate power to enter into and perform this Agreement; and the Company has the corporate power to borrow and issue Notes as contemplated by this Agreement.

SECTION 4.02. No Contravention. The execution and delivery by the Company and the Guarantor of this Agreement and any Notes and the Merger Agreement and the performance by the Company and the Guarantor of their respective obligations under this Agreement and any Notes and the Merger Agreement, do not contravene, or constitute a default under, any provision of applicable law or regulation or such corporation's Charter, or Certificate of Incorporation, as the case may be, or Bylaws or any indenture, agreement, instrument, judgment or order to which the Company or the Guarantor is a party or by which it or any of its material assets or properties may be bound or affected which would be reasonably likely to have a Material Adverse Effect.

SECTION 4.03. Corporate Authorization; Binding Effect. Each of the Company and the Guarantor has taken all corporate action necessary to

authorize its execution and delivery of this Agreement and any Notes and the Merger Agreement and the consummation of the transactions contemplated hereby; this Agreement and any Notes and the Merger Agreement constitute the valid and binding agreements of the Company and the Guarantor enforceable against the Company and the Guarantor in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws of general application relating to or affecting the enforcement of creditors' rights or by general equitable principles.

SECTION 4.04. Financial Information. The unaudited pro forma combined condensed balance sheet of the Company and the Consolidated Subsidiaries (giving effect to the Merger) dated as of December 31, 1995 and the related unaudited pro forma combined condensed statements of earnings of the Company and the Consolidated Subsidiaries (giving effect to the Merger) for the fiscal year ended December 31, 1995 contained in the Information Memorandum (together with the historical consolidated financial statements (including management's analysis of financial condition and operating results) of the Company and Loral contained, in respect of the Company, in the Company's annual report on Form 10-K for the fiscal year ended December 31, 1995, and, in respect of Loral, in Loral's annual and quarterly reports on Forms 10-K and 10-Q for the fiscal year ended March 31, 1995 and fiscal quarterly periods ended December 31, 1995, respectively, collectively referred to as the "Financial Statements"), furnished to the Banks prior to the execution of this Agreement, present the pro forma consolidated financial condition of the Company and the Consolidated Subsidiaries (giving effect to the Merger) as of December 31, 1995, and the pro forma results of their operations for the fiscal year ended December 31, 1995, based on preliminary estimates, adjustments and assumptions, which were believed to be reasonable in the circumstances under which such unaudited pro forma financial statements were prepared. Since December 31, 1995, there has occurred no change in the consolidated financial condition of the Company and the Consolidated Subsidiaries (giving effect to the Merger) which would be reasonably likely to have a Material Adverse Effect.

SECTION 4.05. Litigation; Taxes. (a) There are no suits, actions or proceedings pending, or to the knowledge of any member of the Company's legal department threatened, against or affecting the Company or any Subsidiary, the adverse determination of which is reasonably likely to occur, and if so adversely determined would be reasonably likely to have a Material Adverse Effect. On the date of the initial borrowing hereunder, there exists (i) no injunction against consummation of the Tender Offer, (ii) no litigation pending, or to the knowledge of any member of the Company's legal department threatened, which gives rise to a material likelihood that the Merger will not be consummated or will be subject to undue delay, and (iii) no litigation pending, or to the knowledge of any member of the Company's legal department threatened, other than that as to which there is not a material likelihood of success, challenging the legality, validity or legal effect of the financing contemplated hereby.

(b) The Company and each Subsidiary have filed all material tax returns which to the knowledge of any member of the Company's tax department were required to be filed and have paid or have adequately provided for all taxes shown thereon to be due, including interest and penalties, except for (i) those not yet delinquent, (ii) those the nonpayment of which would not be reasonably likely to have a Material Adverse Effect and (iii) those being contested in good faith.

SECTION 4.06. Margin Regulations. No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation U.

SECTION 4.07. Governmental Approvals. No consent, approval, authorization, permit or license from, or registration or filing with, any Governmental Authority is required in connection with the making of this Agreement, with the exception of routine periodic filings made under the Exchange Act and the filing of International Capital Form CQ-1's.

SECTION 4.08. Pari Passu Obligations. Under applicable United States laws (including state and local laws) in force at the date hereof, the claims and rights of the Banks and the Agents against the Company under this Agreement and the Notes will not be subordinate to, and will rank at least pari passu with, the claims and rights of any other unsecured creditors of the Company (except to the extent provided by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general principles of equity).

SECTION 4.09. No Defaults. The payment obligations of the Company and the Restricted Subsidiaries in respect of any Material Debt are not overdue.

SECTION 4.10. Full Disclosure. All information furnished to the Banks in writing prior to the date hereof in connection with the transactions contemplated hereby (including, without limitation, the Information Memorandum, but subject to the qualifications and limitations set forth in the Information Memorandum (including, without limitation, in the pro forma and forecasted financial information)) does not, collectively, contain any misstatement of a material fact or omit to state a fact necessary to make the statements contained therein, in the light of

the circumstances under which they were made, not misleading in any material respect on and as of the date hereof.

SECTION 4.11. ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in substantial compliance in all material respects with the presently applicable material provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or made any amendment to any Plan which, in either case has resulted or could result in the imposition of a material Lien or the posting of a material bond or other material security under ERISA or the Internal Revenue Code or (iii) incurred any material liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

SECTION 4.12. Environmental Matters. The Financial Statements described in Section 4.04 provide certain information regarding the current and potential obligations arising from various consent decrees, cleanup and abatement orders, and current or potential proceedings pertaining to actual or alleged soil and water contamination, disposal of hazardous wastes, and other environmental matters related to properties currently owned by the Company or its Restricted Subsidiaries, previously owned properties, and other properties. Since December 31, 1995, environmental matters have not caused any material adverse change in the consolidated financial condition of the Company and the Consolidated Subsidiaries from that shown by such Financial Statements.

In the ordinary course of business, the ongoing operations of the Company and its Restricted Subsidiaries are reviewed from time to time to determine compliance with applicable Environmental Laws. Based on these reviews, to the knowledge of the Company, ongoing operations at the Principal Properties are currently being conducted in substantial compliance with applicable Environmental Laws except to the extent that noncompliance would not be reasonably likely to result in a material adverse change in the consolidated financial condition of the Company and the Consolidated Subsidiaries.

ARTICLE V

COVENANTS

From the Closing Date and so long as any Commitments of the Banks shall be outstanding and until the payment in full of all Loans outstanding under this Agreement and the performance of all other obligations of the Company under this Agreement, the Company agrees that, unless the Required Banks shall otherwise consent in writing:

SECTION 5.01. Information. The Company will deliver to the Administrative Agent for each of the Banks:

(a) as soon as available and in any event within 60 days after the end of each of its first three quarterly accounting periods in each fiscal year, consolidated statements of earnings and cash flows of the Company and the Consolidated Subsidiaries for the period from the beginning of such fiscal year to the end of such fiscal period and the related consolidated balance sheet of the Company and the Consolidated Subsidiaries as at the end of such fiscal period, all in reasonable detail (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection) and accompanied by a certificate in the form attached hereto as Exhibit J signed by a financial officer of the Company stating that such consolidated financial statements fairly present the consolidated financial condition and results of operations of the Company and the Consolidated Subsidiaries as of the end of such period and for the period involved, subject, however, to year-end audit adjustments, and that such officer has no knowledge, except as specifically stated, of any Default;

(b) as soon as available and in any event within 120 days after the end of each fiscal year, consolidated statements of earnings and cash flows of the Company and the Consolidated Subsidiaries for such year and the related consolidated balance sheets of the Company and the Consolidated Subsidiaries as at the end of such year, all in reasonable detail and accompanied by (i) an opinion of independent public accountants of recognized standing selected by the Company as to such consolidated financial statements (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection), and (ii) a certificate in the form attached hereto as Exhibit J signed by a financial officer of the Company stating that such consolidated financial statements fairly present the consolidated financial condition and results of operations of the Company and the Consolidated Subsidiaries as of the end of such year and for the year involved and that such officer has no knowledge, except as specifically stated, of any Default;

(c) promptly after their becoming available:

(i) copies of all financial statements, stockholder reports and proxy statements that the Company shall have sent to its stockholders

generally; and

(ii) copies of all registration statements filed by the Company under the Securities Act of 1933, as amended (other than registration statements on Form S-8 or any registration statement filed in connection with a dividend reinvestment plan), and regular and periodic reports, if any, which the Company shall have filed with the Securities and Exchange Commission (or any governmental agency or agencies substituted therefor) under Section 13 or Section 15(d) of the Exchange Act, or with any national or international securities exchange (other than those on Form 11-K or any successor form);

(d) from time to time, with reasonable promptness, but subject to restrictions imposed by applicable security clearance regulations, such further information regarding the business and financial condition of the Company and its Subsidiaries as any Bank may reasonably request through the Documentation Agent;

(e) prompt notice of the occurrence of any Default; and

(f) prompt notice of all litigation and of all proceedings before any governmental or regulatory agency pending (or, to the knowledge of the General Counsel of the Company, threatened) and affecting the Company or any Restricted Subsidiary, except litigation or proceedings which, if adversely determined, would not be reasonably likely to result in a Material Adverse Effect.

Each set of financial statements delivered pursuant to clause (a) or clause (b) of this Section 5.01 shall be accompanied by or include the computations showing, in the form attached hereto as Exhibit J, whether the Company was, at the end of the relevant fiscal period, in compliance with the provisions of Section 5.09.

SECTION 5.02. Payment of Obligations. The Company will pay and discharge, and will cause each Restricted Subsidiary to pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, prior to the date on which penalties attach thereto, and all lawful material claims which, if unpaid, might become a Lien upon the property of the Company or such Restricted Subsidiary; provided that neither the Company nor any such Restricted Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim (i) the payment of which is being contested in good faith and by proper proceedings, (ii) not yet delinquent or (iii) the non-payment of which, if taken in the aggregate, would not be reasonably likely to result in a Material Adverse Effect.

SECTION 5.03. Insurance. The Company will maintain, and will cause each Restricted Subsidiary to maintain, insurance from responsible companies in such amounts and against such risks as is customarily carried by owners of similar businesses and properties in the same general areas in which the Company or such Restricted Subsidiary operates or, to the customary extent, self-insurance.

SECTION 5.04. Maintenance of Existence. The Company will preserve and maintain, and will cause each Restricted Subsidiary to preserve and maintain, its corporate existence and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, and conduct its business in an orderly, efficient and regular manner. Nothing herein contained shall prevent the termination of the business or corporate existence of any Subsidiary (other than the Guarantor) which in the judgment of the Company is no longer necessary or desirable, a merger or consolidation of a Subsidiary into or with the Company (if the Company is the surviving corporation) or another Subsidiary or any merger, consolidation or transfer of assets permitted by Section 5.07, as long as immediately after giving effect to any such transaction, no Default shall have occurred and be continuing.

SECTION 5.05. Maintenance of Properties. The Company will keep, and will cause each Restricted Subsidiary to keep, all of its properties necessary, in the judgment of the Company, in its business in good working order and condition, ordinary wear and tear excepted. Nothing in this Section 5.05 shall prevent the Company or any Restricted Subsidiary from discontinuing the operation or maintenance, or both the operation and maintenance, of any properties of the Company or any such Restricted Subsidiary if such discontinuance is, in the judgment of the Company (or such Restricted Subsidiary), desirable in the conduct of its business.

SECTION 5.06. Compliance With Laws. The Company will comply, and will cause each Restricted Subsidiary to comply, with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, a breach of which would be reasonably expected to have a Material Adverse Effect, except where contested in good faith and by proper proceedings.

SECTION 5.07. Mergers, Consolidations and Sales of Assets.

(a) Neither the Company nor the Guarantor shall consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(1) the Company or a Consolidated Subsidiary that is incorporated under the laws of the United States, any state thereof or the District of Columbia is the surviving corporation of any such consolidation or merger or is the Person that acquires by conveyance or transfer the properties and assets of the Company or the Guarantor substantially as an entirety;

(2) if a Consolidated Subsidiary is the surviving corporation or is the Person that acquires the property and assets of the Company or the Guarantor substantially as an entirety, it shall expressly assume the performance of every covenant of this Agreement and of the Notes on the part of the Company or the Guarantor, as the case may be, to be performed or observed;

(3) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(4) if the Company or the Guarantor, as the case may be, is not the surviving corporation, the Company has delivered to the Documentation Agent an Officer's Certificate and a legal opinion of its General Counsel, Chief Counsel or Assistant General Counsel, upon the express instruction of the Company for the benefit of the Documentation Agent and the Banks, each stating that such transaction complies with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Upon any consolidation by the Company or the Guarantor with, or merger by the Company or the Guarantor into, a Consolidated Subsidiary or any conveyance or transfer of the properties and assets of the Company or the Guarantor substantially as an entirety to a Consolidated Subsidiary, the Consolidated Subsidiary into which the Company or the Guarantor is merged or consolidated or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or the Guarantor, as the case may be, under this Agreement with the same effect as if such Consolidated Subsidiary had been named as the Company or the Guarantor, as the case may be, herein, and thereafter, in the case of a transfer or conveyance permitted by Section 5.07(a), the Company or the Guarantor, as the case may be, shall be relieved of all obligations and covenants under this Agreement and the Notes.

This covenant shall not, so long as the common stock of Loral is "margin stock" within the meaning of Regulation U, apply to any sale of such stock for value.

SECTION 5.08. Limitation on Liens. The Company will not, and will not permit any Restricted Subsidiary to, create or suffer to exist any Lien upon any of its assets, now owned or hereafter acquired, securing any Debt; provided, however, that the foregoing restrictions shall not apply to:

(a) Liens on any assets owned by the Company or any Restricted Subsidiary existing at the date of this Agreement;

(b) Liens on assets of a corporation or other entity existing at the time such corporation or other entity is merged into or consolidated with the Company or a Restricted Subsidiary (to the extent applicable, in accordance with Section 5.07), or at the time of a purchase, lease or other acquisition of the assets of a corporation or other entity as an entirety or substantially as an entirety by the Company or a Restricted Subsidiary, whether or not any indebtedness secured by such Liens is assumed by the Company or such Restricted Subsidiary;

(c) Liens on assets of a corporation or other entity existing at the time such corporation or other entity becomes a Restricted Subsidiary;

(d) Liens securing Debt of a Restricted Subsidiary owing to the Company or to another Restricted Subsidiary;

(e) materialmen's, suppliers', tax or other similar Liens arising in the ordinary course of business securing obligations which are not overdue or are being contested in good faith by appropriate proceedings; and Liens arising by operation of law in favor of any lender to the Company or any Restricted Subsidiary in the ordinary course of business constituting a banker's lien or right of offset in moneys of the Company or a Restricted Subsidiary deposited with such lender in the ordinary course of business;

(f) Liens on assets existing at the time of acquisition of such assets by the Company or a Restricted Subsidiary, or Liens to secure the payment of all or any part of the purchase price of assets upon the acquisition of such assets by the Company or a Restricted Subsidiary or to secure any Debt incurred or guaranteed by the Company or a Restricted Subsidiary prior to, at the time of, or within one year after the later of the acquisition, completion of construction (including any improvements on an existing asset) or commencement of full operation of such asset, which Debt is incurred or guaranteed for the purpose of financing all or any part of the purchase price thereof or construction or improvements thereon, and which Debt may be in the form of obligations incurred in connection with industrial revenue bonds or similar financings and letters of credit issued

in connection therewith; provided, however, that in the case of any such acquisition, construction or improvement the Lien shall not apply to any asset theretofore owned by the Company or a Restricted Subsidiary, other than, in the case of any such construction or improvement, any theretofore unimproved real property on which the property so constructed or the improvement made is located;

(g) Liens in favor of any customer (including any Governmental Authority) to secure partial, progress, advance or other payments or performance pursuant to any contract or statute or to secure any related indebtedness or to secure Debt guaranteed by a Governmental Authority;

(h) Liens on cash or certificates of deposit or other bank obligations in an amount substantially equal in value (at the time such Liens are created) to, and securing, indebtedness in an aggregate principal amount not in excess of $200,000,000 (or the equivalent amount in a different currency);

(i) Liens equally and ratably securing the Loans and such Debt; provided that the Required Banks may, in their sole discretion, refuse to take any Lien on any asset (which refusal will not limit the Company's or any Restricted Subsidiary's ability to incur a Lien otherwise permitted by this Section 5.08(i)); such Lien may equally and ratably secure the Loans and any other obligation of the Company or any of its Subsidiaries, other than an obligation that is subordinated to the Loans;

(j) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing; provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or part of the asset which secured the Lien so extended, renewed or replaced (plus improvements and construction on such asset); and

(k) Liens securing Debt in an aggregate amount that, together with all other Debt of the Company and its Restricted Subsidiaries that is secured by Liens not otherwise permitted under subsections (a) through (j) above (if originally issued, assumed or guaranteed at such time), does not at the time exceed the greater of 10% of Stockholders' Equity as of the end of the fiscal quarter preceding the date of determination or $1,000,000,000. For purpose of this Section 5.08(k), the term "Consolidated Subsidiaries" in the definition of Stockholders' Equity includes any Exempt Subsidiaries.

The exceptions to the Lien limitations described in clauses (b), (c) and (f) above shall not apply to Liens on any stock or assets of Loral or any of its subsidiaries incurred in contemplation of the Acquisition.

This covenant shall not apply to any "margin stock" within the meaning of Regulation U in excess of 25% in value of the assets covered by this covenant.

For the avoidance of doubt, the creation of a security interest arising solely as a result of, or the filing of UCC financing statements in connection with, any sale by the Company or any of its Subsidiaries of accounts receivable not prohibited by Section 5.07 shall not constitute a Lien prohibited by this covenant.

SECTION 5.09. Leverage Ratio. The Company will not permit, as of the last day of any fiscal quarter, the ratio of (a) Debt to (b) the sum of Debt and Stockholders' Equity, to exceed: (i) for quarters ending on or before December 30, 1996, 72.5% and (ii) for quarters ending on or after December 31, 1996, 67.5%. For purposes of this Section 5.09, the term "Consolidated Subsidiaries" in the definitions of Debt and Stockholders' Equity includes any Exempt Subsidiaries.

SECTION 5.10. Use of Loans. The Company will use the proceeds of the Loans to finance the Acquisition and for any other lawful corporate purposes of the Company.

ARTICLE VI

DEFAULTS

SECTION 6.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Company shall fail to pay the principal of any Loan when due;

(b) the Company shall fail to pay within 5 days of the due date thereof (i) any Facility Fee or (ii) interest on any Loan;

(c) the Company shall fail to pay within 30 days after written request for payment by any Bank acting through the Administrative Agent any other amount payable under this Agreement;

(d) the Company shall fail to observe or perform any agreement

contained in Sections 5.07 through 5.09;

(e) the Company shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clauses (a) through (d) above) for 30 days after written notice thereof has been given to the Company by the Documentation Agent at the request of the Required Banks;

(f) any representation or warranty made by the Company in Article IV of this Agreement or any certificate or writing furnished pursuant to this Agreement shall prove to have been incorrect in any material respect when made and such deficiency shall remain unremedied for 5 days after written notice thereof shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(g) any Material Debt shall become due before stated maturity by the acceleration of the maturity thereof by reason of default, or any Material Debt shall become due by its terms and shall not be paid and, in any case aforesaid in this clause (g), corrective action satisfactory to the Required Banks shall not have been taken within 5 days after written notice of the situation shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(h) the Company or any Restricted Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Company or any Restricted Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against the Company or any Restricted Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(j) a final judgment for the payment of money in excess of $150,000,000 shall have been entered against the Company or any Restricted Subsidiary, and the Company or such Restricted Subsidiary shall not have satisfied the same within 60 days, or caused execution thereon to be stayed within 60 days, and such failure to satisfy or stay such judgment shall remain unremedied for 5 days after notice thereof shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(k) a final judgment either (1) requiring termination or imposing liability (other than for premiums under Section 4007 of ERISA) under Title IV of ERISA in respect of, or requiring a trustee to be appointed under Title IV of ERISA to administer, any Plan or Plans having aggregate Unfunded Liabilities in excess of $150,000,000 or (2) in an action relating to a Multiemployer Plan involving a current payment obligation in excess of $150,000,000, which judgment, in either case, has not been satisfied or stayed within 60 days and such failure to satisfy or stay is unremedied for 5 days after notice thereof shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(l) during any two-year period, individuals who at the beginning of such period constituted the Company's Board of Directors (or, if such two-year period commences on or before February 6, 1995, the directors of the Company specified in the Joint Proxy Statement/Prospectus dated February 9, 1995, of Lockheed Corporation, Martin Marietta Corporation and the Company) (together with any new director whose election by the Board of Directors or whose nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds of the directors then in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors then in office;

(m) any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act) (other than an employee benefit or stock ownership plan of the Company or any of its Subsidiaries) shall have acquired, directly or indirectly, shares of capital stock (whether common or preferred or a combination thereof) having ordinary voting power to elect a majority of the members of the Board of Directors of the Company; or

(n) the guarantee set forth in Section 9.01, for any reason other than payment in full of all amounts due hereunder following termination of all Commitments or a transaction permitted by Section 5.07

in which the Guarantor and the Company merge and either is the surviving entity, ceases to be in full force and effect (including with respect to future Loans), is revoked or is declared null and void, or the Guarantor denies that it has or contests any further liability under Article IX, or gives notice to such effect;

then, and in every such event, the Documentation Agent shall, if requested by the Required Banks, (i) by notice to the Company terminate the Commitments and they shall thereupon terminate, and (ii) by notice to the Company declare the Loans, interest accrued thereon and all other amounts payable hereunder to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; provided that in the event of (A) the filing by the Company of a petition, or (B) an actual or deemed entry of an order for relief with respect to the Company, under the federal bankruptcy laws as now or hereafter in effect, without any notice to the Company or any other act by the Documentation Agent or the Banks, the Total Commitments shall thereupon terminate and the Loans, interest accrued thereon and all other amounts payable hereunder shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

ARTICLE VII

THE AGENTS

SECTION 7.01. Appointment and Authorization. Each Bank appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to such Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto; provided, however, that the Agents shall not commence any legal action or proceeding before a court of law on behalf of any Bank without such Bank's prior consent.

SECTION 7.02. Agents and Affiliates. Each of Bank of America National Trust and Savings Association and Morgan Guaranty Trust Company of New York and their respective affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Company or any Subsidiary or affiliate of the Company as if it were not an Agent hereunder. With respect to its Commitment and Loans made by it, each of Bank of America National Trust and Savings Association and Morgan Guaranty Trust Company of New York (and any of their respective successors acting as an Agent), in its capacity as a Bank hereunder, shall have the same rights and obligations hereunder as any other Bank and may exercise (or be subject to) the same as though it were not an Agent. The term "Bank" or "Banks" shall, unless otherwise expressly indicated, include each of Bank of America National Trust and Savings Association and Morgan Guaranty Trust Company of New York (and any successor acting as an Agent) in its capacity as a Bank.

SECTION 7.03. Action by Agents. The obligations of the Agents hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Agents shall not be required to take any action with respect to any Default, except as expressly provided in Article VI.

SECTION 7.04. Consultation with Experts. Each Agent may consult with legal counsel (who may be counsel for the Company), independent public accountants and other experts selected by it and shall not be liable to any Bank for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

SECTION 7.05. Liability of Agents. No Agent nor any of its directors, officers, agents, or employees shall be liable for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. No Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made by any Person in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Company; (iii) the satisfaction of any condition specified in Article III, except receipt of items required to be delivered to such Agent; or (iv) the validity, effectiveness (except for its own due execution and delivery) or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. No Agent shall incur any liability by acting in reasonable reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

SECTION 7.06. Indemnification. Each Bank shall, ratably in accordance with its Commitment, indemnify each Agent (to the extent not reimbursed by the Company) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such Agent's gross negligence or willful misconduct) that such Agent may suffer or incur in connection with this Agreement or any action taken or omitted by such Agent hereunder.

SECTION 7.07. Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon either Agent or any other

Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon either Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

SECTION 7.08. Successor Agents. An Agent may resign at any time by giving written notice thereof to the Banks and the Company. Upon any such resignation, the Company shall, with the consent of the Required Banks, have the right to appoint a successor Agent (which may be the other institution then acting as Agent). If no successor Agent shall have been so appointed, and shall have accepted such appointment, within 60 days after the retiring Agent gives notice of resignation, the retiring Agent may, on behalf of the Banks, appoint a successor Agent (which may be the other institution then acting as Agent), which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000. Upon the acceptance of its appointment as an Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder as Agent. After any retiring Agent's resignation hereunder as an Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent.

SECTION 7.09. Agents' Fees. The Company shall pay to each Agent for its own account fees in the amounts and at the times previously agreed upon between the Company and each Agent.

ARTICLE VIII

CHANGE IN CIRCUMSTANCES

SECTION 8.01. Increased Cost and Reduced Return; Capital Adequacy. (a) If after the date hereof, in the case of any Committed Loan, or the date of the related Money Market Quote, in the case of any Money Market Loan, a Change in Law shall impose, modify or deem applicable any reserve, special deposit, assessment or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System pursuant to Regulation D or otherwise but excluding any such requirements taken into account in its calculation of the Adjusted CD Rate, as herein provided) against assets of, deposits with or for the account of, or credit extended by, any Bank or shall impose on any Bank or the London interbank market any other condition affecting such Bank's Fixed Rate Loans, or its Notes; and the result of any of the foregoing is to increase the cost to such Bank of making or maintaining any such Fixed Rate Loans, or to reduce the amount of any sum received or receivable by such Bank under this Agreement or under its Note, by an amount deemed by such Bank to be material, then, within 15 days after written demand therefor made through the Administrative Agent, in the form of the certificate referred to in Section 8.01(c), the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction; provided that the Company shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand.

(b) Without limiting the effect of Section 8.01(a) (but without duplication), if any Bank determines at any time after the date on which this Agreement becomes effective that a Change in Law will have the effect of increasing the amount of capital required to be maintained by such Bank (or its Parent) based on the existence of such Bank's Loans, Commitment and/or other obligations hereunder, then the Company shall pay to such Bank, within 15 days after its written demand therefor made through the Administrative Agent in the form of the certificate referred to in Section 8.01(c), such additional amounts as shall be required to compensate such Bank for any reduction in the rate of return on capital of such Bank (or its Parent) as a result of such increased capital requirement; provided that the Company shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand; provided further, however, that to the extent (i) a Bank shall increase its level of capital above the level maintained by such Bank on the date of this Agreement and there has not been a Change in Law or (ii) there has been a Change in Law and a Bank shall increase its level of capital by an amount greater than the increase attributable (taking into consideration the same variables taken into consideration in determining the level of capital maintained by such Bank on the date of this Agreement) to such Change in Law, the Company shall not be required to pay any amount or amounts under this Agreement with respect to any such increase in capital. Thus, for example, a Bank which is "adequately capitalized" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank) may not require the Company to make payments in respect of increases in such Bank's level of capital made under the circumstances described in clause (i) or (ii) above which improve its capital position from "adequately capitalized" to "well capitalized" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank).

(c) Each Bank will promptly notify the Company, through the

Administrative Agent, of any event of which it has knowledge, occurring after the date on which this Agreement becomes effective, which will entitle such Bank to compensation pursuant to this Section 8.01 and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 8.01 and setting forth the additional amount or amounts to be paid to it hereunder and setting forth the basis for the determination thereof shall be conclusive in the absence of manifest error. In determining such amount, such Bank shall act reasonably and in good faith, and may use any reasonable averaging and attribution methods.

SECTION 8.02. Substitute Rate. Anything herein to the contrary notwithstanding, if within two Domestic Business Days, in the case of CD Loans, or two Eurodollar Business Days, in the case of Eurodollar Loans or Money Market Eurodollar Loans, prior to the first day of an Interest Period none of the Reference Banks is, for any reason whatsoever, being offered Dollars for deposit in the relevant market for a period and amount relevant to the computation of the rate of interest on a Fixed Rate Loan for such Interest Period, the Administrative Agent shall give the Company and each Bank prompt notice thereof and on what would otherwise be the first day of such Interest Period such Loans shall be made as Base Rate Loans.

SECTION 8.03. Illegality. (a) Notwithstanding any other provision herein, if, after the date on which this Agreement becomes effective, a Change in Law shall make it unlawful or impossible for any Bank to (i) honor any Commitment it may have hereunder to make any Eurodollar Loan, then such Commitment shall be suspended, or (ii) maintain any Eurodollar Loan or any Money Market Eurodollar Loan, then all Eurodollar Loans and Money Market Eurodollar Loans of such Bank then outstanding shall be converted into Base Rate Loans as provided in Section 8.03(b), and any remaining Commitment of such Bank hereunder to make Eurodollar Loans (but not other Loans) shall be immediately suspended, in either case until such Bank may again make and/or maintain Eurodollar Loans (as the case may be), and borrowings from such Bank, at a time when borrowings from the other Banks are to be of Eurodollar Loans, shall be made, simultaneously with such borrowings from the other Banks, by way of Base Rate Loans. Upon the occurrence of any such change, such Bank shall promptly notify the Company thereof (with a copy to the Agents), and shall furnish to the Company in writing evidence thereof certified by such Bank. Before giving any notice pursuant to this Section 8.03, such Bank shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the sole reasonable judgment of such Bank, be otherwise disadvantageous to such Bank.

(b) Any conversion of any outstanding Eurodollar Loan or an outstanding Money Market Loan which is required under this Section 8.03 shall be effected immediately (or, if permitted by applicable law, on the last day of the Interest Period therefor).

SECTION 8.04. Taxes on Payments. (a) All payments in respect of the Loans shall be made free and clear of and without any deduction or withholding for or on account of any present and future taxes, assessments or governmental charges imposed by the United States, or any political subdivision or taxing authority thereof or therein, excluding taxes imposed on its net income and franchise taxes (all such non-excluded taxes being hereinafter called "Taxes"), except as expressly provided in this Section 8.04. If any Taxes are imposed and required by law to be deducted or withheld from any amount payable to any Bank, then the Company shall (i) increase the amount of such payment so that such Bank will receive a net amount (after deduction of all Taxes) equal to the amount due hereunder, (ii) pay such Taxes to the appropriate taxing authority for the account of such Bank, and (iii) as promptly as possible thereafter, send such Bank evidence showing payment thereof, together with such additional documentary evidence as such Bank may from time to time require. If the Company fails to perform its obligations under (ii) or (iii) above, the Company shall indemnify such Bank for any incremental taxes, interest or penalties that may become payable as a result of any such failure; provided, however, that the Company will not be required to make any payment to any Bank under this Section 8.04 if withholding is required in respect of such Bank by reason of such Bank's inability or failure to furnish under subsection (c) an extension or renewal of a Form 1001 or Form 4224 (or successor form), as applicable, unless such inability results from an amendment to or a change in any applicable law or regulation or in the interpretation thereof by any regulatory authority (including without limitation any change in an applicable tax treaty), which amendment or change becomes effective after the date hereof.

(b) The Company shall indemnify the Agents and each Bank against any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or any Notes (hereinafter referred to as "Other Taxes").

(c) Each Bank that is a foreign person (i.e. a person who is not a United States person for United States federal income tax purposes) agrees that it shall deliver to the Company (with a copy to the Administrative Agent) (i) within twenty Domestic Business Days after the date on which this Agreement becomes effective, two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, as appropriate, indicating that such Bank is entitled to receive payments

under this Agreement without deduction or withholding of any United States federal income taxes, (ii) from time to time, such extensions or renewals of such forms (or successor forms) as may reasonably be requested by the Company but only to the extent such Bank determines that it may properly effect such extensions or renewals under applicable tax treaties, laws, regulations and directives and (iii) in the event of a transfer of any Loan to a subsidiary or affiliate of such Bank, a new Internal Revenue Service Form 1001 or 4224 (or any successor form), as the case may be, for such subsidiary or affiliate indicating that such subsidiary or affiliate is, on the date of delivery thereof, entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes. The Company and the Administrative Agent shall each be entitled to rely on such forms in its possession until receipt of any revised or successor form pursuant to the preceding sentence.

(d) If a Bank, at the time it first becomes a party to this Agreement (or because of a change in an Applicable Lending Office) is subject to a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes and Other Taxes, respectively. For any period with respect to which a Bank has failed to provide the Company with the appropriate form pursuant to Section 8.04(c) (unless such failure is due to a change in treaty, law or regulation, or in the interpretation thereof by any regulatory authority, occurring subsequent to the date on which a form originally was required to be provided), such Bank shall not be entitled to additional payments under Section 8.04(a) with respect to Taxes imposed by the United States; provided, however, that should a Bank, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Company shall take such steps as such Bank shall reasonably request to assist such Bank to recover such Taxes.

(e) If the Company is required to pay additional amounts to or for the account of any Bank pursuant to this Section 8.04, then such Bank will change the jurisdiction of one or more Applicable Lending Offices so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Bank, is not otherwise disadvantageous to such Bank.

(f) If any Bank is able to apply for any credit, deduction or other reduction in Taxes or Other Taxes in an amount which is reasonably determined by such Bank to be material, which arises by reason of any payment made by the Company pursuant to this Section 8.04, such Bank will use reasonable efforts to obtain such credit, deduction or other reduction and, upon receipt thereof, will pay to the Company an amount, not exceeding the amount of such payment by the Company, equal to the net after-tax value to such Bank, in its good faith determination, of such part of such credit, deduction or other reduction as it determines to be allocable to such payment by the Company, having regard to all of its dealings giving rise to similar credits, deductions or other reductions during the same tax period and to the cost of obtaining the same; provided, however, that (i) such Bank shall not be obligated to disclose to the Company any information regarding its tax affairs or computations and (ii) nothing contained in this Section 8.04(f) shall be construed so as to interfere with the right of such Bank to arrange its tax affairs as it deems appropriate.

ARTICLE IX

GUARANTEE

SECTION 9.01. Unconditional Guarantee.

(a) Subject to the provisions of Section 9.03, the Guarantor hereby fully and unconditionally guarantees the due and punctual payment of the principal of and interest on the Loans, when and as the same shall become due and payable, whether at maturity, upon acceleration or otherwise, and of all other amounts payable by the Company hereunder, in accordance with the terms of this Agreement. Upon failure by the Company in the payment of any such amount, the Guarantor agrees to pay the same on demand by the Documentation Agent at the request of the Required Banks and in the manner specified in Article II.

(b) The Guarantor's obligations hereunder shall be absolute and unconditional irrespective of, and shall be unaffected by: (i) any failure to enforce the provisions of this Agreement; (ii) any extension, renewal, settlement, compromise, waiver, consent, or indulgence granted to the Company in respect of any obligation of the Company hereunder or under any Note, by operation of law or otherwise; (iii) any modification or amendment of or supplement to this Agreement or any Note, provided that, notwithstanding the foregoing, no such modification, amendment or supplement to this Agreement shall, without the consent of the Guarantor, increase (other than pursuant to the terms of this Agreement) any amount guaranteed hereunder or modify the terms of this Article IX; (iv) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in this Agreement or any Note; (v) the existence of any claim, set off or other rights which the Guarantor may have at any time against the Company, either Agent, any Bank or any other Person, whether in connection herewith or with any unrelated transactions; provided that nothing herein shall prevent the assertion of

any such claim by separate suit or compulsory counterclaim; or (vi) any other circumstance that otherwise might constitute a legal or equitable discharge of a surety or guarantor.

(c) The Guarantor hereby waives diligence, presentment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands on the Company or the Guarantor whatsoever.

(d) The Guarantor will be subrogated to all rights of the Banks against the Company in respect of any amount paid by the Guarantor pursuant to the provisions of the Guarantee contained in this Section 9.01; provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until the principal of and interest on all Loans and any other amount payable under this Agreement shall have been paid in full.

SECTION 9.02. Discharge; Reinstatement. The obligations of the Guarantor hereunder shall remain in full force and effect until the Commitments shall have terminated and the principal of and interest on the Loans and all the amounts payable by the Company under this Agreement shall have been paid in full. If at any time any payment of the principal of or interest on any Loan or any other amount payable by the Company hereunder is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, the obligations of the Guarantor hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

If acceleration of the time for payment of any amount payable by the Company under this Agreement is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration under the terms of this Agreement shall none the less be payable by the Guarantor hereunder forthwith on demand by the Documentation Agent made at the request of the Required Banks.

SECTION 9.03. Limit of Liability. The obligations of the Guarantor hereunder shall be limited to an amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Termination of Commitment of a Bank; New Banks. (a)(1) If and during the time a Failed Loan shall exist, (2) upon receipt of notice from any Bank for compensation or indemnification pursuant to Section 8.01(c) or Section 8.04 or (3) upon receipt of notice that the Commitment of a Bank to make Eurodollar Loans has been suspended, the Company shall have the right to terminate the Commitment in full of the Bank causing such Failed Loan or providing such notice (a "Retiring Bank"). The termination of the Commitment of a Retiring Bank pursuant to this Section 10.01(a) shall be effective on the tenth Domestic Business Day following the date of a notice of such termination to the Retiring Bank through the Documentation Agent, subject to the satisfaction of the following conditions:

(i) in the event that on such effective date there shall be any Loans outstanding hereunder, the Company shall have prepaid on such date the aggregate principal amount of such Loans held by the Retiring Bank only; and

(ii) in addition to the payment of the principal of the Loans held by the Retiring Bank pursuant to clause (i) above, the Company shall have paid such Retiring Bank all accrued interest thereon, and Facility Fee and any other amounts then payable to it hereunder, including, without limitation, all amounts payable by the Company to such Bank under Section 2.14 by reason of the prepayment of Loans pursuant to clause (i) with respect to the period ending on such effective date; provided that the provisions of Section 8.01, Section 8.04 and Section 10.04 shall survive for the benefit of any Retiring Bank.

Upon satisfaction of the conditions set forth in clauses (i) and (ii) above, such Bank shall cease to be a Bank hereunder.

(b) In lieu of the termination of a Bank's Commitment pursuant to Section 10.01(a), the Company may notify the Documentation Agent that the Company desires to replace such Retiring Bank with a new bank or banks (which may be one or more of the Banks), which will purchase the Loans and assume the Commitment of the Retiring Bank. Upon the Company's selection of a bank to replace a Retiring Bank, such bank's agreement thereto and the fulfillment of the conditions to assignment and assumption set forth in Section 10.08(c)(iii), such bank shall become a Bank hereunder for all purposes in accordance with Section 10.08(c)(iii).

SECTION 10.02. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telecopy, facsimile transmission or similar writing) and shall be given to such party (a) in the case of the Company, the Guarantor or either

Agent, at its address set forth on the signature pages hereof, (b) in the case of any Bank, at its address set forth in its Administrative Questionnaire or (c) in the case of any party, such other address as such party may hereafter specify for the purpose by notice to the Agents and the Company. Each such notice, request or other communication shall be effective (i) if given by registered or certified mail, upon the earlier of the date of actual receipt or the date of delivery indicated on the return receipt delivered to the sender or (ii) if given by any other means, when received at the address or telecopier number specified in this Section and an oral or written confirmation of receipt is received from the recipient.

SECTION 10.03. No Waivers. No failure or delay by either Agent or any Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 10.04. Expenses; Indemnification. (a) The Company shall pay (i) the reasonable fees and expenses of special counsel for the Agents in connection with the preparation of this Agreement as previously agreed upon between the Company and each Agent and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agents and the Banks, including reasonable fees and expenses of counsel (including in-house counsel), in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom.

(b) The Company agrees to indemnify the Agents and each Bank, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "Indemnitee") and hold each Indemnitee harmless from and against any and all liabilities, losses, damages, costs and reasonable expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, incurred by such Indemnitee in response to or in defense of any investigative, administrative or judicial proceeding brought or threatened against either Agent or any Bank relating to or arising out of this Agreement or any actual or proposed use of proceeds of Loans hereunder; provided that no Indemnitee shall have the right to be indemnified hereunder (i) to the extent such indemnification relates to relationships of, between or among each of, or any of, the Agents, the Banks or any Assignee or Participant or (ii) for such Indemnitee's own gross negligence or willful misconduct.

SECTION 10.05. Pro Rata Treatment. Except as expressly provided in this Agreement with respect to Money Market Loans or otherwise, (a) each borrowing from, and change in the Commitments of, the Banks shall be made pro rata according to their respective Commitments, and (b) each payment and prepayment on the Loans shall be made to all the Banks, pro rata in accordance with the unpaid principal amount of the Loans held by each of them.

SECTION 10.06. Sharing of Set-Offs. Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise (except as contemplated by Section 2.03, Section 2.14, Article VIII or Section 10.01), receive payment of a proportion of the aggregate amount of principal and interest then due with respect to the Loans held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of principal and interest then due with respect to the Loans held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Loans held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by the Banks shall be shared by the Banks pro rata; provided that nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Company, other than its indebtedness hereunder.

SECTION 10.07. Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Company and the Required Banks (and, if the rights or duties of an Agent are affected thereby, by the Agent so affected); provided that no such amendment or waiver shall, unless signed by all the Banks, (i) subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any Loan or for termination of any Commitment, (iv) change the percentage of Loans or Total Commitments that shall be required for the Banks or any of them to take any action under this Section 10.07 or any other provision of this Agreement or (v) release the Guarantor from its obligations under, or modify in any material respect the provisions of, Article IX. Notwithstanding the foregoing, Article IX may not be amended without the prior consent of the Guarantor.

SECTION 10.08. Successors and Assigns; Participations; Novation.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that, except in accordance with Sections 5.04 and 5.07, the Company and the Guarantor may not assign or transfer any of their respective rights or obligations under this Agreement without the consent

of all Banks.

(b) Any Bank may, without the consent of the Company, but upon prior written notification to the Company, at any time sell to one or more banks or other financial institutions (each a "Participant") participating interests in any Loan owing to such Bank, any Note held by such Bank, the Commitment of such Bank hereunder, and any other interest of such Bank hereunder; provided that no prior notification to the Company is required in connection with the sale of a participating interest in a Money Market Loan or a Money Market Note. In the event of any such sale by a Bank of a participating interest to a Participant, such Bank's obligations under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of its Note or Notes, if any, for all purposes under this Agreement and the Company and the Agents shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which a Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Company hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii) or (iii) of Section 10.07 affecting such Participant without the consent of the Participant; provided further that such Participant shall be bound by any waiver, amendment or other decision that all Banks shall be required to abide by pursuant to a vote by Required Banks. Subject to the provisions of Section 10.08(d), the Company agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article VIII with respect to its participating interest. An assignment or other transfer which is not permitted by subsection (c) or (g) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b).

(c) (i) Any Bank may at any time sell to one or more Eligible Institutions (each an "Assignee") all or a portion of its rights and obligations under this Agreement and the Notes. Each Assignee shall assume all such rights and obligations pursuant to an Assignment and Assumption Agreement executed by such Assignee, such transferor Bank and the Company. In no event shall (A) any Commitment of a transferor Bank (together with the Commitment of any affiliate of such Bank), after giving effect to any sale pursuant to this subsection (c), be less than $15,000,000, or (B) any Commitment of an Assignee (together with the Commitment of any affiliate of such Assignee), after giving effect to any sale pursuant to this subsection (c), be less than $15,000,000, except in each case as may result upon the transfer by a Bank of its Commitment in its entirety. No Bank may make an assignment hereunder unless it makes a like ratable assignment to the same Assignee under the $5,000,000,000 Revolving Credit Agreement among the parties hereto, dated as of the date hereof, providing for a commitment of 364 days.

(ii) No interest may be sold by a Bank pursuant to this subsection (c), except to an affiliate of such Bank, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The withholding of consent by the Company shall not be deemed unreasonable if based solely upon the Company's desire to (A) balance relative loan exposures to such Eligible Institution among all credit facilities of the Company or (B) avoid payment of any additional amounts payable to such Eligible Institution under Article VIII which would arise from such assignment.

(iii) Upon (A) execution of an Assignment and Assumption Agreement, (B) delivery by the transferor Bank of an executed copy thereof, together with notice that the payment referred to in clause (C) below shall have been made, to the Company and the Administrative Agent, (C) payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee and (D) if the Assignee is organized under the laws of any jurisdiction other than the United States or any state thereof, evidence satisfactory to the Administrative Agent and the Company of compliance with the provisions of Section 10.08(f), such Assignee shall for all purposes be a Bank party to this Agreement and shall have all the rights and obligations of a Bank under this Agreement to the same extent as if it were an original party hereto with a Commitment as set forth in such Assignment and Assumption Agreement, and the transferor Bank shall be released from its obligations hereunder to a correspondent extent, and no further consent or action by the Company, the Banks or the Agents shall be required to effectuate such transfer. Each Assignee shall be bound by any waiver, amendment or other decision that all Banks shall be required to abide by pursuant to a vote by Required Banks.

(iv) Upon the consummation of any transfer to an Assignee pursuant to this subsection (c), the transferor Bank, the Administrative Agent and the Company shall make appropriate arrangements so that, if requested by the transferor Bank or the Assignee, a new Note or Notes shall be delivered from the Company to the transferor Bank and/or such Assignee. In connection with any such assignment, the Assignee or the transferor Bank shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of $2,500.

(d) No Assignee, Participant or other transferee (including any successor Applicable Lending Office) of any Bank's rights shall be entitled to receive any greater payment under Section 8.01 than such Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Company's prior written consent or by reason of the provisions of Section 8.01 or 8.03 requiring such Bank to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(e) Each Bank may, upon the written consent of the Company, which consent shall not be unreasonably withheld, disclose to any Participant or Assignee (each a "Transferee") and any prospective Transferee any and all financial information in such Bank's possession concerning the Company that has been delivered to such Bank by the Company pursuant to this Agreement or that has been delivered to such Bank by the Company in connection with such Bank's credit evaluation prior to entering into this Agreement, subject in all cases to agreement by such Transferee or prospective Transferee to comply with the provisions of Section 10.14.

(f) If pursuant to subsection (c) of this Section 10.08, any interest in this Agreement or any Note is transferred to any Assignee that is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Bank shall cause such Assignee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Bank (for the benefit of the transferor Bank, the Agents and the Company) that under applicable law and treaties no taxes will be required to be withheld by the Administrative Agent, the Company or the transferor Bank with respect to any payments to be made to such Assignee in respect of the Loans and (ii) to furnish to each of the transferor Bank, the Administrative Agent and the Company two duly completed copies of the forms required by Section 8.04(c)(i).

(g) Notwithstanding any provision of this Section 10.08 to the contrary, any Bank may assign or pledge any of its rights and interests in the Loans to a Federal Reserve Bank without the consent of the Company.

SECTION 10.09. Visitation. Subject to restrictions imposed by applicable security clearance regulations, the Company will upon reasonable notice permit representatives of any Bank at such Bank's expense to visit any of its major properties.

SECTION 10.10. Reference Banks. If any Reference Bank assigns its rights and obligations hereunder to an unaffiliated institution, the Company shall, in consultation with the Administrative Agent, appoint another Bank to act as a Reference Bank hereunder. If the Commitment of any Bank which is also a Reference Bank is terminated pursuant to the terms of this Agreement, the Company may, in consultation with the Administrative Agent, appoint a replacement Reference Bank.

SECTION 10.11. Governing Law; Submission to Jurisdiction. This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each of the Company, the Guarantor, the Agents and the Banks hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State Court sitting in New York for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the Company, the Guarantor, the Agents and the Banks irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 10.12. Effectiveness; Counterparts; Integration. This Agreement shall become effective upon receipt by the Documentation Agent of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Documentation Agent in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party). This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

SECTION 10.13. WAIVER OF JURY TRIAL. EACH OF THE COMPANY, THE GUARANTOR, THE AGENTS AND THE BANKS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 10.14. Confidentiality. Each Bank agrees, with respect to any information delivered or made available by the Company to it that is clearly indicated to be confidential information or private data, to use all reasonable efforts to protect such confidential information from unauthorized use or disclosure and to restrict disclosure to only those Persons employed or retained by such Bank who are or are expected to become engaged in evaluating, approving, structuring or administering this Agreement and the transactions contemplated hereby. Nothing herein shall

prevent any Bank from disclosing such information (i) to any other Bank, (ii) to its affiliates, officers, directors, employees, agents, attorneys and accountants who have a need to know such information in accordance with customary banking practices and who receive such information having been made aware of and having agreed to the restrictions set forth in this Section, (iii) upon the order of any court or administrative agency, (iv) upon the request or demand of any regulatory agency or authority having jurisdiction over such Bank, (v) which has been publicly disclosed, (vi) to the extent reasonably required in connection with any litigation to which either Agent, any Bank, the Company or their respective affiliates may be a party, (vii) to the extent reasonably required in connection with the exercise of any remedy hereunder and (viii) with the prior written consent of the Company; provided however, that before any disclosure is permitted under (iii) or (vi) of this Section 10.14, each Bank shall, if not legally prohibited, notify and consult with the Company, promptly and in a timely manner, concerning the information it proposes to disclose, to enable the Company to take such action as may be appropriate under the circumstances to protect the confidentiality of the information in question, and provided further that any disclosure under the foregoing proviso be limited to only that information discussed with the Company. The use of the term "confidential" in this Section 10.14 is not intended to refer to data classified by the government of the United States under laws and regulations relating to the handling of data, but is intended to refer to information and other data regarded by the Company as private.

SECTION 10.15. Termination and Payment under Existing Agreements. The Company and each of the Banks that is also a party to an agreement referred to in Section 3.01(g) agree that the "Commitments" as defined in such agreement shall terminate in their entirety on the Closing Date. Each such Bank waives (a) any requirement of notice of such termination pursuant to such agreement and (b) any claim to any fees under such agreement for any day on or after the Closing Date. The Company agrees that (i) no loans will be outstanding under such agreements on or at any time after the Closing Date and (ii) all accrued and unpaid fees and other amounts due and payable under such agreements on or before the Closing Date will be paid on or before the Closing Date.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

LOCKHEED MARTIN CORPORATION

By /s/ Walter E. Skowronski

Name: Walter E. Skowronski

Title: Vice President & Treasurer

6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Walter E. Skowronski
Vice President & Treasurer
Telecopy number: (301) 897-6651

With a copy to: Frank H. Menaker, Jr.
Vice President &
General Counsel
Telecopy number: (301) 897-6333

LAC ACQUISITION CORPORATION,
AS GUARANTOR

By /s/ Marcus C. Bennett

Name: Marcus C. Bennett

Title: President

6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Treasurer
Telecopy number: (301) 897-6651

With a copy to: Frank H. Menaker, Jr.
Vice President &
General Counsel
Telecopy number: (301) 897-6333

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK, as Documentation Agent

By /s/ Diana H. Imhof

Name: Diana H. Imhof

Title: Vice President

60 Wall Street
New York, New York 10260
Attention: Diana Imhof
Telecopy Number: (212) 648-5014

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,
as Administrative Agent

By /s/ Charles D. Graber
Name: Charles D. Graber

Title: Vice President

1455 Market Street
San Francisco, California 94103
Attention: Charles Graber
Telecopy number: (415) 436-2700

COMMITMENT:	BANK:
$ 205,000,000	MORGAN GUARANTY TRUST COMPANY OF NEW YORK
	By /s/ Diana H. Imhof Name: Diana H. Imhof Title: Vice President
$ 205,000,000	BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
	By /s/ Lori Y. Kannegieter Name: Lori Y. Kannegieter Title: Vice President

MANAGING AGENT

	BANK:
$ 180,000,000	CITICORP USA, INC.
	By /s/ Marjorie Futornick Name: Marjorie Futornick Title: Vice President

CO-AGENTS

	BANKS:
$ 135,000,000	ABN AMRO BANK N.V., NEW YORK BRANCH
	By /s/ Frances O. Logan Name: Frances O. Logan Title: Vice President
	By /s/ Thomas T. Rogers Name: Thomas T. Rogers Title: Assistant Vice President
$ 135,000,000	BANK OF MONTREAL
	By /s/ Tom Brino Name: Tom Brino

Title: Director

$ 135,000,000 THE BANK OF NEW YORK

By /s/ Gregory P. Shefrin

Name: Gregory P. Shefrin

Title: Assistant Vice President

$ 135,000,000 THE BANK OF NOVA SCOTIA

By /s/ James R. Trimble

Name: James R. Trimble

Title: Senior Relationship Manager

$ 135,000,000 BANKERS TRUST COMPANY

By /s/ Gina S. Thompson

Name: Gina S. Thompson

Title: Vice President

$ 135,000,000 BANQUE NATIONALE DE PARIS - NEW YORK BRANCH

By /s/ Richard L. Sted

Name: Richard L. Sted

Title: Senior Vice President

By /s/ Thomas N. George

Name: Thomas N. George

Title: Vice President

BANQUE NATIONALE DE PARIS, GEORGETOWN
BRANCH, CAYMAN ISLANDS

By /s/ Richard L. Sted

Name: Richard L. Sted

Title: Senior Vice President

By /s/ Thomas N. George

Name: Thomas N. George

Title: Vice President

$ 135,000,000 CANADIAN IMPERIAL BANK OF COMMERCE

By /s/ W. Barrie Anderson

Name: W. Barrie Anderson

Title: Authorized Signatory

$ 135,000,000 CHEMICAL BANK

By /s/ James B. Treger

Name: James B. Treger

Title: Vice President

$ 135,000,000 COMMERZBANK AG, NEW YORK BRANCH

By /s/ Andrew R. Campbell

Name: Andrew R. Campbell

Title: Assistant Cashier

By /s/ Jurgen Schmieding

Name: Jurgen Schmieding

Title: Vice President

$ 135,000,000 CREDIT LYONNAIS, CAYMAN ISLANDS BRANCH

By /s/ Robert Ivosevich

Name: Robert Ivosevich

Title: Authorized Signature

CREDIT LYONNAIS, NEW YORK BRANCH

By /s/ Robert Ivosevich

Name: Robert Ivosevich

Title: Senior Vice President

$ 135,000,000 CREDIT SUISSE

By /s/ Eileen O'Connell Fox

Name: Eileen O'Connell Fox

Title: Member of Senior Management

By /s/ Andrea E. Shkane

Name: Andrea E. Shkane

Title: Member of Senior Management

$ 135,000,000 THE DAI-ICHI KANGYO BANK, LTD.

By /s/ Tomohiro Nozaki

Name: Tomohiro Nozaki

Title: Senior Vice President
and Joint General Manager

$ 135,000,000 DEUTSCHE BANK AG, NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By /s/ James Fox

Name: James Fox

Title: Assistant Vice President

By /s/ Robert M. Wood, Jr.

Name: Robert M. Wood, Jr.

Title: Vice President

$ 135,000,000 FIRST INTERSTATE BANK OF CALIFORNIA

By /s/ Peter G. Olson

Name: Peter G. Olson

Title: Senior Vice President

By /s/ Lancy Gin

Name: Lancy Gin

Title: Assistant Vice President

$ 135,000,000 THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Lynn R. Dillon

Name: Lynn R. Dillon

Title: Vice President

$ 135,000,000 THE INDUSTRIAL BANK OF JAPAN TRUST COMPANY

By /s/ Robert W. Ramage

Name: Robert W. Ramage

Title: Senior Vice President

$ 135,000,000 MELLON BANK, N.A.

By /s/ Laurie G. Dunn

Name: Laurie G. Dunn

Title: Vice President

$ 135,000,000 BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By /s/ Naoshi Kinoshita

Name: Naoshi Kinoshita

Title: Vice President

$ 135,000,000 THE MITSUBISHI TRUST AND BANKING CORPORATION

By /s/ Patricia Loret de Mola

Name: Patricia Loret de Mola

Title: Vice President

$ 135,000,000 NATIONAL WESTMINSTER BANK PLC, LOS ANGELES OVERSEAS BRANCH

By /s/ Marilyn A. Windsor

Name: Marilyn A. Windsor

Title: Vice President

NATIONAL WESTMINSTER BANK PLC, NASSAU BRANCH

By /s/ Marilyn A. Windsor

Name: Marilyn A. Windsor

Title: Vice President

$ 135,000,000 NATIONSBANK, N.A.

By /s/ John D. Mindnich

Name: John D. Mindnich

Title: Senior Vice President

$ 135,000,000 ROYAL BANK OF CANADA

By /s/ Don S. Bryson

Name: Don S. Bryson

Title: Senior Manager

$ 135,000,000 THE SANWA BANK, LIMITED - NEW YORK BRANCH

By /s/ Dominic J. Sorresso

Name: Dominic J. Sorresso

Title: Vice President

$ 135,000,000 SOCIETE GENERALE

By /s/ Ralph Saheb

Name: Ralph Saheb

Title: Vice President

$ 135,000,000 THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH

By /s/ Yoshinori Kawamura

Name: Yoshinori Kawamura

Title: Joint General Manager

$ 135,000,000 WACHOVIA BANK OF GEORGIA, N.A.

By /s/ Mark S. Rogus

Name: Mark S. Rogus

Title: Senior Vice President

PARTICIPANTS

BANKS:

$ 50,000,000 BANCA COMMERCIALE ITALIANA, NEW YORK BRANCH

By /s/ Charles P. Dougherty

Name: Charles P. Dougherty

Title: Vice President

By /s/ Tiziano Gallonetto

Name: Tiziano Gallonetto

Title: Assistant Vice President

$ 50,000,000 BANCA NAZIONALE DEL LAVORO S.P.A.

By /s/ Giuliano Violetta

Name: Giuliano Violetta

Title: First Vice President

By /s/ Adolph S. Mascari, Jr.

Name: Adolph S. Mascari, Jr.

Title: Assistant Vice President

$ 50,000,000 BZW DIVISION OF BARCLAYS BANK PLC

By /s/ John C. Livingston

Name: John C. Livingston

Title: Director

$ 50,000,000 BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN ISLANDS BRANCH

By /s/ Wilfried Freudenberger

Name: Wilfried Freudenberger

Title: Executive Vice President and General Manager

By /s/ Peter Obermann

Name: Peter Obermann

Title: Senior Vice President Manager Lending Division

$ 50,000,000 CORESTATES BANK, N.A.

By /s/ Matthew T. Panarese

Name: Matthew T. Panarese

Title: Vice President

$ 50,000,000 FLEET BANK OF MASSACHUSETTS, N.A.

By /s/ Frank Benesh

Name: Frank Benesh

Title: Vice President

$ 50,000,000 THE FUJI BANK, LIMITED, NEW YORK BRANCH

By /s/ Teiji Teramoto

Name: Teiji Teramoto

Title: Vice President & Manager

$ 50,000,000 GULF INTERNATIONAL BANK B.S.C.

By /s/ Thomas E. Fitzherbert

Name: Thomas E. Fitzherbert

Title: Vice President

By /s/ Issa N. Baconi

Name: Issa N. Baconi

Title: Senior Vice President & Branch Manager

$ 50,000,000 ISTITUTO BANCARIO SAN PAOLO DI TORINO S.P.A.

By /s/ Gerard M. McKenna

Name: Gerard M. McKenna

Title: Vice President

By /s/ Wendell H. Jones

Name: Wendell H. Jones

Title: Vice President

$ 50,000,000 KREDIETBANK N.V.

By /s/ Robert Snauffer

Name: Robert Snauffer

Title: Vice President

By /s/ Armen Karozichan

Name: Armen Karozichan

Title: Vice President

$ 50,000,000 MARINE MIDLAND BANK

By /s/ Mary Ann Tappero

Name: Mary Ann Tappero

Title: Vice President

$ 50,000,000 PNC BANK, NATIONAL ASSOCIATION

By /s/ Mark W. Biedermann

Name: Mark W. Biedermann

Title: Assistant Vice President

$ 50,000,000 THE SAKURA BANK, LTD.

By /s/ Masahiro Nakajo

Name: Masahiro Nakajo

Title: Senior Vice President
& Manager

$ 50,000,000 SUNTRUST BANK, ATLANTA

By /s/ Jarrette A. White, III

Name: Jarrette A. White, III

Title: Vice President

By /s/ Brian K. Peters

Name: Brian K. Peters

Title: Vice President

$ 50,000,000 THE TOKAI BANK, LIMITED, NEW YORK BRANCH

By /s/ Stuart M. Schulman

Name: Stuart M. Schulman

Title: Senior Vice President

$ 50,000,000 THE TORONTO DOMINION (NEW YORK), INC.

By /s/ Jorge A. Garcia

Name: Jorge A. Garcia

Title: Vice President

$ 50,000,000 UNION BANK OF SWITZERLAND, NEW YORK
BRANCH

By /s/ James P. Kelleher

Name: James P. Kelleher

Title: Assistant Vice President

By /s/ Peter B. Yearly

Name: Peter B. Yearly

Title: Managing Director

$ 50,000,000 WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH

By /s/ Salvatore Battinelli

Name: Salvatore Battinelli

Title: Vice President
Credit Department

By /s/ Alan S. Bookspan

Name: Alan S. Bookspan

Title: Vice President

TOTAL COMMITMENTS:
$5,000,000,000

SCHEDULE I

LOCKHEED MARTIN CORPORATION
PRICING SCHEDULE
364-DAY REVOLVER

The Eurodollar Margin, the CD Margin and the Facility Fee shall be as specified below (in basis points per annum).

	LEVEL I	LEVEL II	LEVEL III	LEVEL IV
Basis for Pricing*	If Company is rated A or better by S&P or A2 or better by Moody's	If Company is rated A- or better by S&P or A3 or better by Moody's and Level I does not apply	If Company is rated BBB+ or better by S&P or Baa1 or better by Moody's and neither Level I nor Level II applies	If Company is rated lower than BBB+ by S&P or Baa1 by Moody's or is unrated and no other level applies
Facility Fee	6.00	7.00	8.00	9.00
Eurodollar Margin:				
If Utilization** is:				
less than 50%	16.50	18.00	22.00	26.00
equal to or exceeds 50%	16.50	18.00	27.00	31.00
CD Margin:				
If Utilization** is:				
less than 50%	29.00	30.50	34.50	38.50
equal to or exceeds 50%	29.00	30.50	39.50	43.50

* References to Company rating are to the higher of the rating of the Company or the rating of the Company (as guaranteed by the Guarantor).
**"Utilization" means at any date the percentage equivalent of a fraction (i) the numerator of which is the aggregate outstanding principal amount of the Loans at such date, after giving effect to any borrowing or payment on such date, and (ii) the denominator of which is the aggregate amount of the Commitments at such date, after giving effect to any reduction of the Commitments on such date.

[CONFORMED COPY]

$5,000,000,000

REVOLVING CREDIT AGREEMENT

(5 year)

dated as of

April 15, 1996

among

LOCKHEED MARTIN CORPORATION,

LAC ACQUISITION CORPORATION,

as Guarantor,

The BANKS Listed Herein,

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

as Documentation Agent,

and

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION,

as Administrative Agent

TABLE OF CONTENTS*

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* The Table of Contents is not a part of this Agreement.

REVOLVING CREDIT AGREEMENT

AGREEMENT dated as of April 15, 1996 among LOCKHEED MARTIN CORPORATION, LAC ACQUISITION CORPORATION, as Guarantor, the BANKS listed on the signature pages hereof, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Documentation Agent, and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Administrative Agent.

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. The following terms, as used herein and in any Exhibit or Schedule hereto, have the following meanings:

"Acquisition" means the acquisition by the Company, through Acquisition Company, of Loral pursuant to the Merger Agreement, including the Tender Offer and the Merger.

"Acquisition Company" means LAC Acquisition Corporation, a New York corporation.

"Adjusted CD Rate" means, with respect to any Interest Period (but subject to the last sentences of the definitions of Assessment Rate and Domestic Reserve Percentage), a rate per annum determined pursuant to the following formula:

$$ACDR = \left[\frac{CDBR}{1.00 - DRP} \right]^{*} + AR$$

ACDR = Adjusted CD Rate
CDBR = CD Base Rate

DRP = Domestic Reserve Percentage
AR = Assessment Rate

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* The amount in brackets being rounded upward to the next higher 1/100 of 1%

"Administrative Agent" means Bank of America National Trust and Savings Association in its capacity as administrative agent for the Banks hereunder, and its successor or successors in such capacity.

"Administrative Questionnaire" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Agents with a copy to the Company duly completed by such Bank.

"Agents" means the Administrative Agent and the Documentation Agent, and "Agent" means either of the foregoing.

"Agreement" means this Revolving Credit Agreement as it may be amended from time to time.

"Applicable Lending Office" means, with respect to any Bank, (i) in the case of its Domestic Loans, its Domestic Lending Office, (ii) in the case of its Eurodollar Loans, its Eurodollar Lending Office and (iii) in the case of its Money Market Loans, its Money Market Lending Office.

"Assessment Rate" means for any day the annual assessment rate in effect on such day which is payable by a member of the Bank Insurance Fund classified as adequately capitalized and within supervisory subgroup "A" (or a comparable successor assessment risk classification) within the meaning of 12 C.F.R. ss. 327.3(e) (or any successor provision) to the Federal Deposit Insurance Corporation (or any successor) for such Corporation's (or such successor's) insuring time deposits at offices of such institution in the United States. The Adjusted CD Rate shall be adjusted automatically on and as of the effective date of any change in the Assessment Rate.

"Assignee" has the meaning set forth in Section 10.08(c).

"Assignment and Assumption Agreement" means an agreement, substantially in the form of Exhibit K hereto, under which an interest of a Bank hereunder is transferred to an Assignee pursuant to Section 10.08(c) hereof.

"Bank" means (i) each bank or financial institution listed on the signature pages hereof, (ii) each bank or financial institution that becomes a Bank pursuant to either Section 10.01 or Section 10.08(c), and (iii) their respective successors.

"Base Rate" means, for any day, a rate per annum equal to the higher of (i) the Reference Rate for such day or (ii) the sum of 1/2 of 1% plus the Federal Funds Rate for such day, each change in the Base Rate to become effective on the day on which such change occurs.

"Base Rate Loan" means any Committed Loan in respect of which interest is to be computed on the basis of the Base Rate.

"Capitalized Lease Obligations" means any and all monetary obligations under any leasing arrangements which have been capitalized, as such obligations are reported in the consolidated financial statements of the Company and the Consolidated Subsidiaries.

"CD Base Rate" means, with respect to any Interest Period, the rate of interest determined by the Administrative Agent to be the average (rounded upward to the next higher 1/100 of 1%) of the prevailing rates per annum bid at 10:00 a.m. (New York time) (or as soon thereafter as practicable) on the first day of such Interest Period by two or more certificate of deposit dealers of recognized standing for the purchase at face value from each CD Reference Bank of its certificates of deposit in an amount comparable to the principal amount of the CD Loan of such CD Reference Bank to which such Interest Period applies and having a maturity comparable to such Interest Period.

"CD Loan" means any Committed Loan in respect of which interest is to be computed on the basis of the Adjusted CD Rate.

"CD Margin" means the percentage determined pursuant to Section 2.08(d) and Schedule I.

"CD Reference Banks" means Bank of America National Trust and Savings Association, Citibank, N.A. and First Interstate Bank of California.

"Change in Law" means, for purposes of Section 8.01 and Section 8.03, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"Closing Date" means the date, not later than April 30, 1996 (or if the condition referred to in Section 3.01(h) has not been satisfied on or before such date solely because the waiting period contemplated by the Hart-Scott- Rodino Act Antitrust Improvements Act of 1976, as amended, has not expired or otherwise terminated, not later than June 30, 1996), on which all the conditions referred to in Section 3.01 shall have been satisfied.

"Commitment" means as to each Bank at any time, the amount set forth opposite such Bank's name on the signature pages hereof or in the applicable Assignment and Assumption Agreement, as such amount may be increased or decreased pursuant to the terms of this Agreement.

"Commitment Termination Date" means April 15, 2001 (or if such date is not a Domestic Business Day, the next preceding Domestic Business Day).

"Committed Loan" means a Loan made by a Bank pursuant to Section 2.01.

"Committed Notes" means promissory notes of the Company, substantially in the form of Exhibit G-1 hereto, evidencing the obligation of the Company to repay the Committed Loans, and "Committed Note" means any one of such promissory notes issued hereunder.

"Company" means Lockheed Martin Corporation, a Maryland corporation, and its successors.

"Consolidated Subsidiary" means at any date any Subsidiary the accounts of which would be consolidated with the Company in its consolidated financial statements if such statements were prepared as of such date. For purposes of Sections 4.04 and 5.01 and the definition of the term "Exempt Subsidiary", Consolidated Subsidiary includes any Exempt Subsidiary.

"Debt" means all indebtedness for borrowed money, ESOP guarantees and Capitalized Lease Obligations reported as debt in the

consolidated financial statements of the Company and the Consolidated Subsidiaries, plus all indebtedness for borrowed money and capitalized lease obligations incurred by third parties and guaranteed by the Company or a Consolidated Subsidiary not otherwise reported as debt in such consolidated financial statements.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Designated Representative" means any officer or employee as shall be so identified in an Officer's Certificate.

"Documentation Agent" means Morgan Guaranty Trust Company of New York in its capacity as documentation agent for the Banks hereunder, and its successors in such capacity.

"Dollars" or "$" means lawful currency of the United States.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in San Francisco or New York are authorized by law to close.

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Company and the Agents; provided that any Bank may so designate separate Domestic Lending Offices for its Base Rate Loans, on the one hand, and its CD Loans, on the other hand, in which case all references herein to the Domestic Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Domestic Loans" means CD Loans or Base Rate Loans or both.

"Domestic Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of new non-personal time deposits in dollars in New York City having a maturity comparable to the related Interest Period and in an amount of $100,000 or more. The Adjusted CD Rate shall be adjusted automatically on and as of the effective date of any change in the Domestic Reserve Percentage.

"Eligible Institution" means any commercial bank having total assets in excess of $3,000,000,000 (or the equivalent amount in the local currency of such bank) as determined by the Documentation Agent based on the most recent publicly available financial statements of such bank, or any affiliates thereof that are financial institutions.

"Environmental Laws" means any and all applicable federal, state and local statutes, regulations, ordinances, rules, administrative orders, consent decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, hazardous substances, or hazardous wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances, or hazardous wastes.

"ERISA" means the Employee Retirement Income Security Act of 1974, as in effect from time to time.

"ERISA Group" means the Company and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control that, together with the Company, are treated as a single employer under Section 414 of the Internal Revenue Code.

"Eurodollar Auction" means a solicitation of Money Market Quotes setting forth Money Market Margins based on the Eurodollar Rate pursuant to Section 2.03.

"Eurodollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"Eurodollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Eurodollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Eurodollar Lending Office by

notice to the Company and the Agents.

"Eurodollar Loan" means any Committed Loan in respect of which interest is to be computed on the basis of the Eurodollar Rate.

"Eurodollar Margin" means the percentage determined pursuant to Section 2.08(d) and Schedule I.

"Eurodollar Rate" means, in respect of any Eurodollar Loan for any Interest Period therefor, a rate per annum equal to the arithmetic average (rounded upwards to the nearest 1/16th of 1%) of the respective rates per annum at which deposits in Dollars are offered to each of the Eurodollar Reference Banks in the London interbank market in an amount approximately equal to the principal amount of the Eurodollar Loan of such Eurodollar Reference Bank, or, in the case of a Money Market Eurodollar Loan, the principal amount of such Loan for which the Eurodollar Rate is being determined for maturities comparable to such Interest Period as of approximately 11:00 a.m. (London time) two Eurodollar Business Days prior to the commencement of such Interest Period.

"Eurodollar Reference Banks" means the principal London offices of Bank of America National Trust and Savings Association, Barclays Bank PLC and Morgan Guaranty Trust Company of New York.

"Event of Default" has the meaning set forth in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exempt Subsidiary" means Lockheed Martin Finance Corporation, Martin Marietta Materials, Inc. and any other entity of which the Company owns a sufficient number of securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other governing body that is designated as such pursuant to an Officer's Certificate; provided that no such designation may be made unless, as of the end of the most recent fiscal quarter prior to such designation, the book value, net of depreciation and amortization and after intercompany eliminations, of the assets of such entity, when aggregated with the book values, net of depreciation and amortization and after intercompany eliminations, of the assets of all Exempt Subsidiaries, other than Lockheed Martin Finance Corporation and Martin Marietta Materials, Inc., does not exceed 6% of the book value of the total assets of the Company and its Consolidated Subsidiaries. Exempt Subsidiary includes any direct or indirect subsidiary of an Exempt Subsidiary.

"Facility Fee" has the meaning set forth in Section 2.11.

"Failed Loan" has the meaning specified in Section 2.04(e).

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as determined by it.

"Fixed Rate Loans" means CD Loans, Eurodollar Loans or Money Market Loans (excluding Money Market Eurodollar Loans bearing interest at the Base Rate pursuant to Section 8.03) or any combination of the foregoing.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guarantor" means Acquisition Company and its successors.

"Information Memorandum" means the Lockheed Martin Information Memorandum -- $10.0 Billion Senior Credit Facilities previously distributed to the Banks, as amended and supplemented prior to February 16, 1996.

"Interest Period" means: (a) as to each (1) Eurodollar Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion/Continuation, and ending one, two, three, six or (as provided in

Section 2.08(b)) twelve months thereafter, and (2) Money Market Eurodollar Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such whole number of months thereafter, in each case as selected by the Company, provided that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Eurodollar Business Day;

(ii) any Interest Period (other than an Interest Period determined pursuant to clause (iii) below) which begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Eurodollar Business Day of a calendar month; and

(iii) any Interest Period which would otherwise end after the Commitment Termination Date shall end on the Commitment Termination Date; and

(b) as to each (1) CD Loan, a period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion/Continuation and ending 30, 60, 90 or 180 days thereafter, and (2) Money Market Rate Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing and ending such number of days thereafter (but not less than seven days), in each case as selected by the Company; provided that:

(i) any Interest Period (other than an Interest Period determined pursuant to clause (ii) below) which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day; and

(ii) any Interest Period which would otherwise end after the Commitment Termination Date shall end on the Commitment Termination Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Invitation for Money Market Quotes" means the notice substantially in the form of Exhibit C hereto to the Banks in connection with the solicitation by the Company of Money Market Quotes.

"Lien" means any mortgage, pledge, security interest, lien, or encumbrance.

"Loan" and "Loans" mean and include each and every loan made by a Bank under this Agreement.

"Loral" means Loral Corporation, a New York corporation, and its successors.

"Material Adverse Effect" means a material adverse effect on (a) the ability of the Company and the Guarantor, on a consolidated basis, to perform their obligations under this Agreement or any of the Notes, (b) the validity or enforceability of this Agreement or any of the Notes, (c) the rights and remedies of any Bank or the Agents under this Agreement or any of the Notes, or (d) the timely payment of the principal of or interest on the Loans or other amounts payable in connection therewith.

"Material Debt" means Debt (other than Debt evidenced by the Notes) of the Company and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal amount exceeding $100,000,000.

"Merger" means the merger of Acquisition Company and Loral contemplated by the Merger Agreement.

"Merger Agreement" means the Agreement and Plan of Merger dated as of January 7, 1996, among the Company, Loral and Acquisition Company.

"Money Market Eurodollar Loan" means a loan to be made by a Bank pursuant to a Eurodollar Auction (including such a loan bearing interest at the Base Rate pursuant to Section 8.03).

"Money Market Lending Office" means, as to each Bank, its Domestic Lending Office or such other office, branch or affiliate of such Bank as it may hereafter designate as its Money Market Lending Office by notice to the Company and the Agents; provided that any Bank may from time to time by notice to the Company and the Administrative Agent designate separate Money Market Lending Offices for its Money Market Eurodollar Loans, on the one hand, and its Money Market Rate Loans, on the other hand, in which case all references herein to the Money Market Lending Office of such Bank shall be deemed to refer to either or both of such offices, as the context may require.

"Money Market Loan" means a Money Market Eurodollar Loan or a Money Market Rate Loan.

"Money Market Margin" has the meaning set forth in Section 2.03(d).

"Money Market Notes" means promissory notes of the Company, substantially in the form of Exhibit G-2 hereto, evidencing the obligation of the Company to repay the Money Market Loans, and "Money Market Note" means any one of such promissory notes issued hereunder.

"Money Market Quote" means an offer by a Bank, in substantially the form of Exhibit D hereto, to make a Money Market Loan in accordance with Section 2.03.

"Money Market Quote Request" means the notice, in substantially the form of Exhibit B hereto, to be delivered by the Company in accordance with Section 2.03 in requesting Money Market Quotes.

"Money Market Rate" has the meaning set forth in Section 2.03(d).

"Money Market Rate Loan" means a Loan to be made by a Bank pursuant to a Rate Auction.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions.

"Note" or "Notes" has the meaning set forth in Section 2.06.

"Notice of Borrowing" means a Notice of Committed Borrowing (as defined in Section 2.02) or a Notice of Money Market Borrowing (as defined in Section 2.03(f)).

"Notice of Conversion/Continuation" has the meaning set forth in Section 2.05.

"Officer's Certificate" means a certificate signed by an officer of the Company.

"Original Commitment" means $5,000,000,000.

"Other Taxes" has the meaning set forth in Section 8.04.

"Parent" means with respect to any Bank, any Person controlling such Bank.

"Participant" has the meaning set forth in Section 10.08(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means any individual, firm, company, corporation, joint venture, joint-stock company, limited liability company or partnership, trust, unincorporated organization, government or state entity, or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) that is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group.

"Post-Default Rate" means, with respect to any Loan or any interest payment at any date on or after the due date of such Loan or interest payment, a rate per annum equal to the sum of 2% plus the Base Rate for such date.

"Principal Property" means, at any time, any manufacturing facility that is located in the United States, is owned by the Company or any of its Subsidiaries, and has a book value, net of any depreciation or amortization, pursuant to the then most recently delivered financial statements, in excess of $5,000,000.

"Quarterly Date" means the last day of March, June, September and December in each year, commencing June 30, 1996.

"Rate Auction" means a solicitation of Money Market Quotes setting forth Money Market Rates pursuant to Section 2.03.

"Rating Agency" means either of Moody's or S&P.

"Reference Banks" means the CD Reference Banks or the Eurodollar Reference Banks, as the context may require, and "Reference Bank" means any one of such Reference Banks.

"Reference Rate" means the rate of interest publicly announced by Bank of America National Trust and Savings Association in San Francisco from time to time as its "reference rate" (which is a rate set by Bank of America National Trust and Savings Association based on various factors including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate); any change in the Reference Rate shall take effect on the day specified in the public announcement of such change.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Required Banks" means at any time and for any specific purpose the Bank or Banks having, in the aggregate, more than 50% of the Total Commitments, or, if the Commitments have terminated, more than 50% of the Loans.

"Restricted Subsidiary" means (x) any Significant Subsidiary, (y) any Subsidiary that has substantially all of its property located in the United States and that owns a Principal Property and (z) any Subsidiary theretofore designated a Restricted Subsidiary pursuant to the next sentence and not subsequently designated not a Restricted Subsidiary pursuant to the sentence thereafter. If at the end of any fiscal quarter ending on or after June 30, 1996, the aggregate principal amount of Debt of the Company and its Subsidiaries secured by Liens exceeds $100,000,000 and the aggregate total assets (net of depreciation and, amortization, and after intercompany eliminations, but without giving effect, as to any Restricted Subsidiary pursuant to clause (z) above, to assets encumbered by Liens to secure Debt) of the Company and all of its Restricted Subsidiaries ("Total Restricted Assets") are less than 85% of the total assets of the Company and its Subsidiaries (net of depreciation and amortization, and after intercompany eliminations, but without giving effect, as to any Restricted Subsidiary pursuant to clause (z) above, to assets encumbered by Liens to secure Debt) ("Total Assets"), then the Company shall, not later than the date on which financial statements for the fiscal period then ending are required to be delivered pursuant to this Agreement, designate other Subsidiaries as Restricted Subsidiaries such that, after giving effect thereto, Total Restricted Assets equal or exceed 85% of Total Assets. If at the end of any fiscal quarter, Total Restricted Assets are more than 85% of Total Assets, the Company may designate Restricted Subsidiaries which are not then Restricted Subsidiaries pursuant to clause (x) or (y) above as being no longer Restricted Subsidiaries, provided that after giving effect thereto, Total Restricted Assets equal or exceed 85% of Total Assets. Subsidiaries of a Restricted Subsidiary are not Restricted Subsidiaries solely by virtue of such subsidiary status.

"Retiring Bank" has the meaning set forth in Section 10.01(a).

"S&P" means Standard & Poor's Ratings Group and its successors.

"Significant Subsidiary" means a Subsidiary with a book value of total assets, net of depreciation and amortization and after intercompany eliminations, in excess of $100,000,000.

"Stockholders' Equity" means consolidated stockholders' equity of the Company and the Consolidated Subsidiaries reported as stockholders' equity on the consolidated balance sheet of the Company and the Consolidated Subsidiaries.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the Board of Directors or other persons performing similar functions are at the time directly or indirectly owned by the Company, other than any such corporation or other entity that is an Exempt Subsidiary.

"Taxes" has the meaning set forth in Section 8.04.

"Tender Offer" means the tender offer for shares of Loral contemplated by the Merger Agreement.

"Total Commitments" means, at the time for any determination thereof, the aggregate of the Commitments of the Banks.

"Total Usage" means, as to any Bank at any time of determination, the sum of (i) the aggregate principal amount of all Committed Loans by such Bank at such time outstanding and (ii) the product derived by multiplying (a) the aggregate principal amount of all Money Market Loans at such time outstanding and (b) the quotient derived by dividing such Bank's Commitment by Total Commitments.

"Transferee" has the meaning set forth in

Section 10.08(e).

"United States" means the United States of America, including the States and the District of Columbia, but excluding the Commonwealths, territories and possessions of the United States.

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or an appointed trustee under Title IV of ERISA.

SECTION 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time applied on a basis consistent (except for changes concurred in by the Company's independent public accountants) with the most recent audited consolidated financial statements of the Company and its Consolidated Subsidiaries delivered to the Banks; provided that, if the Company notifies the Documentation Agent that the Company wishes to amend any covenant contained in Article V to eliminate the effect of any change after the date hereof in generally accepted accounting principles (which, for purposes of this proviso shall include the generally accepted application or interpretation thereof) on the operation of such covenant (or if the Documentation Agent notifies the Company that the Required Banks wish to amend any such covenant for such purpose), then the Company's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles is adopted by the Company, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Banks.

ARTICLE II

THE LOANS

SECTION 2.01. The Committed Loans. On or after the Closing Date each of the Banks severally agrees, upon the terms and conditions of this Agreement, to make Loans to the Company under this Section 2.01 from time to time prior to the Commitment Termination Date or the termination in full of such Bank's Commitment, whichever is earlier, such that the Total Usage at any time shall not exceed such Bank's Commitment in effect at such time. Within such limits, the Company may borrow, repay and reborrow under this Section 2.01. Each borrowing from the Banks shall be in an aggregate amount of not less than $10,000,000 and in multiples of $1,000,000.

SECTION 2.02. Method of Committed Borrowing. The Company shall give the Administrative Agent written or telephonic notice (a "Notice of Committed Borrowing") no later than 1:00 p.m. (New York time) or, with respect to any Base Rate Loan, 11:00 a.m. (New York time) (i) at least three Eurodollar Business Days before the date of each borrowing hereunder on the basis of the Eurodollar Rate (or at least four Eurodollar Business Days before the date of a borrowing hereunder with an Interest Period of twelve months in accordance with Section 2.08(b)), (ii) at least two Domestic Business Days before the date of each borrowing hereunder on the basis of the Adjusted CD Rate and (iii) on the day of each borrowing hereunder on the basis of the Base Rate, specifying in each case the date of such borrowing, which shall be a Domestic Business Day in the case of a Domestic Loan or a Eurodollar Business Day in the case of a Eurodollar Loan, the amount to be borrowed, any election as between the Base Rate, the Adjusted CD Rate and the Eurodollar Rate, and, if the Eurodollar Rate or Adjusted CD Rate is elected, a selection of the applicable Interest Period. A written Notice of Committed Borrowing shall be executed by an officer or a Designated Representative and shall be substantially in the form of Exhibit A hereto. A telephonic notice hereunder may only be provided by an officer or a Designated Representative, such notice to be promptly followed by a written Notice of Committed Borrowing executed as set forth above.

SECTION 2.03. Money Market Borrowings.

(a) In addition to Committed Loans pursuant to Section 2.01, the Company may, as set forth in this Section 2.03 from time to time prior to the Commitment Termination Date or earlier termination of the Commitments, request the Banks to make offers to make Money Market Loans to the Company, but only to the extent that any such Money Market Loans together with all other outstanding Loans do not exceed the Total Commitments. Such Banks may, but shall have no obligation to, make such offers and the Company may, but shall have no obligation to, accept any such offers in the manner set forth in this Section.

(b) When the Company wishes to request offers to make Money Market Loans under this Section, it shall transmit to the Administrative Agent by facsimile transmission a Money Market Quote Request so as to be received no later than 1:00 p.m. (New York time) on (x) the fourth Eurodollar Business Day prior to the date of the Loan proposed therein, in the case of a Eurodollar Auction or (y) the Domestic Business Day next

preceding the date of the Loan proposed therein, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified the Banks not later than the date of the Money Market Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective) specifying:

(i) the proposed funding date of such Loan, which shall be a Eurodollar Business Day in the case of a Eurodollar Auction or a Domestic Business Day in the case of a Rate Auction,

(ii) the aggregate amount of such Loan, which shall be $10,000,000 or a larger multiple of $1,000,000,

(iii) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period,

(iv) the interest payment date or dates applicable thereto, and

(v) whether the Money Market Quotes requested are to set forth a Money Market Margin or a Money Market Rate.

The Company may request offers to make Money Market Loans for more than one Interest Period in a single Money Market Quote Request.

(c) Promptly upon receipt of a Money Market Quote Request, the Administrative Agent shall send to the Banks by facsimile transmission an Invitation for Money Market Quotes, which shall constitute an invitation by the Company to each such Bank to submit Money Market Quotes offering to make the Money Market Loans to which such Money Market Quote Request relates in accordance with this Section.

(d)(i) Each Bank may submit a Money Market Quote containing an offer or offers to make Money Market Loans in response to any Invitation for Money Market Quotes. Each Money Market Quote must comply with the requirements of this subsection (d) and must be submitted to the Administrative Agent by facsimile transmission at its offices specified on the signature pages hereto not later than (x) 10:45 a.m. (New York time) on the third Eurodollar Business Day prior to the proposed date of borrowing, in the case of a Eurodollar Auction or (y) 9:15 a.m. (New York time) on the proposed date of borrowing, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified the Banks not later than the date of the Money Market Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective); provided that Money Market Quotes submitted by the Administrative Agent (or any affiliate of the Administrative Agent) in the capacity of a Bank may be submitted, and may only be submitted, if the Administrative Agent or such affiliate in the capacity of a Bank notifies the Administrative Agent of the terms of the offer or offers contained therein not later than 15 minutes prior to the deadline for the other Banks. Subject to Articles III and VI, any Money Market Quote so made shall be irrevocable except with the written consent of the Administrative Agent given on the instructions of the Company.

(ii) Each Money Market Quote shall specify:

(A) the proposed date of borrowing,

(B) the principal amount of the Money Market Loan for which each such offer is being made, which principal amount (w) may be greater than or less than the Commitment of the quoting Bank, (x) must be $5,000,000 or a larger multiple of $1,000,000, (y) may not exceed the principal amount of Money Market Loans for which offers were requested and (z) may be subject to an aggregate limitation as to the principal amount of Money Market Loans for which offers being made by such quoting Bank may be accepted,

(C) in the case of a Eurodollar Auction, the margin above or below the applicable Eurodollar Rate (the "Money Market Margin") offered for each such Money Market Loan, expressed as a percentage (specified to the nearest 1/10,000th of 1%) to be added to or subtracted from such Eurodollar Rate,

(D) in the case of a Rate Auction, the rate of interest per annum (specified to the nearest 1/10,000th of 1%) (the "Money Market Rate") offered for each such Money Market Loan, and

(E) the identity of the quoting Bank.

A Money Market Quote may set forth up to five separate offers by the quoting Bank with respect to each Interest Period specified in the related Invitation for Money Market Quotes.

(iii) Any Money Market Quote shall be disregarded if it:

(A) is not substantially in conformity with Exhibit D hereto or does not specify all of the

information required by subsection(d)(ii);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Money Market Quotes; or

(D) arrives after the time set forth in subsection (d)(i).

(e) The Administrative Agent shall promptly notify the Company of the terms (x) of any Money Market Quote submitted by a Bank that is in accordance with subsection (d) and (y) of any Money Market Quote that amends, modifies or is otherwise inconsistent with a previous Money Market Quote submitted by such Bank with respect to the same Money Market Quote Request. Any such subsequent Money Market Quote shall be disregarded by the Administrative Agent unless such subsequent Money Market Quote is submitted solely to correct a manifest error in such former Money Market Quote. The Administrative Agent's notice to the Company shall specify (A) the aggregate principal amount of Money Market Loans for which offers have been received for each Interest Period specified in the related Money Market Quote Request, (B) the respective principal amounts and Money Market Margins or Money Market Rates, as the case may be, so offered and (C), if applicable, any limitations on the aggregate principal amount of Money Market Loans for which offers in any single Money Market Quote may be accepted.

(f) Not later than (x) 1:00 p.m. (New York time) on the third Eurodollar Business Day prior to the proposed date of borrowing, in the case of a Eurodollar Auction, or (y) 11:00 a.m. (New York time) on the proposed date of borrowing, in the case of a Rate Auction (or, in either case, such other time or date as the Company and the Administrative Agent shall have mutually agreed and shall have notified to the Banks not later than the date of the Money Market Quote Request for the first Eurodollar Auction or Rate Auction for which such change is to be effective), the Company shall notify the Administrative Agent by telephonic notice of its acceptance or non-acceptance of the offers so notified to it pursuant to subsection (e). A telephonic notice hereunder may only be provided by an officer or a Designated Representative. In the case of acceptance, such telephonic notice shall be promptly followed by a written notice executed by an officer or a Designated Representative (a "Notice of Money Market Borrowing"), substantially in the form of Exhibit E hereto, specifying the aggregate principal amount of offers for each Interest Period that are accepted. The Company may accept any Money Market Quote in whole or in part; provided that:

(i) the aggregate principal amount of each borrowing of Money Market Loans may not exceed the applicable amount set forth in the related Money Market Quote Request,

(ii) the principal amount of each borrowing of Money Market Loans must be $10,000,000 or a larger multiple of $1,000,000,

(iii) acceptance of offers may only be made on the basis of ascending Money Market Margins or Money Market Rates, as the case may be, and

(iv) the Company may not accept any offer that is described in subsection (d)(iii) or that otherwise fails to comply with the requirements of this Agreement.

(g) If offers are made by two or more Banks with the same Money Market Margins or Money Market Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Money Market Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Banks as nearly as possible (in multiples of $1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers. Determinations by the Administrative Agent of the amounts of Money Market Loans shall be conclusive in the absence of manifest error.

SECTION 2.04. Notice to Banks; Funding of Loans. (a) Upon receipt of a Notice of Borrowing, the Administrative Agent shall give each Bank prompt notice of each such borrowing, specifying the relevant information including such Bank's portion of such borrowing (if any) and the date on which funds are to be made available. If a Notice of Borrowing is revoked by the Company after receipt thereof by the Administrative Agent, the Company shall be subject to the provisions of Section 2.14.

(b) Not later than 1:00 p.m. (New York time) on the date specified by the Administrative Agent pursuant to Section 2.04(a), each Bank participating therein shall make available its share of such borrowing, in Dollars, in immediately available funds, to the Administrative Agent at its address referred to in Section 10.02. Unless (i) the Administrative Agent has not received a written Notice of Borrowing pursuant to Section 2.02 or 2.03(f) or (ii) the Administrative Agent determines that any applicable condition set forth in Article III has not been satisfied, the amounts so received by the Administrative Agent shall be made available immediately upon receipt, but not later than 4:00 p.m.

(New York time) on such date, to the Company by wire transfer in Dollars, in immediately available funds, to an account of the Company maintained at a financial institution located in the United States designated by the Company to the Administrative Agent.

(c) Unless the Administrative Agent shall have received notice from a Bank at least one Domestic Business Day prior to the date of the borrowing that such Bank will not make available to the Administrative Agent such Bank's share of the borrowing, the Administrative Agent may assume that such Bank has made such share available to the Administrative Agent on the date of the borrowing in accordance with subsection (b) of this Section 2.04 and the Administrative Agent may, in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Administrative Agent, such Bank and the Company severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Company until the date such amount is repaid to the Administrative Agent, at the Federal Funds Rate. If such Bank shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Bank's Loan for purposes of this Agreement, and the Company shall not be required to repay such amount pursuant to this subsection (c).

(d) The failure of any Bank to make a Loan required to be made by it as part of any borrowing hereunder shall not relieve any other Bank of its obligation, if any, hereunder to make its Loan on the date of such borrowing, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the date of the borrowing.

(e) If any Bank shall fail to make any Loan (the "Failed Loan") which such Bank is otherwise obligated hereunder to make to the Company on the date of borrowing thereof and the Agents shall not have received notice from the Company or such Bank that any condition precedent to the making of the Failed Loan has not been satisfied, then, until such Bank shall have made or be deemed to have made (pursuant to the last sentence of this subsection (e)) the Failed Loan in full or the Documentation Agent shall have received notice from the Company or such Bank that any condition precedent to the Failed Loan was not satisfied at the time the Failed Loan was to have been made, whenever the Administrative Agent shall receive any amount from the Company for the account of such Bank, (i) the amount so received will, upon receipt by the Administrative Agent, be deemed to have been paid to the Bank in satisfaction of the obligation for which paid, without actual disbursement of such amount to the Bank, (ii) the Bank will be deemed to have made the same amount available to the Administrative Agent for disbursement as a Loan to the Company up to the amount of such Failed Loan and (iii) the Administrative Agent will, accordingly, disburse such amount (up to the amount of the Failed Loan) to the Company or, if the Administrative Agent has previously made such amount available to the Company on behalf of such Bank pursuant to the provisions hereof, reimburse itself (up to the amount of the amount made available to the Company); provided, however, that the Administrative Agent shall have no obligation to disburse any such amount to the Company or otherwise apply it or deem it applied as provided herein unless the Administrative Agent shall have determined in its sole discretion that to so disburse such amount will not violate any law, rule, regulation or requirement applicable to the Administrative Agent. Upon any such disbursement by the Administrative Agent, such Bank shall be deemed to have made a Base Rate Loan to the Company in satisfaction, to the extent thereof, of such Bank's obligation to make the Failed Loan. If and during the time that a Failed Loan shall exist, the Company shall have the right to terminate in full the Commitment of the Bank causing such Failed Loan as provided in Section 10.01(a).

SECTION 2.05. Conversion/Continuation of Loans. (a) With respect to Committed Loans, the Company shall have the option to (i) convert all or any part of (A) outstanding Base Rate Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Eurodollar Loans or CD Loans and (B) outstanding Eurodollar Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Base Rate Loans or CD Loans and (C) outstanding CD Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount to Base Rate Loans or Eurodollar Loans, or (ii) upon the expiration of any Interest Period applicable to outstanding Eurodollar Loans or CD Loans, to continue all or any portion of such Loans equal to $10,000,000 and multiples of $1,000,000 in excess of that amount as Eurodollar Loans or CD Loans, as the case may be. The Interest Period of any Base Rate Loan, Eurodollar Loan or CD Loan converted to a Fixed Rate Loan pursuant to clause (i) above shall commence on the date of such conversion. The succeeding Interest Period of any Fixed Rate Loan continued pursuant to clause (ii) above shall commence on the last day of the Interest Period of the Loan so continued. Eurodollar Loans and CD Loans may only be converted on the last day of the then current Interest Period applicable thereto or on the date required pursuant to Section 8.03.

(b) The Company shall deliver a written or telephonic notice of such continuation or conversion (a "Notice of Conversion/Continuation") to the Administrative Agent no later than (x) 1:00 p.m. (New York time) at least three Eurodollar Business Days (four Eurodollar Business Days if the Interest Period is for twelve months) in advance of the date of the proposed conversion to, or continuation of, a Eurodollar Loan, (y) 1:00

p.m. (New York time) at least two Domestic Business Days in advance of the date of the proposed conversion to, or continuation of, a CD Loan and (z) 11:00 a.m. (New York time) on the day of a conversion to a Base Rate Loan. A written Notice of Conversion/Continuation shall be executed by an officer or a Designated Representative, shall be in substantially the form attached as Exhibit F and shall specify: (i) the proposed conversion/continuation date (which shall be a Eurodollar Business Day in the case of a Eurodollar Loan or a Domestic Business Day in the case of a CD Loan or Base Rate Loan), (ii) the aggregate amount of the Loans being converted/continued, (iii) an election between the Base Rate, the Adjusted CD Rate and the Eurodollar Rate and (iv), in the case of a conversion to, or a continuation of, CD Loans or Eurodollar Loans, the requested Interest Period. A telephonic Notice of Conversion/Continuation may only be provided by an officer or a Designated Representative, which notice must be promptly followed by a written Notice of Conversion/Continuation executed as set forth above. Upon receipt of a Notice of Conversion/Continuation, the Administrative Agent shall give each Bank prompt notice of the contents thereof and such Bank's pro rata share of all conversions and continuations requested therein. If no timely Notice of Conversion/Continuation is delivered by the Company as to any Eurodollar Loan or CD Loan and such Loan is not repaid by the Company at the end of the applicable Interest Period, such Loan shall be converted to a Base Rate Loan.

SECTION 2.06. Loan Accounts and Notes.

(a) Except as provided in subsection (b) below, the Committed Loans and Money Market Loans of each Bank shall be evidenced by a loan account in the Company's name maintained by such Bank and the Administrative Agent in the ordinary course of business. Such loan account maintained by the Administrative Agent shall be conclusive evidence absent manifest error of the amount of the Loan made by such Bank to the Company, the interest accrued and payable thereon and all interest and principal payments made thereon. Any failure so to record or any error in doing so shall in no way limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) Upon written request made to the Documentation Agent by a Bank, the Company shall deliver to the Documentation Agent for such Bank a single Committed Note and a single Money Market Note, if applicable, evidencing the Committed Loans and the Money Market Loans, respectively, of such requesting Bank, payable to the order of each such Bank for the account of its Applicable Lending Office. Each such Note shall be in substantially the form of Exhibit G-1 or G-2 hereto, as appropriate. Each reference in this Agreement to the "Note" or "Notes" of such Bank shall be deemed to refer to and include any or all of such Notes, as the context may require.

(c) Upon receipt from the Company of the requesting Bank's Note, the Documentation Agent shall forward such Note to such Bank. Such Bank shall record the date and amount of each Loan made by it and the date and amount of each payment of principal made by the Company with respect thereto, and may, if such Bank so elects in connection with any transfer or enforcement of its Note, endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; provided that the failure of any Bank that has requested a Note to make any such recordation or endorsement shall not affect the obligations of the Company hereunder or under the Note. Each Bank that receives a Note from the Company is hereby irrevocably authorized by the Company to so endorse its Note and to attach to and make a part of its Note a continuation of any such schedule as and when required.

SECTION 2.07. Payment of Principal. (a) Each Committed Loan shall fall due and be paid as to principal (i) on the Commitment Termination Date and (ii) on any date that the aggregate principal amount of all Loans then outstanding exceeds Total Commitments, but ratably only to the extent of such excess.

(b) Each Money Market Loan shall fall due and be paid as to principal on the last day of the Interest Period applicable to such Loan.

SECTION 2.08. Interest. Payment of interest on the Loans shall be in accordance with the following:

(a) Interest shall, subject to any decrease or increase pursuant to clause (d) of this Section 2.08, accrue (x) on each Base Rate Loan for each day at a rate per annum equal to the Base Rate for such day, (y) on each CD Loan for each day during each period commencing on the first day of an Interest Period therefor to but excluding the last day of such Interest Period at a rate per annum equal to the sum of the CD Margin for such day plus the Adjusted CD Rate applicable to such Interest Period, and (z) on each Eurodollar Loan for each day during each period commencing on the first day of an Interest Period therefor to but excluding the last day of such Interest Period, at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus the Eurodollar Margin for such day, all as selected and specified in a notice to the Administrative Agent furnished pursuant to Section 2.02 or Section 2.05; provided that:

(i) each selection by the Company as between the Base Rate, the Adjusted CD Rate and the Eurodollar Rate shall be made, as among the Banks, pro rata in accordance with their respective Commitments, except as variation from such pro-rationing may be

required by virtue of suspension as to a particular Bank of its Commitment to make Eurodollar Loans, as contemplated by Section 8.03(a); and

(ii) subject to the other provisions of this Section 2.08, there may be outstanding hereunder at the same time Committed Loans (or portions thereof) which are Base Rate Loans, other Committed Loans (or portions thereof) which are CD Loans and other Committed Loans (or portions thereof) which are Eurodollar Loans.

(b) If requested to do so by the Company, through the Administrative Agent, at least six Eurodollar Business Days before the beginning of any Interest Period applicable to a Eurodollar Loan, each Bank will advise the Company, through the Administrative Agent, before 10:00 a.m. (New York time) four Eurodollar Business Days preceding the beginning of such Interest Period, as to whether such Bank consents to the selection by the Company of a duration of twelve months for such Interest Period. If, but only if, all of the Banks so consent, the Company shall be entitled to select a duration of twelve months for such Interest Period pursuant to Section 2.02 or 2.05.

(c) Interest accrued on a Base Rate Loan shall be paid on each Quarterly Date and on the Commitment Termination Date. Interest accrued on a CD Loan or a Eurodollar Loan shall be paid (i) on the last day of the Interest Period for such Loan, (ii) in the case of a Eurodollar Loan with an Interest Period of twelve months, on the date which is six months from the first day of such Interest Period and (iii) on the date of any prepayment pursuant to Section 2.09 or conversion pursuant to Section 8.03 (but only to the extent accrued with respect to the amount being prepaid or converted). Interest accrued on a Money Market Loan shall be paid on the last day of the Interest Period for such Loan, the date of any prepayment pursuant to Section 2.09 or conversion pursuant to Section 8.03 or as provided in the Money Market Quote Request for such Loan.

(d) Each of the CD Margin and the Eurodollar Margin shall be determined by reference to the senior unsecured long-term debt ratings of the Company, or the senior unsecured long-term debt ratings of the Company (as guaranteed by the Guarantor), whichever is higher, by S&P and Moody's, as specified on Schedule I hereto. Any change in the CD Margin or the Eurodollar Margin, as applicable, shall become effective on the day on which such a Rating Agency shall publicly announce a change in such rating.

(e) Subject to Section 8.03, each Money Market Eurodollar Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period (determined as if the Money Market Eurodollar Loan were a Eurodollar Loan) plus (or minus) the Money Market Margin quoted by the Bank making such Loan in accordance with Section 2.03. Each Money Market Rate Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at a rate per annum equal to the Money Market Rate quoted by the Bank making such Loan in accordance with Section 2.03.

(f) Interest on past-due principal and interest shall accrue at the Post-Default Rate during the period from and including the due date thereof to but excluding the date that such amount is paid and shall be payable on demand.

(g) The Administrative Agent shall determine, in accordance with the provisions of this Agreement, each Base Rate, Eurodollar Rate and Adjusted CD Rate applicable to the Committed Loans hereunder. The Administrative Agent shall give prompt notice to the Company and the Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(h) Each Reference Bank agrees to use its best efforts to furnish quotations to the Administrative Agent by the times such quotations are required to be furnished here- under. If any Reference Bank does not furnish a timely quotation, the Administrative Agent shall determine the relevant interest rate on the basis of the quotation or quotations furnished by the remaining Reference Bank or Banks or, if none of such quotations is available on a timely basis, the provisions of Section 8.02 shall apply.

(i) Interest on Fixed Rate Loans and Base Rate Loans (if the Federal Funds Rate is the basis for the effective rate of interest) shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed, calculated as to each Interest Period (or period ending on a repayment date or date of conversion to a CD Loan or a Eurodollar Loan or prepayment date selected pursuant to Section 2.09 or required pursuant to Section 8.03) from and including the first day thereof to but excluding the last day thereof. Interest on Base Rate Loans (if the Reference Rate is the effective rate of interest) shall be computed on the basis of a year of 365 or 366 days, as the case may be, and paid for the actual number of days elapsed, calculated from and including the date of such Base Rate Loan to but excluding the date of repayment or conversion of such Loan to a Fixed Rate Loan.

SECTION 2.09. Optional Prepayments. (a) The Company may, upon notice to the Administrative Agent not later than 11:30 a.m. (New York time) on the date of such prepayment, prepay Base Rate Loans (without

penalty or premium), or any Money Market Loan bearing interest at the Base Rate pursuant to Section 8.03 (without penalty or premium), in whole at any time, or from time to time in part in amounts aggregating not less than $10,000,000.

(b) Subject to Section 2.14, the Company may, upon at least one Domestic Business Day's notice (delivered not later than 1:00 p.m. (New York time)) to the Administrative Agent, in the case of CD Loans, or upon at least three Eurodollar Business Days' notice to the Administrative Agent, in the case of Eurodollar Loans, prepay such Loans, in whole at any time, or from time to time in part in amounts aggregating not less than $10,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

(c) Except as provided in subsection (a) above, the Company may not prepay all or any portion of the principal amount of any Money Market Loan prior to the maturity thereof.

(d) Upon receipt of a notice of prepayment, the Administrative Agent shall give each Bank prompt notice of the contents thereof and the amount of such Bank's Loans being prepaid pursuant thereto.

SECTION 2.10. General Provisions as to Payments. (a) All payments by the Company of principal, interest, Facility Fee and other charges under this Agreement shall be made not later than 2:00 p.m. (New York time) on the date when due, in Dollars, in immediately available funds, to the Administrative Agent at its address referred to in Section 10.02. If a Fed-Wire reference or tracer number has been received, from the Company or otherwise, by the Administrative Agent by that time the Company will not be penalized for a payment received after 2:00 p.m. (New York time). The Administrative Agent will promptly distribute to each Bank its ratable share of each such payment received by the Administrative Agent for the account of the Banks. Whenever any payment of principal of, or interest on, the Domestic Loans, the Money Market Rate Loans or of the Facility Fee or any other amounts payable to the Banks hereunder shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Eurodollar Loans or the Money Market Eurodollar Loans shall be due on a day which is not a Eurodollar Business Day, the date for payment thereof shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Eurodollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Banks hereunder that the Company will not make such payment in full, the Administrative Agent may assume that the Company has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Company shall not have so made such payment, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Rate.

SECTION 2.11. Fees. Commencing with the earlier of (x) the Closing Date and (y) April 15, 1996, the Company agrees to pay to the Banks a facility fee (the "Facility Fee") on the daily average of the Total Commitments at a rate per annum determined by reference to the senior unsecured long-term debt ratings of the Company, or the senior unsecured long-term debt ratings of the Company (as guaranteed by the Guarantor), whichever is higher, by S&P and Moody's, as specified on Schedule I hereto. Any change in the Facility Fee shall become effective on the day on which such a Rating Agency publicly announces a change in such rating. The Facility Fee shall (i) be computed on the basis of a year of 365 or 366 days for the actual number of days elapsed, (ii) be payable in arrears on each Quarterly Date during the period from and including the earlier of (x) the Closing Date and (y) April 15, 1996 to but excluding the Commitment Termination Date and on the Commitment Termination Date, and (iii) be paid by the Company to the Administrative Agent for the account of the Banks. Notwithstanding the foregoing, Facility Fees in respect of the Commitment of any Bank shall cease to accrue, and accrued but unpaid Facility Fees shall be payable, on the date (if any) on which such Bank's Commitment is terminated pursuant hereto.

SECTION 2.12. Reduction or Termination of Commitments.

The Company shall have the right at any time or from time to time, upon not less than three Domestic Business Days' prior written notice to the Administrative Agent, to terminate the Commitments of the Banks, in whole or in part, provided that each partial termination shall be in an aggregate amount of not less than $25,000,000 and a multiple of $5,000,000, and shall reduce the respective Commitments of all the Banks proportionately (the signature pages hereto shall be deemed to be amended to reflect the reduction in such Commitment). If after giving effect to such reduction, the aggregate principal amount of the outstanding Loans

exceeds the Commitments as then reduced, the Company shall on such date ratably prepay the Committed Loans to the extent of such excess, all in accordance with Section 2.07. The Administrative Agent shall give prompt written notice to each Bank of each such reduction or termination. The Commitment of a Bank may also be terminated under the provisions of Section 10.01(a).

SECTION 2.13. Lending Offices. Each Loan shall be made and maintained by the Applicable Lending Office of each respective Bank. Subject to the provisions of Sections 8.01, 8.03 and 10.08(d), each Bank may transfer any Loan to or designate a different office of itself or any subsidiary or affiliate and such office shall thereupon become an Applicable Lending Office.

SECTION 2.14. Reimbursement. The Company shall reimburse each Bank for all reasonable out-of-pocket costs and expenses, including the cost of any liquidation and redeployment of funds borrowed by such Bank (but excluding loss of margin for the period after any payment, conversion or failure to borrow, convert or continue as described herein), in the event that the Company makes any payment of principal with respect to, or converts, any Fixed Rate Loan on any day other than the last day of an Interest Period applicable thereto (pursuant to Section 2.09 or otherwise) or any borrowing, conversion, continuation or prepayment notified to the Banks pursuant to Section 2.02, 2.03, 2.05 or 2.09(b) relative to Fixed Rate Loans shall not be consummated because of the Company's failure to satisfy one or more of the applicable conditions precedent in Article III or because the Company fails to borrow, convert, continue or prepay at the specified time. Any Bank requesting reimbursement from the Company for such costs and expenses pursuant to this Section 2.14 shall provide the Company through the Administrative Agent with the calculation of the amount of such costs and expenses in reasonable detail.

ARTICLE III

CONDITIONS

SECTION 3.01. Conditions to Closing. The closing hereunder shall occur on the date that each of the following conditions shall have been satisfied (or waived in accordance with Section 10.07):

(a) Effectiveness. This Agreement shall have become effective pursuant to Section 10.12.

(b) Account. The Company shall have designated in writing to the Administrative Agent its account pursuant to Section 2.04(b).

(c) Signatures. The Company shall have certified the name and signature of each officer authorized to sign this Agreement and any Notes on its behalf and each person authorized to give Notices of Borrowing or give Notices of Conversion/Continuation under this Agreement; and the Guarantor shall have certified the name and signature of each officer authorized to sign this Agreement on its behalf. The Banks may conclusively rely on such certification until they respectively receive notice in writing to the contrary.

(d) Opinion of Company Counsel. The Agents shall have received (i) opinions of Miles & Stockbridge, a Professional Corporation, and O'Melveny & Myers, special counsel for the Company, substantially in the forms of Exhibits H-1 and H-2 hereto, and (ii) an opinion of the General Counsel, the Chief Counsel or an Assistant General Counsel of the Company, substantially in the form of Exhibit H-3 hereto; the Company hereby expressly instructs each such counsel to prepare such opinion for the benefit of the Agents and the Banks.

(e) Opinion of Bank Counsel. The Agents shall have received an opinion of Davis Polk & Wardwell, special counsel for the Agents, substantially in the form of Exhibit I hereto.

(f) Proof of Corporate Action. The Company shall have delivered copies certified by (i) its Secretary or an Assistant Secretary of its Charter and Bylaws and of all corporate action taken by the Company to authorize the execution, delivery and performance of this Agreement and the Notes and the borrowing hereunder and (ii) the Secretary or an Assistant Secretary of the Guarantor of its Charter and Bylaws and of all corporate action taken by the Guarantor to authorize the execution, delivery and performance of this Agreement.

(g) Termination and Payment under Existing Agreements. The Documentation Agent shall have received evidence reasonably satisfactory to it regarding the termination of commitments, and payment of amounts due, under the Loan Agreement dated as of March 15, 1995 among Lockheed Martin Corporation, the guarantors listed therein, the banks listed therein, Morgan Guaranty Trust Company of New York, as documentation agent, and Bank of America National Trust and Savings Association, as administrative agent, and the Amended and Restated Revolving Credit Agreement dated as of November 23, 1994 among Loral Corporation, certain banks, Morgan Guaranty Trust Company of New York, as documentation agent and co-arranger, Chemical Bank, as administrative agent and co-arranger, and Bank of America

Illinois, as co-agent.

(h) Tender Offer Closing. It shall be the case that, and the Company shall so certify that, (i) tendered shares shall have been accepted for payment pursuant to the Tender Offer in accordance with the terms of the Tender Offer; (ii) the terms and conditions of the Tender Offer shall be in substance as disclosed to the Banks in the Information Memorandum, but shall in all events include terms and conditions to the effect that upon the consummation of the Tender Offer, Acquisition Company shall own and control the number of shares of Loral's common stock as shall be necessary to approve the Merger without the affirmative vote or approval of any other shareholders; and (iii) conditions to the consummation of the Tender Offer shall have been satisfied and shall not have been waived, except for conditions (x) not material to the combined entity or the prospects and timing of the consummation of the Merger and (y) not relating to the legality, validity or legal effect of the financing contemplated hereby.

(i) Approvals; Compliance with Laws. It shall be the case that, the Company shall so certify that, and the Agents shall have received evidence satisfactory to them that, all necessary licenses, permits and governmental and third-party filings, consents and approvals for the Acquisition, including the Merger, have been made or obtained and remain in full force and effect, except for (x) those not material to the combined entity or the prospects and timing of the consummation of the Merger, (y) those not relating to the legality, validity or legal effect of the financing contemplated hereby and (z) in the case of the Merger, the approval of the holders of the requisite percentage of shares of Loral's common stock and the filing of any applicable articles or certificate of merger.

(j) Fees. The Banks and the Agents shall have received the fees, as otherwise agreed to by them and the Company, then or theretofore payable.

SECTION 3.02. Conditions to All Loans. The obligation of each Bank to make each Loan to be made by it on or after the Closing Date (including the initial Loan) is subject to the following conditions precedent:

(a) Events of Default, etc. No Event of Default shall have occurred and be continuing; and except as otherwise described by the Company in a writing to the Documentation Agent and waived by the Required Banks, the representations of the Company in Article IV (other than Sections 4.05, 4.11, 4.12 and the last sentence of Section 4.04) shall be true on and as of the date of such Loan with the same force and effect as if made on and as of such date. Notwithstanding the foregoing, for purposes of the representations of the Company in Article IV in respect of Loans to be made on the Closing Date, the limitation in the parenthetical included in the previous sentence shall not apply.

(b) Company Representation. Each Notice of Borrowing given by the Company pursuant to Section 2.02 or Section 2.03(f) shall constitute a representation by the Company as to the satisfaction in respect of such borrowing of the conditions referred to in Section 3.02(a).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants (such representations and warranties when given on the Closing Date to be given after giving effect to the consummation of the Tender Offer, provided that to the extent given on the Closing Date with respect to Loral and its Subsidiaries, such representations and warranties are given only to the knowledge of each officer of the Company listed as an executive officer in the Company's annual report on Form 10-K for the year ended December 31, 1995 and each member of the Company's treasury and legal departments) that:

SECTION 4.01. Corporate Existence and Power. Each of the Company and its Restricted Subsidiaries is a corporation duly organized and validly existing under the laws of the state of its incorporation without limitation on the duration of its existence, is in good standing therein, and is duly qualified to transact business in all jurisdictions where such qualification is necessary, except for such jurisdictions where the failure to be so qualified or licensed will not be reasonably likely to have a Material Adverse Effect; each of the Company and the Guarantor has corporate power to enter into and perform this Agreement; and the Company has the corporate power to borrow and issue Notes as contemplated by this Agreement.

SECTION 4.02. No Contravention. The execution and delivery by the Company and the Guarantor of this Agreement and any Notes and the Merger Agreement and the performance by the Company and the Guarantor of their respective obligations under this Agreement and any Notes and the Merger Agreement, do not contravene, or constitute a default under, any provision of applicable law or regulation or such corporation's Charter, or Certificate of Incorporation, as the case may be, or Bylaws or any indenture, agreement, instrument, judgment or order to which the Company or the Guarantor is a party or by which it or any of its material assets or properties may be bound or affected which would be reasonably likely to

have a Material Adverse Effect.

SECTION 4.03. Corporate Authorization; Binding Effect. Each of the Company and the Guarantor has taken all corporate action necessary to authorize its execution and delivery of this Agreement and any Notes and the Merger Agreement and the consummation of the transactions contemplated hereby; this Agreement and any Notes and the Merger Agreement constitute the valid and binding agreements of the Company and the Guarantor enforceable against the Company and the Guarantor in accordance with their respective terms, except to the extent limited by bankruptcy, reorganization, insolvency, moratorium and other similar laws of general application relating to or affecting the enforcement of creditors' rights or by general equitable principles.

SECTION 4.04. Financial Information. The unaudited pro forma combined condensed balance sheet of the Company and the Consolidated Subsidiaries (giving effect to the Merger) dated as of December 31, 1995 and the related unaudited pro forma combined condensed statements of earnings of the Company and the Consolidated Subsidiaries (giving effect to the Merger) for the fiscal year ended December 31, 1995 contained in the Information Memorandum (together with the historical consolidated financial statements (including management's analysis of financial condition and operating results) of the Company and Loral contained, in respect of the Company, in the Company's annual report on Form 10-K for the fiscal year ended December 31, 1995, and, in respect of Loral, in Loral's annual and quarterly reports on Forms 10-K and 10-Q for the fiscal year ended March 31, 1995 and fiscal quarterly periods ended December 31, 1995, respectively, collectively referred to as the "Financial Statements"), furnished to the Banks prior to the execution of this Agreement, present the pro forma consolidated financial condition of the Company and the Consolidated Subsidiaries (giving effect to the Merger) as of December 31, 1995, and the pro forma results of their operations for the fiscal year ended December 31, 1995, based on preliminary estimates, adjustments and assumptions, which were believed to be reasonable in the circumstances under which such unaudited pro forma financial statements were prepared. Since December 31, 1995, there has occurred no change in the consolidated financial condition of the Company and the Consolidated Subsidiaries (giving effect to the Merger) which would be reasonably likely to have a Material Adverse Effect.

SECTION 4.05. Litigation; Taxes. (a) There are no suits, actions or proceedings pending, or to the knowledge of any member of the Company's legal department threatened, against or affecting the Company or any Subsidiary, the adverse determination of which is reasonably likely to occur, and if so adversely determined would be reasonably likely to have a Material Adverse Effect. On the date of the initial borrowing hereunder, there exists (i) no injunction against consummation of the Tender Offer, (ii) no litigation pending, or to the knowledge of any member of the Company's legal department threatened, which gives rise to a material likelihood that the Merger will not be consummated or will be subject to undue delay, and (iii) no litigation pending, or to the knowledge of any member of the Company's legal department threatened, other than that as to which there is not a material likelihood of success, challenging the legality, validity or legal effect of the financing contemplated hereby.

(b) The Company and each Subsidiary have filed all material tax returns which to the knowledge of any member of the Company's tax department were required to be filed and have paid or have adequately provided for all taxes shown thereon to be due, including interest and penalties, except for (i) those not yet delinquent, (ii) those the nonpayment of which would not be reasonably likely to have a Material Adverse Effect and (iii) those being contested in good faith.

SECTION 4.06. Margin Regulations. No part of the proceeds of any Loan will be used in a manner which would violate, or result in a violation of, Regulation U.

SECTION 4.07. Governmental Approvals. No consent, approval, authorization, permit or license from, or registration or filing with, any Governmental Authority is required in connection with the making of this Agreement, with the exception of routine periodic filings made under the Exchange Act and the filing of International Capital Form CQ-1's.

SECTION 4.08. Pari Passu Obligations. Under applicable United States laws (including state and local laws) in force at the date hereof, the claims and rights of the Banks and the Agents against the Company under this Agreement and the Notes will not be subordinate to, and will rank at least pari passu with, the claims and rights of any other unsecured creditors of the Company (except to the extent provided by bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights and by general principles of equity).

SECTION 4.09. No Defaults. The payment obligations of the Company and the Restricted Subsidiaries in respect of any Material Debt are not overdue.

SECTION 4.10. Full Disclosure. All information furnished to the Banks in writing prior to the date hereof in connection with the transactions contemplated hereby (including, without limitation, the Information Memorandum, but subject to the qualifications and limitations

set forth in the Information Memorandum (including, without limitation, in the pro forma and forecasted financial information)) does not, collectively, contain any misstatement of a material fact or omit to state a fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect on and as of the date hereof.

SECTION 4.11. ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in substantial compliance in all material respects with the presently applicable material provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or made any amendment to any Plan which, in either case has resulted or could result in the imposition of a material Lien or the posting of a material bond or other material security under ERISA or the Internal Revenue Code or (iii) incurred any material liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

SECTION 4.12. Environmental Matters. The Financial Statements described in Section 4.04 provide certain information regarding the current and potential obligations arising from various consent decrees, cleanup and abatement orders, and current or potential proceedings pertaining to actual or alleged soil and water contamination, disposal of hazardous wastes, and other environmental matters related to properties currently owned by the Company or its Restricted Subsidiaries, previously owned properties, and other properties. Since December 31, 1995, environmental matters have not caused any material adverse change in the consolidated financial condition of the Company and the Consolidated Subsidiaries from that shown by such Financial Statements.

In the ordinary course of business, the ongoing operations of the Company and its Restricted Subsidiaries are reviewed from time to time to determine compliance with applicable Environmental Laws. Based on these reviews, to the knowledge of the Company, ongoing operations at the Principal Properties are currently being conducted in substantial compliance with applicable Environmental Laws except to the extent that noncompliance would not be reasonably likely to result in a material adverse change in the consolidated financial condition of the Company and the Consolidated Subsidiaries.

ARTICLE V

COVENANTS

From the Closing Date and so long as any Commitments of the Banks shall be outstanding and until the payment in full of all Loans outstanding under this Agreement and the performance of all other obligations of the Company under this Agreement, the Company agrees that, unless the Required Banks shall otherwise consent in writing:

SECTION 5.01. Information. The Company will deliver to the Administrative Agent for each of the Banks:

(a) as soon as available and in any event within 60 days after the end of each of its first three quarterly accounting periods in each fiscal year, consolidated statements of earnings and cash flows of the Company and the Consolidated Subsidiaries for the period from the beginning of such fiscal year to the end of such fiscal period and the related consolidated balance sheet of the Company and the Consolidated Subsidiaries as at the end of such fiscal period, all in reasonable detail (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection) and accompanied by a certificate in the form attached hereto as Exhibit J signed by a financial officer of the Company stating that such consolidated financial statements fairly present the consolidated financial condition and results of operations of the Company and the Consolidated Subsidiaries as of the end of such period and for the period involved, subject, however, to year-end audit adjustments, and that such officer has no knowledge, except as specifically stated, of any Default;

(b) as soon as available and in any event within 120 days after the end of each fiscal year, consolidated statements of earnings and cash flows of the Company and the Consolidated Subsidiaries for such year and the related consolidated balance sheets of the Company and the Consolidated Subsidiaries as at the end of such year, all in reasonable detail and accompanied by (i) an opinion of independent public accountants of recognized standing selected by the Company as to such consolidated financial statements (it being understood that delivery of such statements as filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this subsection), and (ii) a certificate in the form attached hereto as Exhibit J signed by a financial officer of the Company stating that such consolidated financial statements fairly present the consolidated financial condition and results of operations of the Company and the Consolidated Subsidiaries as of the end of such year and for the year involved and that such officer has no knowledge, except as specifically stated, of any Default;

(c) promptly after their becoming available:

(i) copies of all financial statements, stockholder reports and proxy statements that the Company shall have sent to its stockholders generally; and

(ii) copies of all registration statements filed by the Company under the Securities Act of 1933, as amended (other than registration statements on Form S-8 or any registration statement filed in connection with a dividend reinvestment plan), and regular and periodic reports, if any, which the Company shall have filed with the Securities and Exchange Commission (or any governmental agency or agencies substituted therefor) under Section 13 or Section 15(d) of the Exchange Act, or with any national or international securities exchange (other than those on Form 11-K or any successor form);

(d) from time to time, with reasonable promptness, but subject to restrictions imposed by applicable security clearance regulations, such further information regarding the business and financial condition of the Company and its Subsidiaries as any Bank may reasonably request through the Documentation Agent;

(e) prompt notice of the occurrence of any Default; and

(f) prompt notice of all litigation and of all proceedings before any governmental or regulatory agency pending (or, to the knowledge of the General Counsel of the Company, threatened) and affecting the Company or any Restricted Subsidiary, except litigation or proceedings which, if adversely determined, would not be reasonably likely to result in a Material Adverse Effect.

Each set of financial statements delivered pursuant to clause (a) or clause (b) of this Section 5.01 shall be accompanied by or include the computations showing, in the form attached hereto as Exhibit J, whether the Company was, at the end of the relevant fiscal period, in compliance with the provisions of Section 5.09.

SECTION 5.02. Payment of Obligations. The Company will pay and discharge, and will cause each Restricted Subsidiary to pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, prior to the date on which penalties attach thereto, and all lawful material claims which, if unpaid, might become a Lien upon the property of the Company or such Restricted Subsidiary; provided that neither the Company nor any such Restricted Subsidiary shall be required to pay any such tax, assessment, charge, levy or claim (i) the payment of which is being contested in good faith and by proper proceedings, (ii) not yet delinquent or (iii) the non-payment of which, if taken in the aggregate, would not be reasonably likely to result in a Material Adverse Effect.

SECTION 5.03. Insurance. The Company will maintain, and will cause each Restricted Subsidiary to maintain, insurance from responsible companies in such amounts and against such risks as is customarily carried by owners of similar businesses and properties in the same general areas in which the Company or such Restricted Subsidiary operates or, to the customary extent, self-insurance.

SECTION 5.04. Maintenance of Existence. The Company will preserve and maintain, and will cause each Restricted Subsidiary to preserve and maintain, its corporate existence and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, and conduct its business in an orderly, efficient and regular manner. Nothing herein contained shall prevent the termination of the business or corporate existence of any Subsidiary (other than the Guarantor) which in the judgment of the Company is no longer necessary or desirable, a merger or consolidation of a Subsidiary into or with the Company (if the Company is the surviving corporation) or another Subsidiary or any merger, consolidation or transfer of assets permitted by Section 5.07, as long as immediately after giving effect to any such transaction, no Default shall have occurred and be continuing.

SECTION 5.05. Maintenance of Properties. The Company will keep, and will cause each Restricted Subsidiary to keep, all of its properties necessary, in the judgment of the Company, in its business in good working order and condition, ordinary wear and tear excepted. Nothing in this Section 5.05 shall prevent the Company or any Restricted Subsidiary from discontinuing the operation or maintenance, or both the operation and maintenance, of any properties of the Company or any such Restricted Subsidiary if such discontinuance is, in the judgment of the Company (or such Restricted Subsidiary), desirable in the conduct of its business.

SECTION 5.06. Compliance With Laws. The Company will comply, and will cause each Restricted Subsidiary to comply, with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, a breach of which would be reasonably expected to have a Material Adverse Effect, except where contested in good faith and by proper proceedings.

SECTION 5.07. Mergers, Consolidations and Sales of Assets.

(a) Neither the Company nor the Guarantor shall consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(1) the Company or a Consolidated Subsidiary that is incorporated under the laws of the United States, any state thereof or the District of Columbia is the surviving corporation of any such consolidation or merger or is the Person that acquires by conveyance or transfer the properties and assets of the Company or the Guarantor substantially as an entirety;

(2) if a Consolidated Subsidiary is the surviving corporation or is the Person that acquires the property and assets of the Company or the Guarantor substantially as an entirety, it shall expressly assume the performance of every covenant of this Agreement and of the Notes on the part of the Company or the Guarantor, as the case may be, to be performed or observed;

(3) immediately after giving effect to such transaction, no Default shall have occurred and be continuing; and

(4) if the Company or the Guarantor, as the case may be, is not the surviving corporation, the Company has delivered to the Documentation Agent an Officer's Certificate and a legal opinion of its General Counsel, Chief Counsel or Assistant General Counsel, upon the express instruction of the Company for the benefit of the Documentation Agent and the Banks, each stating that such transaction complies with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Upon any consolidation by the Company or the Guarantor with, or merger by the Company or the Guarantor into, a Consolidated Subsidiary or any conveyance or transfer of the properties and assets of the Company or the Guarantor substantially as an entirety to a Consolidated Subsidiary, the Consolidated Subsidiary into which the Company or the Guarantor is merged or consolidated or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or the Guarantor, as the case may be, under this Agreement with the same effect as if such Consolidated Subsidiary had been named as the Company or the Guarantor, as the case may be, herein, and thereafter, in the case of a transfer or conveyance permitted by Section 5.07(a), the Company or the Guarantor, as the case may be, shall be relieved of all obligations and covenants under this Agreement and the Notes.

This covenant shall not, so long as the common stock of Loral is "margin stock" within the meaning of Regulation U, apply to any sale of such stock for value.

SECTION 5.08. Limitation on Liens. The Company will not, and will not permit any Restricted Subsidiary to, create or suffer to exist any Lien upon any of its assets, now owned or hereafter acquired, securing any Debt; provided, however, that the foregoing restrictions shall not apply to:

(a) Liens on any assets owned by the Company or any Restricted Subsidiary existing at the date of this Agreement;

(b) Liens on assets of a corporation or other entity existing at the time such corporation or other entity is merged into or consolidated with the Company or a Restricted Subsidiary (to the extent applicable, in accordance with Section 5.07), or at the time of a purchase, lease or other acquisition of the assets of a corporation or other entity as an entirety or substantially as an entirety by the Company or a Restricted Subsidiary, whether or not any indebtedness secured by such Liens is assumed by the Company or such Restricted Subsidiary;

(c) Liens on assets of a corporation or other entity existing at the time such corporation or other entity becomes a Restricted Subsidiary;

(d) Liens securing Debt of a Restricted Subsidiary owing to the Company or to another Restricted Subsidiary;

(e) materialmen's, suppliers', tax or other similar Liens arising in the ordinary course of business securing obligations which are not overdue or are being contested in good faith by appropriate proceedings; and Liens arising by operation of law in favor of any lender to the Company or any Restricted Subsidiary in the ordinary course of business constituting a banker's lien or right of offset in moneys of the Company or a Restricted Subsidiary deposited with such lender in the ordinary course of business;

(f) Liens on assets existing at the time of acquisition of such assets by the Company or a Restricted Subsidiary, or Liens to secure the payment of all or any part of the purchase price of assets upon the acquisition of such assets by the Company or a Restricted Subsidiary or to secure any Debt incurred or guaranteed by the Company or a Restricted Subsidiary prior to, at the time of, or within one year after the later of the acquisition, completion of construction (including any improvements on an existing asset) or commencement of full operation of such asset, which

Debt is incurred or guaranteed for the purpose of financing all or any part of the purchase price thereof or construction or improvements thereon, and which Debt may be in the form of obligations incurred in connection with industrial revenue bonds or similar financings and letters of credit issued in connection therewith; provided, however, that in the case of any such acquisition, construction or improvement the Lien shall not apply to any asset theretofore owned by the Company or a Restricted Subsidiary, other than, in the case of any such construction or improvement, any theretofore unimproved real property on which the property so constructed or the improvement made is located;

(g) Liens in favor of any customer (including any Governmental Authority) to secure partial, progress, advance or other payments or performance pursuant to any contract or statute or to secure any related indebtedness or to secure Debt guaranteed by a Governmental Authority;

(h) Liens on cash or certificates of deposit or other bank obligations in an amount substantially equal in value (at the time such Liens are created) to, and securing, indebtedness in an aggregate principal amount not in excess of $200,000,000 (or the equivalent amount in a different currency);

(i) Liens equally and ratably securing the Loans and such Debt; provided that the Required Banks may, in their sole discretion, refuse to take any Lien on any asset (which refusal will not limit the Company's or any Restricted Subsidiary's ability to incur a Lien otherwise permitted by this Section 5.08(i)); such Lien may equally and ratably secure the Loans and any other obligation of the Company or any of its Subsidiaries, other than an obligation that is subordinated to the Loans;

(j) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing; provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or part of the asset which secured the Lien so extended, renewed or replaced (plus improvements and construction on such asset); and

(k) Liens securing Debt in an aggregate amount that, together with all other Debt of the Company and its Restricted Subsidiaries that is secured by Liens not otherwise permitted under subsections (a) through (j) above (if originally issued, assumed or guaranteed at such time), does not at the time exceed the greater of 10% of Stockholders' Equity as of the end of the fiscal quarter preceding the date of determination or $1,000,000,000. For purpose of this Section 5.08(k), the term "Consolidated Subsidiaries" in the definition of Stockholders' Equity includes any Exempt Subsidiaries.

The exceptions to the Lien limitations described in clauses (b), (c) and (f) above shall not apply to Liens on any stock or assets of Loral or any of its subsidiaries incurred in contemplation of the Acquisition.

This covenant shall not apply to any "margin stock" within the meaning of Regulation U in excess of 25% in value of the assets covered by this covenant.

For the avoidance of doubt, the creation of a security interest arising solely as a result of, or the filing of UCC financing statements in connection with, any sale by the Company or any of its Subsidiaries of accounts receivable not prohibited by Section 5.07 shall not constitute a Lien prohibited by this covenant.

SECTION 5.09. Leverage Ratio. The Company will not permit, as of the last day of any fiscal quarter, the ratio of (a) Debt to (b) the sum of Debt and Stockholders' Equity, to exceed: (i) for quarters ending on or before December 30, 1996, 72.5%; (ii) for quarters ending on or after December 31, 1996 and on or before December 30, 1997, 67.5%; (iii) for quarters ending on or after December 31, 1997 and on or before September 29, 1998, 62.5%; (iv) for quarters ending on or after September 30, 1998, 60.0%. For purposes of this Section 5.09, the term "Consolidated Subsidiaries" in the definitions of Debt and Stockholders' Equity includes any Exempt Subsidiaries.

SECTION 5.10. Use of Loans. The Company will use the proceeds of the Loans to finance the Acquisition and for any other lawful corporate purposes of the Company.

ARTICLE VI

DEFAULTS

SECTION 6.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Company shall fail to pay the principal of any Loan when due;

(b) the Company shall fail to pay within 5 days

of the due date thereof (i) any Facility Fee or (ii) interest on any Loan;

(c) the Company shall fail to pay within 30 days after written request for payment by any Bank acting through the Administrative Agent any other amount payable under this Agreement;

(d) the Company shall fail to observe or perform any agreement contained in Sections 5.07 through 5.09;

(e) the Company shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clauses (a) through (d) above) for 30 days after written notice thereof has been given to the Company by the Documentation Agent at the request of the Required Banks;

(f) any representation or warranty made by the Company in Article IV of this Agreement or any certificate or writing furnished pursuant to this Agreement shall prove to have been incorrect in any material respect when made and such deficiency shall remain unremedied for 5 days after written notice thereof shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(g) any Material Debt shall become due before stated maturity by the acceleration of the maturity thereof by reason of default, or any Material Debt shall become due by its terms and shall not be paid and, in any case aforesaid in this clause (g), corrective action satisfactory to the Required Banks shall not have been taken within 5 days after written notice of the situation shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(h) the Company or any Restricted Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against the Company or any Restricted Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against the Company or any Restricted Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(j) a final judgment for the payment of money in excess of $150,000,000 shall have been entered against the Company or any Restricted Subsidiary, and the Company or such Restricted Subsidiary shall not have satisfied the same within 60 days, or caused execution thereon to be stayed within 60 days, and such failure to satisfy or stay such judgment shall remain unremedied for 5 days after notice thereof shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(k) a final judgment either (1) requiring termination or imposing liability (other than for premiums under Section 4007 of ERISA) under Title IV of ERISA in respect of, or requiring a trustee to be appointed under Title IV of ERISA to administer, any Plan or Plans having aggregate Unfunded Liabilities in excess of $150,000,000 or (2) in an action relating to a Multiemployer Plan involving a current payment obligation in excess of $150,000,000, which judgment, in either case, has not been satisfied or stayed within 60 days and such failure to satisfy or stay is unremedied for 5 days after notice thereof shall have been given to the Company by the Documentation Agent at the request of the Required Banks;

(l) during any two-year period, individuals who at the beginning of such period constituted the Company's Board of Directors (or, if such two-year period commences on or before February 6, 1995, the directors of the Company specified in the Joint Proxy Statement/Prospectus dated February 9, 1995, of Lockheed Corporation, Martin Marietta Corporation and the Company) (together with any new director whose election by the Board of Directors or whose nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds of the directors then in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors then in office;

(m) any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act) (other than an employee benefit or stock ownership plan of the Company or any of its Subsidiaries) shall have acquired, directly or indirectly, shares of capital stock (whether common

or preferred or a combination thereof) having ordinary voting power to elect a majority of the members of the Board of Directors of the Company; or

(n) the guarantee set forth in Section 9.01, for any reason other than payment in full of all amounts due hereunder following termination of all Commitments or a transaction permitted by Section 5.07 in which the Guarantor and the Company merge and either is the surviving entity, ceases to be in full force and effect (including with respect to future Loans), is revoked or is declared null and void, or the Guarantor denies that it has or contests any further liability under Article IX, or gives notice to such effect;

then, and in every such event, the Documentation Agent shall, if requested by the Required Banks, (i) by notice to the Company terminate the Commitments and they shall thereupon terminate, and (ii) by notice to the Company declare the Loans, interest accrued thereon and all other amounts payable hereunder to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; provided that in the event of (A) the filing by the Company of a petition, or (B) an actual or deemed entry of an order for relief with respect to the Company, under the federal bankruptcy laws as now or hereafter in effect, without any notice to the Company or any other act by the Documentation Agent or the Banks, the Total Commitments shall thereupon terminate and the Loans, interest accrued thereon and all other amounts payable hereunder shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

ARTICLE VII

THE AGENTS

SECTION 7.01. Appointment and Authorization. Each Bank appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to such Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto; provided, however, that the Agents shall not commence any legal action or proceeding before a court of law on behalf of any Bank without such Bank's prior consent.

SECTION 7.02. Agents and Affiliates. Each of Bank of America National Trust and Savings Association and Morgan Guaranty Trust Company of New York and their respective affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Company or any Subsidiary or affiliate of the Company as if it were not an Agent hereunder. With respect to its Commitment and Loans made by it, each of Bank of America National Trust and Savings Association and Morgan Guaranty Trust Company of New York (and any of their respective successors acting as an Agent), in its capacity as a Bank hereunder, shall have the same rights and obligations hereunder as any other Bank and may exercise (or be subject to) the same as though it were not an Agent. The term "Bank" or "Banks" shall, unless otherwise expressly indicated, include each of Bank of America National Trust and Savings Association and Morgan Guaranty Trust Company of New York (and any successor acting as an Agent) in its capacity as a Bank.

SECTION 7.03. Action by Agents. The obligations of the Agents hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Agents shall not be required to take any action with respect to any Default, except as expressly provided in Article VI.

SECTION 7.04. Consultation with Experts. Each Agent may consult with legal counsel (who may be counsel for the Company), independent public accountants and other experts selected by it and shall not be liable to any Bank for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

SECTION 7.05. Liability of Agents. No Agent nor any of its directors, officers, agents, or employees shall be liable for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. No Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made by any Person in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Company; (iii) the satisfaction of any condition specified in Article III, except receipt of items required to be delivered to such Agent; or (iv) the validity, effectiveness (except for its own due execution and delivery) or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. No Agent shall incur any liability by acting in reasonable reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

SECTION 7.06. Indemnification. Each Bank shall, ratably in accordance with its Commitment, indemnify each Agent (to the extent not reimbursed by the Company) against any cost, expense (including counsel

fees and disbursements), claim, demand, action, loss or liability (except such as result from such Agent's gross negligence or willful misconduct) that such Agent may suffer or incur in connection with this Agreement or any action taken or omitted by such Agent hereunder.

SECTION 7.07. Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon either Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon either Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

SECTION 7.08. Successor Agents. An Agent may resign at any time by giving written notice thereof to the Banks and the Company. Upon any such resignation, the Company shall, with the consent of the Required Banks, have the right to appoint a successor Agent (which may be the other institution then acting as Agent). If no successor Agent shall have been so appointed, and shall have accepted such appointment, within 60 days after the retiring Agent gives notice of resignation, the retiring Agent may, on behalf of the Banks, appoint a successor Agent (which may be the other institution then acting as Agent), which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $50,000,000. Upon the acceptance of its appointment as an Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder as Agent. After any retiring Agent's resignation hereunder as an Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent.

SECTION 7.09. Agents' Fees. The Company shall pay to each Agent for its own account fees in the amounts and at the times previously agreed upon between the Company and each Agent.

ARTICLE VIII

CHANGE IN CIRCUMSTANCES

SECTION 8.01. Increased Cost and Reduced Return; Capital Adequacy. (a) If after the date hereof, in the case of any Committed Loan, or the date of the related Money Market Quote, in the case of any Money Market Loan, a Change in Law shall impose, modify or deem applicable any reserve, special deposit, assessment or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System pursuant to Regulation D or otherwise but excluding any such requirements taken into account in its calculation of the Adjusted CD Rate, as herein provided) against assets of, deposits with or for the account of, or credit extended by, any Bank or shall impose on any Bank or the London interbank market any other condition affecting such Bank's Fixed Rate Loans, or its Notes; and the result of any of the foregoing is to increase the cost to such Bank of making or maintaining any such Fixed Rate Loans, or to reduce the amount of any sum received or receivable by such Bank under this Agreement or under its Note, by an amount deemed by such Bank to be material, then, within 15 days after written demand therefor made through the Administrative Agent, in the form of the certificate referred to in Section 8.01(c), the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction; provided that the Company shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand.

(b) Without limiting the effect of Section 8.01(a) (but without duplication), if any Bank determines at any time after the date on which this Agreement becomes effective that a Change in Law will have the effect of increasing the amount of capital required to be maintained by such Bank (or its Parent) based on the existence of such Bank's Loans, Commitment and/or other obligations hereunder, then the Company shall pay to such Bank, within 15 days after its written demand therefor made through the Administrative Agent in the form of the certificate referred to in Section 8.01(c), such additional amounts as shall be required to compensate such Bank for any reduction in the rate of return on capital of such Bank (or its Parent) as a result of such increased capital requirement; provided that the Company shall not be required to pay any such compensation with respect to any period prior to the 30th day before the date of any such demand; provided further, however, that to the extent (i) a Bank shall increase its level of capital above the level maintained by such Bank on the date of this Agreement and there has not been a Change in Law or (ii) there has been a Change in Law and a Bank shall increase its level of capital by an amount greater than the increase attributable (taking into consideration the same variables taken into consideration in determining the level of capital maintained by such Bank on the date of this Agreement) to such Change in Law, the Company shall not be required to pay any amount or amounts under this Agreement with respect to any such increase in capital. Thus, for example, a Bank which is "adequately capitalized" (as such term or any similar term is used by any applicable bank regulatory

agency having authority with respect to such Bank) may not require the Company to make payments in respect of increases in such Bank's level of capital made under the circumstances described in clause (i) or (ii) above which improve its capital position from "adequately capitalized" to "well capitalized" (as such term or any similar term is used by any applicable bank regulatory agency having authority with respect to such Bank).

(c) Each Bank will promptly notify the Company, through the Administrative Agent, of any event of which it has knowledge, occurring after the date on which this Agreement becomes effective, which will entitle such Bank to compensation pursuant to this Section 8.01 and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 8.01 and setting forth the additional amount or amounts to be paid to it hereunder and setting forth the basis for the determination thereof shall be conclusive in the absence of manifest error. In determining such amount, such Bank shall act reasonably and in good faith, and may use any reasonable averaging and attribution methods.

SECTION 8.02. Substitute Rate. Anything herein to the contrary notwithstanding, if within two Domestic Business Days, in the case of CD Loans, or two Eurodollar Business Days, in the case of Eurodollar Loans or Money Market Eurodollar Loans, prior to the first day of an Interest Period none of the Reference Banks is, for any reason whatsoever, being offered Dollars for deposit in the relevant market for a period and amount relevant to the computation of the rate of interest on a Fixed Rate Loan for such Interest Period, the Administrative Agent shall give the Company and each Bank prompt notice thereof and on what would otherwise be the first day of such Interest Period such Loans shall be made as Base Rate Loans.

SECTION 8.03. Illegality. (a) Notwithstanding any other provision herein, if, after the date on which this Agreement becomes effective, a Change in Law shall make it unlawful or impossible for any Bank to (i) honor any Commitment it may have hereunder to make any Eurodollar Loan, then such Commitment shall be suspended, or (ii) maintain any Eurodollar Loan or any Money Market Eurodollar Loan, then all Eurodollar Loans and Money Market Eurodollar Loans of such Bank then outstanding shall be converted into Base Rate Loans as provided in Section 8.03(b), and any remaining Commitment of such Bank hereunder to make Eurodollar Loans (but not other Loans) shall be immediately suspended, in either case until such Bank may again make and/or maintain Eurodollar Loans (as the case may be), and borrowings from such Bank, at a time when borrowings from the other Banks are to be of Eurodollar Loans, shall be made, simultaneously with such borrowings from the other Banks, by way of Base Rate Loans. Upon the occurrence of any such change, such Bank shall promptly notify the Company thereof (with a copy to the Agents), and shall furnish to the Company in writing evidence thereof certified by such Bank. Before giving any notice pursuant to this Section 8.03, such Bank shall designate a different Applicable Lending Office if such designation will avoid the need for giving such notice and will not, in the sole reasonable judgment of such Bank, be otherwise disadvantageous to such Bank.

(b) Any conversion of any outstanding Eurodollar Loan or an outstanding Money Market Loan which is required under this Section 8.03 shall be effected immediately (or, if permitted by applicable law, on the last day of the Interest Period therefor).

SECTION 8.04. Taxes on Payments. (a) All payments in respect of the Loans shall be made free and clear of and without any deduction or withholding for or on account of any present and future taxes, assessments or governmental charges imposed by the United States, or any political subdivision or taxing authority thereof or therein, excluding taxes imposed on its net income and franchise taxes (all such non-excluded taxes being hereinafter called "Taxes"), except as expressly provided in this Section 8.04. If any Taxes are imposed and required by law to be deducted or withheld from any amount payable to any Bank, then the Company shall (i) increase the amount of such payment so that such Bank will receive a net amount (after deduction of all Taxes) equal to the amount due hereunder, (ii) pay such Taxes to the appropriate taxing authority for the account of such Bank, and (iii) as promptly as possible thereafter, send such Bank evidence showing payment thereof, together with such additional documentary evidence as such Bank may from time to time require. If the Company fails to perform its obligations under (ii) or (iii) above, the Company shall indemnify such Bank for any incremental taxes, interest or penalties that may become payable as a result of any such failure; provided, however, that the Company will not be required to make any payment to any Bank under this Section 8.04 if withholding is required in respect of such Bank by reason of such Bank's inability or failure to furnish under subsection (c) an extension or renewal of a Form 1001 or Form 4224 (or successor form), as applicable, unless such inability results from an amendment to or a change in any applicable law or regulation or in the interpretation thereof by any regulatory authority (including without limitation any change in an applicable tax treaty), which amendment or change becomes effective after the date hereof.

(b) The Company shall indemnify the Agents and each Bank against any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or any Notes (hereinafter referred to as "Other Taxes").

(c) Each Bank that is a foreign person (i.e. a person who is not a United States person for United States federal income tax purposes) agrees that it shall deliver to the Company (with a copy to the Administrative Agent) (i) within twenty Domestic Business Days after the date on which this Agreement becomes effective, two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, as appropriate, indicating that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, (ii) from time to time, such extensions or renewals of such forms (or successor forms) as may reasonably be requested by the Company but only to the extent such Bank determines that it may properly effect such extensions or renewals under applicable tax treaties, laws, regulations and directives and (iii) in the event of a transfer of any Loan to a subsidiary or affiliate of such Bank, a new Internal Revenue Service Form 1001 or 4224 (or any successor form), as the case may be, for such subsidiary or affiliate indicating that such subsidiary or affiliate is, on the date of delivery thereof, entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes. The Company and the Administrative Agent shall each be entitled to rely on such forms in its possession until receipt of any revised or successor form pursuant to the preceding sentence.

(d) If a Bank, at the time it first becomes a party to this Agreement (or because of a change in an Applicable Lending Office) is subject to a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes and Other Taxes, respectively. For any period with respect to which a Bank has failed to provide the Company with the appropriate form pursuant to Section 8.04(c) (unless such failure is due to a change in treaty, law or regulation, or in the interpretation thereof by any regulatory authority, occurring subsequent to the date on which a form originally was required to be provided), such Bank shall not be entitled to additional payments under Section 8.04(a) with respect to Taxes imposed by the United States; provided, however, that should a Bank, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Company shall take such steps as such Bank shall reasonably request to assist such Bank to recover such Taxes.

(e) If the Company is required to pay additional amounts to or for the account of any Bank pursuant to this Section 8.04, then such Bank will change the jurisdiction of one or more Applicable Lending Offices so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Bank, is not otherwise disadvantageous to such Bank.

(f) If any Bank is able to apply for any credit, deduction or other reduction in Taxes or Other Taxes in an amount which is reasonably determined by such Bank to be material, which arises by reason of any payment made by the Company pursuant to this Section 8.04, such Bank will use reasonable efforts to obtain such credit, deduction or other reduction and, upon receipt thereof, will pay to the Company an amount, not exceeding the amount of such payment by the Company, equal to the net after-tax value to such Bank, in its good faith determination, of such part of such credit, deduction or other reduction as it determines to be allocable to such payment by the Company, having regard to all of its dealings giving rise to similar credits, deductions or other reductions during the same tax period and to the cost of obtaining the same; provided, however, that (i) such Bank shall not be obligated to disclose to the Company any information regarding its tax affairs or computations and (ii) nothing contained in this Section 8.04(f) shall be construed so as to interfere with the right of such Bank to arrange its tax affairs as it deems appropriate.

ARTICLE IX

GUARANTEE

SECTION 9.01. Unconditional Guarantee.

(a) Subject to the provisions of Section 9.03, the Guarantor hereby fully and unconditionally guarantees the due and punctual payment of the principal of and interest on the Loans, when and as the same shall become due and payable, whether at maturity, upon acceleration or otherwise, and of all other amounts payable by the Company hereunder, in accordance with the terms of this Agreement. Upon failure by the Company in the payment of any such amount, the Guarantor agrees to pay the same on demand by the Documentation Agent at the request of the Required Banks and in the manner specified in Article II.

(b) The Guarantor's obligations hereunder shall be absolute and unconditional irrespective of, and shall be unaffected by: (i) any failure to enforce the provisions of this Agreement; (ii) any extension, renewal, settlement, compromise, waiver, consent, or indulgence granted to the Company in respect of any obligation of the Company hereunder or under any Note, by operation of law or otherwise; (iii) any modification or amendment of or supplement to this Agreement or any Note, provided that, notwithstanding the foregoing, no such modification, amendment or supplement to this Agreement shall, without the consent of the Guarantor, increase (other than pursuant to the terms of this Agreement) any amount guaranteed hereunder or modify the terms of this Article IX; (iv) any

change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in this Agreement or any Note; (v) the existence of any claim, set off or other rights which the Guarantor may have at any time against the Company, either Agent, any Bank or any other Person, whether in connection herewith or with any unrelated transactions; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; or (vi) any other circumstance that otherwise might constitute a legal or equitable discharge of a surety or guarantor.

(c) The Guarantor hereby waives diligence, presentment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands on the Company or the Guarantor whatsoever.

(d) The Guarantor will be subrogated to all rights of the Banks against the Company in respect of any amount paid by the Guarantor pursuant to the provisions of the Guarantee contained in this Section 9.01; provided, however, that the Guarantor shall not be entitled to enforce, or to receive any payments arising out of or based upon, such right of subrogation until the principal of and interest on all Loans and any other amount payable under this Agreement shall have been paid in full.

SECTION 9.02. Discharge; Reinstatement. The obligations of the Guarantor hereunder shall remain in full force and effect until the Commitments shall have terminated and the principal of and interest on the Loans and all the amounts payable by the Company under this Agreement shall have been paid in full. If at any time any payment of the principal of or interest on any Loan or any other amount payable by the Company hereunder is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, the obligations of the Guarantor hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

If acceleration of the time for payment of any amount payable by the Company under this Agreement is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration under the terms of this Agreement shall none the less be payable by the Guarantor hereunder forthwith on demand by the Documentation Agent made at the request of the Required Banks.

SECTION 9.03. Limit of Liability. The obligations of the Guarantor hereunder shall be limited to an amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Termination of Commitment of a Bank; New Banks. (a)(1) If and during the time a Failed Loan shall exist, (2) upon receipt of notice from any Bank for compensation or indemnification pursuant to Section 8.01(c) or Section 8.04 or (3) upon receipt of notice that the Commitment of a Bank to make Eurodollar Loans has been suspended, the Company shall have the right to terminate the Commitment in full of the Bank causing such Failed Loan or providing such notice (a "Retiring Bank"). The termination of the Commitment of a Retiring Bank pursuant to this Section 10.01(a) shall be effective on the tenth Domestic Business Day following the date of a notice of such termination to the Retiring Bank through the Documentation Agent, subject to the satisfaction of the following conditions:

(i) in the event that on such effective date there shall be any Loans outstanding hereunder, the Company shall have prepaid on such date the aggregate principal amount of such Loans held by the Retiring Bank only; and

(ii) in addition to the payment of the principal of the Loans held by the Retiring Bank pursuant to clause (i) above, the Company shall have paid such Retiring Bank all accrued interest thereon, and Facility Fee and any other amounts then payable to it hereunder, including, without limitation, all amounts payable by the Company to such Bank under Section 2.14 by reason of the prepayment of Loans pursuant to clause (i) with respect to the period ending on such effective date; provided that the provisions of Section 8.01, Section 8.04 and Section 10.04 shall survive for the benefit of any Retiring Bank.

Upon satisfaction of the conditions set forth in clauses (i) and (ii) above, such Bank shall cease to be a Bank hereunder.

(b) In lieu of the termination of a Bank's Commitment pursuant to Section 10.01(a), the Company may notify the Documentation Agent that the Company desires to replace such Retiring Bank with a new bank or banks (which may be one or more of the Banks), which will purchase the Loans and assume the Commitment of the Retiring Bank. Upon the Company's selection of a bank to replace a Retiring Bank, such bank's agreement thereto and the

fulfillment of the conditions to assignment and assumption set forth in Section 10.08(c)(iii), such bank shall become a Bank hereunder for all purposes in accordance with Section 10.08(c)(iii).

SECTION 10.02. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including bank wire, telecopy, facsimile transmission or similar writing) and shall be given to such party (a) in the case of the Company, the Guarantor or either Agent, at its address set forth on the signature pages hereof, (b) in the case of any Bank, at its address set forth in its Administrative Questionnaire or (c) in the case of any party, such other address as such party may hereafter specify for the purpose by notice to the Agents and the Company. Each such notice, request or other communication shall be effective (i) if given by registered or certified mail, upon the earlier of the date of actual receipt or the date of delivery indicated on the return receipt delivered to the sender or (ii) if given by any other means, when received at the address or telecopier number specified in this Section and an oral or written confirmation of receipt is received from the recipient.

SECTION 10.03. No Waivers. No failure or delay by either Agent or any Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 10.04. Expenses; Indemnification. (a) The Company shall pay (i) the reasonable fees and expenses of special counsel for the Agents in connection with the preparation of this Agreement as previously agreed upon between the Company and each Agent and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agents and the Banks, including reasonable fees and expenses of counsel (including in-house counsel), in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom.

(b) The Company agrees to indemnify the Agents and each Bank, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "Indemnitee") and hold each Indemnitee harmless from and against any and all liabilities, losses, damages, costs and reasonable expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, incurred by such Indemnitee in response to or in defense of any investigative, administrative or judicial proceeding brought or threatened against either Agent or any Bank relating to or arising out of this Agreement or any actual or proposed use of proceeds of Loans hereunder; provided that no Indemnitee shall have the right to be indemnified hereunder (i) to the extent such indemnification relates to relationships of, between or among each of, or any of, the Agents, the Banks or any Assignee or Participant or (ii) for such Indemnitee's own gross negligence or willful misconduct.

SECTION 10.05. Pro Rata Treatment. Except as expressly provided in this Agreement with respect to Money Market Loans or otherwise, (a) each borrowing from, and change in the Commitments of, the Banks shall be made pro rata according to their respective Commitments, and (b) each payment and prepayment on the Loans shall be made to all the Banks, pro rata in accordance with the unpaid principal amount of the Loans held by each of them.

SECTION 10.06. Sharing of Set-Offs. Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise (except as contemplated by Section 2.03, Section 2.14, Article VIII or Section 10.01), receive payment of a proportion of the aggregate amount of principal and interest then due with respect to the Loans held by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of principal and interest then due with respect to the Loans held by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Loans held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by the Banks shall be shared by the Banks pro rata; provided that nothing in this Section shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Company, other than its indebtedness hereunder.

SECTION 10.07. Amendments and Waivers. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Company and the Required Banks (and, if the rights or duties of an Agent are affected thereby, by the Agent so affected); provided that no such amendment or waiver shall, unless signed by all the Banks, (i) subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any Loan or for termination of any Commitment, (iv) change the percentage of Loans or Total Commitments that shall be required for the Banks or any of them to take any action under this Section 10.07 or any other provision of this Agreement or (v) release the Guarantor from its obligations under, or modify in any material respect the provisions of, Article IX. Notwithstanding the foregoing, Article IX

may not be amended without the prior consent of the Guarantor.

SECTION 10.08. Successors and Assigns; Participations; Novation.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that, except in accordance with Sections 5.04 and 5.07, the Company and the Guarantor may not assign or transfer any of their respective rights or obligations under this Agreement without the consent of all Banks.

(b) Any Bank may, without the consent of the Company, but upon prior written notification to the Company, at any time sell to one or more banks or other financial institutions (each a "Participant") participating interests in any Loan owing to such Bank, any Note held by such Bank, the Commitment of such Bank hereunder, and any other interest of such Bank hereunder; provided that no prior notification to the Company is required in connection with the sale of a participating interest in a Money Market Loan or a Money Market Note. In the event of any such sale by a Bank of a participating interest to a Participant, such Bank's obligations under this Agreement shall remain unchanged, such Bank shall remain solely responsible for the performance thereof, such Bank shall remain the holder of its Note or Notes, if any, for all purposes under this Agreement and the Company and the Agents shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Any agreement pursuant to which a Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Company hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii) or (iii) of Section 10.07 affecting such Participant without the consent of the Participant; provided further that such Participant shall be bound by any waiver, amendment or other decision that all Banks shall be required to abide by pursuant to a vote by Required Banks. Subject to the provisions of Section 10.08(d), the Company agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article VIII with respect to its participating interest. An assignment or other transfer which is not permitted by subsection (c) or (g) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b).

(c) (i) Any Bank may at any time sell to one or more Eligible Institutions (each an "Assignee") all or a portion of its rights and obligations under this Agreement and the Notes. Each Assignee shall assume all such rights and obligations pursuant to an Assignment and Assumption Agreement executed by such Assignee, such transferor Bank and the Company. In no event shall (A) any Commitment of a transferor Bank (together with the Commitment of any affiliate of such Bank), after giving effect to any sale pursuant to this subsection (c), be less than $15,000,000, or (B) any Commitment of an Assignee (together with the Commitment of any affiliate of such Assignee), after giving effect to any sale pursuant to this subsection (c), be less than $15,000,000, except in each case as may result upon the transfer by a Bank of its Commitment in its entirety. No Bank may make an assignment hereunder unless it makes a like ratable assignment to the same Assignee under the $5,000,000,000 Revolving Credit Agreement among the parties hereto, dated as of the date hereof, providing for a commitment of 364 days.

(ii) No interest may be sold by a Bank pursuant to this subsection (c), except to an affiliate of such Bank, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The withholding of consent by the Company shall not be deemed unreasonable if based solely upon the Company's desire to (A) balance relative loan exposures to such Eligible Institution among all credit facilities of the Company or (B) avoid payment of any additional amounts payable to such Eligible Institution under Article VIII which would arise from such assignment.

(iii) Upon (A) execution of an Assignment and Assumption Agreement, (B) delivery by the transferor Bank of an executed copy thereof, together with notice that the payment referred to in clause (C) below shall have been made, to the Company and the Administrative Agent, (C) payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee and (D) if the Assignee is organized under the laws of any jurisdiction other than the United States or any state thereof, evidence satisfactory to the Administrative Agent and the Company of compliance with the provisions of Section 10.08(f), such Assignee shall for all purposes be a Bank party to this Agreement and shall have all the rights and obligations of a Bank under this Agreement to the same extent as if it were an original party hereto with a Commitment as set forth in such Assignment and Assumption Agreement, and the transferor Bank shall be released from its obligations hereunder to a correspondent extent, and no further consent or action by the Company, the Banks or the Agents shall be required to effectuate such transfer. Each Assignee shall be bound by any waiver, amendment or other decision that all Banks shall be required to abide by pursuant to a vote by Required Banks.

(iv) Upon the consummation of any transfer to an Assignee pursuant to this subsection (c), the transferor Bank, the Administrative Agent and the Company shall make appropriate arrangements so that, if requested by the transferor Bank or the Assignee, a new Note or Notes shall be delivered from the Company to the transferor Bank and/or such Assignee. In connection with any such assignment, the Assignee or the transferor Bank shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of $2,500.

(d) No Assignee, Participant or other transferee (including any successor Applicable Lending Office) of any Bank's rights shall be entitled to receive any greater payment under Section 8.01 than such Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Company's prior written consent or by reason of the provisions of Section 8.01 or 8.03 requiring such Bank to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

(e) Each Bank may, upon the written consent of the Company, which consent shall not be unreasonably withheld, disclose to any Participant or Assignee (each a "Transferee") and any prospective Transferee any and all financial information in such Bank's possession concerning the Company that has been delivered to such Bank by the Company pursuant to this Agreement or that has been delivered to such Bank by the Company in connection with such Bank's credit evaluation prior to entering into this Agreement, subject in all cases to agreement by such Transferee or prospective Transferee to comply with the provisions of Section 10.14.

(f) If pursuant to subsection (c) of this Section 10.08, any interest in this Agreement or any Note is transferred to any Assignee that is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Bank shall cause such Assignee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Bank (for the benefit of the transferor Bank, the Agents and the Company) that under applicable law and treaties no taxes will be required to be withheld by the Administrative Agent, the Company or the transferor Bank with respect to any payments to be made to such Assignee in respect of the Loans and (ii) to furnish to each of the transferor Bank, the Administrative Agent and the Company two duly completed copies of the forms required by Section 8.04(c)(i).

(g) Notwithstanding any provision of this Section 10.08 to the contrary, any Bank may assign or pledge any of its rights and interests in the Loans to a Federal Reserve Bank without the consent of the Company.

SECTION 10.09. Visitation. Subject to restrictions imposed by applicable security clearance regulations, the Company will upon reasonable notice permit representatives of any Bank at such Bank's expense to visit any of its major properties.

SECTION 10.10. Reference Banks. If any Reference Bank assigns its rights and obligations hereunder to an unaffiliated institution, the Company shall, in consultation with the Administrative Agent, appoint another Bank to act as a Reference Bank hereunder. If the Commitment of any Bank which is also a Reference Bank is terminated pursuant to the terms of this Agreement, the Company may, in consultation with the Administrative Agent, appoint a replacement Reference Bank.

SECTION 10.11. Governing Law; Submission to Jurisdiction. This Agreement and each Note shall be governed by and construed in accordance with the internal laws of the State of New York. Each of the Company, the Guarantor, the Agents and the Banks hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State Court sitting in New York for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the Company, the Guarantor, the Agents and the Banks irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 10.12. Effectiveness; Counterparts; Integration. This Agreement shall become effective upon receipt by the Documentation Agent of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Documentation Agent in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party). This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

SECTION 10.13. WAIVER OF JURY TRIAL. EACH OF THE COMPANY, THE GUARANTOR, THE AGENTS AND THE BANKS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SECTION 10.14. Confidentiality. Each Bank agrees, with respect to any information delivered or made available by the Company to it that is clearly indicated to be confidential information or private data, to use all reasonable efforts to protect such confidential information from unauthorized use or disclosure and to restrict disclosure to only those Persons employed or retained by such Bank who are or are expected to become engaged in evaluating, approving, structuring or administering this Agreement and the transactions contemplated hereby. Nothing herein shall prevent any Bank from disclosing such information (i) to any other Bank, (ii) to its affiliates, officers, directors, employees, agents, attorneys and accountants who have a need to know such information in accordance with customary banking practices and who receive such information having been made aware of and having agreed to the restrictions set forth in this Section, (iii) upon the order of any court or administrative agency, (iv) upon the request or demand of any regulatory agency or authority having jurisdiction over such Bank, (v) which has been publicly disclosed, (vi) to the extent reasonably required in connection with any litigation to which either Agent, any Bank, the Company or their respective affiliates may be a party, (vii) to the extent reasonably required in connection with the exercise of any remedy hereunder and (viii) with the prior written consent of the Company; provided however, that before any disclosure is permitted under (iii) or (vi) of this Section 10.14, each Bank shall, if not legally prohibited, notify and consult with the Company, promptly and in a timely manner, concerning the information it proposes to disclose, to enable the Company to take such action as may be appropriate under the circumstances to protect the confidentiality of the information in question, and provided further that any disclosure under the foregoing proviso be limited to only that information discussed with the Company. The use of the term "confidential" in this Section 10.14 is not intended to refer to data classified by the government of the United States under laws and regulations relating to the handling of data, but is intended to refer to information and other data regarded by the Company as private.

SECTION 10.15. Termination and Payment under Existing Agreements. The Company and each of the Banks that is also a party to an agreement referred to in Section 3.01(g) agree that the "Commitments" as defined in such agreement shall terminate in their entirety on the Closing Date. Each such Bank waives (a) any requirement of notice of such termination pursuant to such agreement and (b) any claim to any fees under such agreement for any day on or after the Closing Date. The Company agrees that (i) no loans will be outstanding under such agreements on or at any time after the Closing Date and (ii) all accrued and unpaid fees and other amounts due and payable under such agreements on or before the Closing Date will be paid on or before the Closing Date.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

LOCKHEED MARTIN CORPORATION

By /s/ Walter E. Skowronski

Name: Walter E. Skowronski

Title: Vice President & Treasurer

6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Walter E. Skowronski
Vice President & Treasurer
Telecopy number: (301) 897-6651

With a copy to: Frank H. Menaker, Jr.
Vice President &
General Counsel
Telecopy number: (301) 897-6333

LAC ACQUISITION CORPORATION,
As Guarantor

By /s/ Marcus C. Bennett

Name: Marcus C. Bennett

Title: President

6801 Rockledge Drive
Bethesda, Maryland 20817
Attention: Treasurer
Telecopy number: (301) 897-6651

With a copy to: Frank H. Menaker, Jr.
Vice President &
General Counsel
Telecopy number: (301) 897-6333

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK, as Documentation Agent

By /s/ Diana H. Imhof

Name: Diana H. Imhof

Title: Vice President

60 Wall Street
New York, New York 10260
Attention: Diana Imhof

Telecopy Number: (212) 648-5014

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION,
as Administrative Agent

By /s/ Charles D. Graber

Name: Charles D. Graber

Title: Vice President

1455 Market Street
San Francisco, California 94103
Attention: Charles Graber

Telecopy number: (415) 436-2700

COMMITMENT:

BANK:

$ 205,000,000

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By /s/ Diana H. Imhof

Name: Diana H. Imhof

Title: Vice President

$ 205,000,000

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION

By /s/ Lori Y. Kannegieter

Name: Lori Y. Kannegieter

Title: Vice President

MANAGING AGENT

BANK:

$ 180,000,000

CITICORP USA, INC.

By /s/ Marjorie Futornick

Name: Marjorie Futornick

Title: Vice President

CO-AGENTS

BANKS:

$ 135,000,000

ABN AMRO BANK N.V., NEW YORK BRANCH

By /s/ Frances O. Logan

Name: Frances O. Logan

Title: Vice President

By /s/ Thomas T. Rogers

Name: Thomas T. Rogers

Title: Assistant Vice President

$ 135,000,000

BANK OF MONTREAL

By /s/ Tom Brino

Name: Tom Brino

Title: Director

$ 135,000,000 THE BANK OF NEW YORK

By /s/ Gregory P. Shefrin

Name: Gregory P. Shefrin

Title: Assistant Vice President

$ 135,000,000 THE BANK OF NOVA SCOTIA

By /s/ James R. Trimble

Name: James R. Trimble

Title: Senior Relationship Manager

$ 135,000,000 BANKERS TRUST COMPANY

By /s/ Gina S. Thompson

Name: Gina S. Thompson

Title: Vice President

$ 135,000,000 BANQUE NATIONALE DE PARIS - NEW YORK BRANCH

By /s/ Richard L. Sted

Name: Richard L. Sted

Title: Senior Vice President

By /s/ Thomas N. George

Name: Thomas N. George

Title: Vice President

BANQUE NATIONALE DE PARIS, GEORGETOWN BRANCH, CAYMAN ISLANDS

By /s/ Richard L. Sted

Name: Richard L. Sted

Title: Senior Vice President

By /s/ Thomas N. George

Name: Thomas N. George

Title: Vice President

$ 135,000,000 CANADIAN IMPERIAL BANK OF COMMERCE

By /s/ W. Barrie Anderson

Name: W. Barrie Anderson

Title: Authorized Signatory

$ 135,000,000 CHEMICAL BANK

By /s/ James B. Treger

Name: James B. Treger

Title: Vice President

$ 135,000,000 COMMERZBANK AG, NEW YORK BRANCH

By /s/ Andrew R. Campbell

Name: Andrew R. Campbell

Title: Assistant Cashier

By /s/ Jurgen Schmieding

Name: Jurgen Schmieding

Title: Vice President

$ 135,000,000 CREDIT LYONNAIS, CAYMAN ISLANDS BRANCH

By /s/ Robert Ivosevich

Name: Robert Ivosevich

Title: Authorized Signature

CREDIT LYONNAIS, NEW YORK BRANCH

By /s/ Robert Ivosevich

Name: Robert Ivosevich

Title: Senior Vice President

$ 135,000,000 CREDIT SUISSE

By /s/ Eileen O'Connell Fox

Name: Eileen O'Connell Fox

Title: Member of Senior Management

By /s/ Andrea E. Shkane

Name: Andrea E. Shkane

Title: Member of Senior Management

$ 135,000,000 THE DAI-ICHI KANGYO BANK, LTD.

By /s/ Tomohiro Nozaki

Name: Tomohiro Nozaki

Title: Senior Vice President
and Joint General Manager

$ 135,000,000 DEUTSCHE BANK AG, NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By /s/ James Fox

Name: James Fox

Title: Assistant Vice President

By /s/ Robert M. Wood, Jr.

Name: Robert M. Wood, Jr.

Title: Vice President

$ 135,000,000 FIRST INTERSTATE BANK OF CALIFORNIA

By /s/ Peter G. Olson

Name: Peter G. Olson

Title: Senior Vice President

By /s/ Lancy Gin

Name: Lancy Gin

Title: Assistant Vice President

$ 135,000,000 THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Lynn R. Dillon

Name: Lynn R. Dillon

Title: Vice President

$ 135,000,000 THE INDUSTRIAL BANK OF JAPAN TRUST COMPANY

By /s/ Robert W. Ramage

Name: Robert W. Ramage

Title: Senior Vice President

$ 135,000,000 MELLON BANK, N.A.

By /s/ Laurie G. Dunn

Name: Laurie G. Dunn

Title: Vice President

$ 135,000,000 BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By /s/ Naoshi Kinoshita

Name: Naoshi Kinoshita

Title: Vice President

$ 135,000,000 THE MITSUBISHI TRUST AND BANKING CORPORATION

By /s/ Patricia Loret de Mola

Name: Patricia Loret de Mola

Title: Vice President

$ 135,000,000 NATIONAL WESTMINSTER BANK PLC, LOS ANGELES OVERSEAS BRANCH

By /s/ Marilyn A. Windsor

Name: Marilyn A. Windsor

Title: Vice President

NATIONAL WESTMINSTER BANK PLC, NASSAU BRANCH

By /s/ Marilyn A. Windsor

Name: Marilyn A. Windsor

Title: Vice President

$ 135,000,000 NATIONSBANK, N.A.

By /s/ John D. Mindnich

Name: John D. Mindnich

Title: Senior Vice President

$ 135,000,000 ROYAL BANK OF CANADA

By /s/ Don S. Bryson

Name: Don S. Bryson

Title: Senior Manager

$ 135,000,000 THE SANWA BANK, LIMITED - NEW YORK BRANCH

By /s/ Dominic J. Sorresso

Name: Dominic J. Sorresso

Title: Vice President

$ 135,000,000 SOCIETE GENERALE

By /s/ Ralph Saheb

Name: Ralph Saheb

Title: Vice President

$ 135,000,000 THE SUMITOMO BANK, LIMITED, NEW YORK BRANCH

By /s/ Yoshinori Kawamura

Name: Yoshinori Kawamura

Title: Joint General Manager

$ 135,000,000 WACHOVIA BANK OF GEORGIA, N.A.

By /s/ Mark S. Rogus

Name: Mark S. Rogus

Title: Senior Vice President

PARTICIPANTS

BANKS:

$ 50,000,000 BANCA COMMERCIALE ITALIANA, NEW YORK BRANCH

By /s/ Charles P. Dougherty

Name: Charles P. Dougherty

Title: Vice President

By /s/ Tiziano Gallonetto

Name: Tiziano Gallonetto

Title: Assistant Vice President

$ 50,000,000 BANCA NAZIONALE DEL LAVORO S.P.A.

By /s/ Giuliano Violetta

Name: Giuliano Violetta

Title: First Vice President

By /s/ Adolph S. Mascari, Jr.

Name: Adolph S. Mascari, Jr.

Title: Assistant Vice President

$ 50,000,000 BZW DIVISION OF BARCLAYS BANK PLC

By /s/ John C. Livingston

Name: John C. Livingston

Title: Director

$ 50,000,000 BAYERISCHE LANDESBANK GIROZENTRALE, CAYMAN ISLANDS BRANCH

By /s/ Wilfried Freudenberger

Name: Wilfried Freudenberger

Title: Executive Vice President
and General Manager

By /s/ Peter Obermann

Name: Peter Obermann

Title: Senior Vice President
Manager Lending Division

$ 50,000,000 CORESTATES BANK, N.A.

By /s/ Matthew T. Panarese

Name: Matthew T. Panarese

Title: Vice President

$ 50,000,000 FLEET BANK OF MASSACHUSETTS, N.A.

By /s/ Frank Benesh

Name: Frank Benesh

Title: Vice President

$ 50,000,000 THE FUJI BANK, LIMITED, NEW YORK BRANCH

By /s/ Teiji Teramoto

Name: Teiji Termaoto

Title: Vice President & Manager

$ 50,000,000 GULF INTERNATIONAL BANK B.S.C.

By /s/ Thomas E. Fitzherbert

Name: Thomas E. Fitzherbert

Title: Vice President

By /s/ Issa N. Baconi

Name: Issa N. Baconi

Title: Senior Vice President
& Branch Manager

$ 50,000,000 ISTITUTO BANCARIO SAN PAOLO DI TORINO
S.P.A.

By /s/ Gerard M. McKenna

Name: Gerard M. McKenna

Title: Vice President

By /s/ Wendell H. Jones

Name: Wendell H. Jones

Title: Vice President

$ 50,000,000 KREDIETBANK N.V.

By /s/ Robert Snauffer

Name: Robert Snauffer

Title: Vice President

By /s/ Armen Karozichan

Name: Armen Karozichan

Title: Vice President

$ 50,000,000 MARINE MIDLAND BANK

By /s/ Mary Ann Tappero

Name: Mary Ann Tappero

Title: Vice President

$ 50,000,000 PNC BANK, NATIONAL ASSOCIATION

By /s/ Mark W. Biedermann

Name: Mark W. Biedermann

Title: Assistant Vice President

$ 50,000,000 THE SAKURA BANK, LTD.

By /s/ Masahiro Nakajo

Name: Masahiro Nakajo

Title: Senior Vice President
& Manager

$ 50,000,000 SUNTRUST BANK, ATLANTA

By /s/ Jarrette A. White, III

Name: Jarrette A. White, III

Title: Vice President

By /s/ Brian K. Peters

Name: Brian K. Peters

Title: Vice President

$ 50,000,000 THE TOKAI BANK, LIMITED, NEW YORK BRANCH

By /s/ Stuart M. Schulman

Name: Stuart M. Schulman

Title: Senior Vice President

$ 50,000,000 THE TORONTO DOMINION (NEW YORK), INC.

By /s/ Jorge A. Garcia

Name: Jorge A. Garcia

Title: Vice President

$ 50,000,000 UNION BANK OF SWITZERLAND, NEW YORK
BRANCH

By /s/ James P. Kelleher

Name: James P. Kelleher

Title: Assistant Vice President

By /s/ Peter B. Yearly

Name: Peter B. Yearly

Title: Managing Director

$ 50,000,000	WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW YORK BRANCH
	By /s/ Salvatore Battinelli --- Name: Salvatore Battinelli Title: Vice President Credit Department
	By /s/ Alan S. Bookspan --- Name: Alan S. Bookspan Title: Vice President

TOTAL COMMITMENTS:
$5,000,000,000

SCHEDULE I

LOCKHEED MARTIN CORPORATION
PRICING SCHEDULE
FIVE YEAR REVOLVER

The Eurodollar Margin, the CD Margin and the Facility Fee shall be as specified below (in basis points per annum).

	LEVEL I	LEVEL II	LEVEL III	LEVEL IV	LEVEL V	LEVEL VI
BASIS FOR PRICING*	If Company is rated A or better by S&P or A2 or better by Moody's	If Company is rated A- or better by S&P or A3 or better by Moody's and Level I does not apply	If Company is rated BBB+ or better by S&P or Baa1 or better by Moody's and neither Level I nor Level II applies	If Company is rated BBB or better by S&P or Baa2 or better by Moody's and none of Level I, Level II and Level III applies	If Company is rated BBB- by S&P and Baa3 by Moody's	If Company is rated lower than BBB- by S&P or Baa3 by Moody's or is unrated and no other level applies
FACILITY FEE	8.00	10.00	11.00	13.75	17.50	25.00
EURODOLLAR MARGIN: IF UTILIZATION** IS:						
less than 50%	14.50	15.00	19.00	21.25	32.50	50.00
equal to or exceeds 50%	14.50	15.00	24.00	26.25	37.50	50.00
CD MARGIN: IF UTILIZATION** IS:						
less than 50%	27.00	27.50	31.50	33.75	45.00	62.50
equal to or exceeds 50%	27.00	27.50	36.50	38.75	50.00	62.50

* References to Company rating are to the higher of the rating of the Company or the rating of the Company (as guaranteed by the Guarantor).

**"Utilization" means at any date the percentage equivalent of a fraction (i) the numerator of which is the aggregate outstanding principal amount of the Loans at such date, after giving effect to any borrowing or payment on such date, and (ii) the denominator of which is the aggregate amount of the Commitments at such date, after giving effect to any reduction of the Commitments on such date.

LORAL CORPORATION
600 Third Avenue
New York, New York 10016

as of April 15, 1996

Lockheed Martin Corporation
LAC Acquisition Corporation
6801 Rockledge Drive
Bethesda, Maryland 20817

Re: Amendment of Agreement and Plan of Merger dated as of January 7, 1996

Ladies and Gentlemen:

Reference is made to the Agreement and Plan of Merger dated as of January 7, 1996 (the "Merger Agreement") among Lockheed Martin Corporation ("Parent"), LAC Acquisition Corporation ("Purchaser") and Loral Corporation (the "Company"). Terms not specifically defined herein shall have the meanings set forth in the Merger Agreement. The following sets forth our mutual agreement with respect to certain matters relating to the Merger Agreement.

1. The parties agree that the parenthetical contained in the second sentence of Section 2.10 of the Merger Agreement shall be amended to read as follows:

"(including, if so authorized by the Company's Board of Directors, holders who are subject to the reporting requirements of Section 16(a) of the Exchange Act)."

Please indicate your acceptance of and agreement to the foregoing Amendment of Agreement and Plan of Merger by signing below.

Very truly yours,

LORAL CORPORATION

By:_____
Name:
Title:

ACCEPTED AND AGREED AS OF
APRIL 15, 1996:

LOCKHEED MARTIN CORPORATION

By:_____
Name:
Title:

LAC ACQUISITION CORPORATION

By:_____
Name:
Title:

SHAREHOLDERS AGREEMENT

dated as of April 22, 1996

by and among

LORAL CORPORATION,

and

LORAL SPACE & COMMUNICATIONS LTD.

SHAREHOLDERS AGREEMENT

SHAREHOLDERS AGREEMENT, dated as of April 22, 1996 (the "AGREEMENT"), by and among Loral Corporation, a New York corporation ("LORAL"), and Loral Space & Communications Ltd., a Bermuda company (the "COMPANY"). Loral and those of its Affiliates who are transferees with respect to any of the Equity Securities (as defined below), are sometimes collectively referred to herein as the "SHAREHOLDERS".

RECITALS:

WHEREAS, Lockheed Martin Corporation, a Maryland corporation ("LMC"), Loral and certain subsidiaries of Loral entered into a Restructuring, Financing and Distribution Agreement, dated as of January 7, 1996 (the "RESTRUCTURING AGREEMENT"; all capitalized terms used in this Agreement but not otherwise defined herein, shall have the respective meanings assigned to such terms in the Restructuring Agreement), pursuant to which, after giving effect to the Restructuring and the Distribution, Loral acquired _____ shares of Series A Convertible Preferred Stock, par value $0.01 per share, of the Company (the "PREFERRED Stock"); and

WHEREAS, the Company and Loral desire to establish in this Agreement certain conditions with respect to the relationship between the Shareholders and the Company;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and in the Restructuring Agreement, the parties hereto agree as follows:

I.

STANDSTILL AND VOTING PROVISIONS

1.1. Restrictions on Certain Actions by the Shareholders. (a) During the Term (as defined in Article V below), each Stockholder will not, and will cause each of its Affiliates (such term, as used in this Agreement, as defined in Rule 12b-2 of the General Rules and Regulations under the Exchange Act) not to, singly or as part of a partnership, limited partnership, syndicate or other group (as those terms are used in Section 13(d)(3) of the Exchange Act), directly or indirectly:

(i) acquire, offer to acquire, or agree to acquire, by purchase, gift or otherwise, any Equity Securities (as defined below in Section 1.1(c)), except pursuant to a stock split, stock dividend, rights offering, recapitalization, reclassification, merger, consolidation, corporate reorganization or similar transaction; provided that at any time in which the Shareholders hold, in the aggregate, less than twenty percent (20%) of the Total Voting Power, then the Shareholders may acquire Equity Securities so that the Shareholders hold, in the aggregate, up to twenty percent (20%) of the Total Voting Power;

(ii) make, or in any way actively participate in, any "solicitation" of "proxies" to vote (as such terms are defined in Rule 14a-1 under the Exchange Act), solicit any consent or communicate with or seek to advise or influence any third party with respect to the voting of any Equity Securities or become a "participant" in any "election contest" (as such terms are defined or used in Rule 14a-11 under the Exchange Act), in each case with respect to the Company, except as expressly provided in Section 1.7;

(iii) form, join or encourage the formation of, any "person" or "group" within the meaning of Section 13(d) of the Exchange Act with respect to any Equity Securities; provided that this Section 1.1(a)(iii) shall not prohibit any such arrangement solely among the Shareholders and any of their respective Affiliates;

(iv) deposit any Equity Securities into a voting trust or subject any such Equity Securities to any arrangement or agreement with respect to the voting thereof; provided that this Section 1.1(a)(iv) shall not prohibit any such arrangement solely among the Shareholders and any of their respective Affiliates;

(v) initiate, propose or otherwise solicit Shareholders for the approval of one or more stockholder proposals with respect to the Company as described in Rule 14a-8 under the Exchange Act, or induce or attempt to induce any other third party to initiate any stockholder proposal, except as expressly provided in Section 1.7;

(vi) except as otherwise contemplated or permitted by this Agreement (including, without limitation, pursuant to Section 1.2 or 1.7 hereof), seek to place a representative on the Board of Directors of the Company or seek the removal of any member of the Board of Directors of the Company, except with the approval of the Board of Directors or management of the Company;

(vii) except with the approval of the Board of Directors or management of the Company, call or seek to have called any meeting of the Shareholders of the Company;

(viii) except through its representatives on the Board of Directors (or any committee thereof) of the Company (if any) and except as otherwise contemplated by this Agreement or the Restructuring Agreement (including the agreements and other documents referred to therein, including, without limitation, the Tax Sharing Agreement), otherwise act to seek to control the management or policies of the Company, except with the approval of the Board of Directors or management of the Company;

(ix) sell or otherwise transfer in any manner any Equity Securities to any "person" (within the meaning of Section 13(d)(3) of the Exchange Act) who, immediately following such sale or transfer, would, to the best of the Stockholder's knowledge, own more than four percent (4%) of any class of Equity Securities or who, without the approval of the Board of Directors of the Company, (A) has publicly proposed a business combination or similar transaction with, or a change of control of, the Company or who has publicly proposed a tender offer for Equity Securities or (B) who has discussed with Loral or any of its respective Affiliates the possibility of proposing a business combination or similar transaction with, or a change in control of, the Company;

(x) sell or otherwise transfer in any manner to any person (as defined in clause (ix) above) in any single transaction or series of related transactions more than 2% of the outstanding Equity Securities;

(xi) solicit, seek to effect, negotiate with or provide any information to any other party with respect to, or make any statement or proposal, whether written or oral, to the Board of Directors of the Company or any director or officer of the Company or otherwise make any public announcement or proposal whatsoever with respect to, any form of business combination transaction involving the Company, including, without limitation, a merger, exchange offer or liquidation of the Company's assets, or any corporate reorganization or similar transaction with respect to the Company, except in each case with the approval of the Board of Directors or management of the Company; or

(xii) instigate or encourage any third party to do any of the foregoing.

Notwithstanding clauses (ix) and (x) above, the Shareholders may effect any transaction contemplated by Article III hereof.

(b) Notwithstanding the provisions of this Section 1.1, nothing herein shall apply with respect to any Equity Securities acquired from any person other than a Stockholder (x) held by any pension, retirement or other benefit plan managed by any Stockholder or any of its subsidiaries or other Affiliates or (y) held in any account managed for the benefit of another person, by any subsidiary or other Affiliate of any of the Shareholders which is engaged in the financial services business. In addition, notwithstanding the provisions of this Section 1.1, nothing herein shall prohibit or restrict any transfer of Equity Securities to or among any of the subsidiaries or other Affiliates of any of the Shareholders (provided that such subsidiary or Affiliate agrees to be bound to the provisions of this Agreement, upon which such subsidiary or Affiliate shall be entitled to all rights and benefits, and shall be subject to all obligations, of a Stockholder under this Agreement).

(c) For the purposes of this Agreement, (i) the term "EQUITY SECURITIES" shall mean the Preferred Stock and any securities entitled to vote generally in the election of directors of the Company, or any direct or indirect rights or options to acquire any such securities or any securities convertible or exercisable into or exchangeable for such securities (provided that, in the event that the Guaranty Warrants (as defined below) become warrants to acquire Equity Securities, such Guaranty Warrants and any securities issued pursuant to the exercise of such Guaranty Warrants, shall not (so long, in each case, as they are held by the Stockholder) constitute Equity Securities for purposes of determining the appropriate number of shares of Common Equity Securities which Loral is entitled to acquire hereunder, including in connection with the

determination of the Target Percentage pursuant to Section 1.4(a) hereof), (ii) the term "VOTING POWER" shall mean the voting power in the general election of directors of the Company, (iii) the term "TOTAL VOTING POWER" shall mean the total combined Voting Power of all the Equity Securities then outstanding, including, without limitation, the Preferred Stock, and, insofar as the Preferred Stock is concerned, it is deemed to have Voting Power equal to that of the Common Stock into which it is convertible, (iv) the term "CHANGE OF CONTROL" shall mean the occurrence of any of the following events: (A) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner of Equity Securities which represent at least forty percent (40%) of the Total Voting Power, or (B) during any one-year period, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office, (v) the term "BENEFICIAL OWNER", and terms having similar import, shall mean any direct or indirect "beneficial owner", as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act, and (vi) the term "GUARANTY WARRANTS" shall mean those warrants which accrue to the benefit of the Company in connection with the Globalstar Bank Guarantee, as described in the Globalstar Warrant Memorandum.

1.2. HSR Clearance.

(a) At any time after the date hereof (but subject to the provisions of Section 1.2(b) below), following a written request by Loral to the Company (such request, the "HSR NOTICE"), the Company and the Shareholders will (i) take promptly all actions necessary to make the filings required of the Shareholders, the Company or any of their respective Affiliates under the HSR Act (as defined in the Merger Agreement) with respect to the right to convert Preferred Stock and continue to own the securities so received, the ownership and voting of Equity Securities by the Shareholders, any of the transactions contemplated by this Agreement or any other similar matters (all such exercise, ownership, voting, transaction and other similar matters, the "FILING MATTERS"), (ii) comply at the earliest practicable date with any request for additional information or documentary material received by the Company or the Shareholders or any of their Affiliates from any of the Federal Trade Commission, the Antitrust Division of the Department of Justice, state attorneys general, the Commission, or other governmental or regulatory authorities (all such authorities, the "ANTITRUST AUTHORITIES"), and (iii) cooperate with each other in connection with any of the filings referred to in clause (i) above and in connection with resolving any investigation or other inquiry commenced by any of the Antitrust Authorities. To the extent reasonably requested by Loral, the Company shall use all reasonable efforts to resolve such objections, if any, as may be asserted with respect to the Filing Matters. If any administrative, judicial or legislative action or proceeding is instituted (or threatened to be instituted) challenging any aspect of the Filing Matters as violative of any Antitrust Law, each of the Shareholders and the Company shall cooperate with each other to contest and resist any such action or proceeding, and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order (whether temporary, preliminary or permanent) that is in effect and that restricts, prevents or prohibits the exercise by the Shareholders of the right to convert Preferred Stock and continue to own the securities so received, or the exercise by Loral of its rights with respect to the ownership and voting of Equity Securities or any of the transactions contemplated by this Agreement (any such decree, judgment, injunction or other order is hereafter referred to as an "ORDER"), including, without limitation, by pursuing all reasonable avenues of administrative and judicial appeal, provided that nothing contained in this Section 1.2(a) shall be construed to require any party hereto to hold separate or divest any of their respective assets or businesses or agree to any substantive restriction thereon or on the conduct thereof. Each of the Company and Loral shall promptly inform the other party of any material communication received by such party from any Antitrust Authority regarding any of the Filing Matters or any of the other transactions contemplated hereby. For the purposes of this Agreement, the term "HSR CLEARANCE DATE" shall mean the first date on which (x) any applicable waiting period under the HSR Act with respect to the Filing Matters shall have expired or been terminated, (y) there shall not be pending any Action commenced by any Antitrust Authority relating to any of the Filing Matters or any of the other transactions contemplated hereby, and (z) there shall not be in effect any Order.

(b) Notwithstanding the provisions of Section 1.2(a) above, in the event that Loral delivers the HSR Notice to the Company, the Company shall be entitled to postpone for a reasonable period of time (but in no event later than 45 days), any filing referred to in Section 1.2(a)(i) above if the Company determines in its reasonable judgment and in good faith that such filing would delay the obtaining of any approval from an Antitrust Authority with respect to any announced or imminent material acquisition or disposition which would require a filing by the Company under the HSR Act. In the event of such postponement, Loral shall have the right to withdraw its HSR Notice and may deliver any such HSR Notice at any time thereafter.

1.3. Voting.

(a) General Voting Provisions. Prior to the HSR Clearance Date, no Stockholder shall have the right to convert Preferred Stock into common stock or the right to vote any Equity Securities with respect to the election of directors of the Company. Following the HSR Clearance Date, each Stockholder shall have the right to vote its Equity Securities to the extent permitted by the terms thereof on any matters submitted to a vote of the Shareholders of the Company, provided that following the HSR Clearance Date any Stockholder shall have the right to vote any Equity Securities to the extent permitted by the terms thereof with respect to the election of directors of the Company without restriction, provided that, except as expressly provided in Section 1.7, in the event of an "election contest" (as such term is used in Rule 14a-11 under the Exchange Act) each Stockholder shall have the right to vote in the election contest only (i) as recommended by the Board of Directors or management of the Company or (ii) in the same proportions as the holders of Equity Securities (other than Shareholders) vote their Securities. On each matter with respect to which a Stockholder is entitled to vote pursuant to this Section 1.3, each such Stockholder shall be present, in person or represented by proxy, at all such stockholder meetings of the Company so that all Equity Securities beneficially owned by it shall be counted for the purpose of determining the presence of a quorum at such meetings.

(b) Company Call. If, within one year following the date hereof, the Shareholders vote against any Call Event Triggering Transaction (as defined below), the Company shall have the right, for 10 days following the date on which such vote is held, to purchase, and the Shareholders shall be required to sell to the Company, all, but not less than all, of the Equity Securities held by the Shareholders at a per share cash price equal to the Call Event Trigger Price (as defined below). The Company may exercise such right by delivering to each Stockholder, within such 10-day period, a written notice stating that the Company has irrevocably agreed to purchase in cash all (but not less than all) of the Equity Securities held by the Shareholders at the Call Event Trigger Price upon the terms and conditions set forth in this Section 1.3(b). The closing with respect to the purchase of Equity Securities by the Company pursuant to this Section 1.3(b) shall be on a mutually determined closing date which shall not be more than 15 days after the date on which the Company's written notice referred to above is delivered to the Shareholders. The closing shall be held at 10:00 A.M., local time, at the principal office of the Company, or at such other time or place as the parties mutually agree. On such closing date, each Stockholder shall deliver (i) certificates representing the shares of Equity Securities being sold, free and clear of any lien, claim or encumbrance, and (ii) such instruments of transfer and evidence of ownership and authority as the Company may reasonably request. The purchase price shall be paid by the Company to each Stockholder by wire transfer of immediately available funds no later than 2:00 P.M. on the closing date to the account(s) designated by the Shareholders prior to such closing date.

(c) Certain Definitions. For purposes of Section 1.3,

(i) the term "CALL EVENT TRIGGERING TRANSACTION" shall mean a transaction between the Company, on the one hand, and any Spinco Company (or any other Subsidiary of either the Company or a Spinco Company), on the other hand, involving (x) any merger, consolidation, corporate reorganization or similar transaction involving the Company; or (y) any sale, lease, exchange, transfer or other disposition, directly or indirectly, in a single transaction or series of related transactions, of all or substantially all of the assets of the Company or any of its Affiliates; provided that the term "Call Event Triggering Transaction" shall not include any transaction involving any party which is not a Spinco Company (or any other Subsidiary of either the Company or a Spinco Company); and

(ii) the term "CALL EVENT TRIGGER PRICE" shall mean the sum of (x) $344,000,000.00, plus (y) all amounts expended by the Shareholders following the date hereof in connection with the acquisition of Equity Securities other than acquisitions from another Stockholder following the date hereof, minus (z) any net sales proceeds received by the Shareholders following the date hereof in connection with the sale of Equity Securities (other than sales to another Stockholder) following the date hereof.

1.4. Loral Option.

(a) General Provisions Relating to Loral Option. If, within five years following the date hereof, any Option Event Triggering Transaction (as defined below) occurs, Loral shall have the right, within 90 days after the consummation of the Option Event Triggering Transaction, to purchase, and the Company (for purposes of this Section 1.4, all references to the "COMPANY" shall be deemed to include the Surviving Corporation (as defined below), shall be required to sell to Loral, a number of shares of Preferred Stock which would cause Loral to own Equity Securities with Voting Power equal to the Target Percentage (as defined below) of the Total Voting Power immediately after giving effect to the consummation of the Option Event Triggering Transaction, at a per share cash price equal to the Option Event Trigger Price (as defined below). Loral may exercise such right by delivering to the Company, within such

90-day period, a written notice stating that Loral (or any Subsidiary of Loral designated by Loral; for purposes of this Section 1.4, all references to "LORAL" shall be deemed to include such designated Subsidiary) has irrevocably agreed to purchase in cash the number of shares of Preferred Stock specified in the preceding sentence, at the Option Event Trigger Price, upon the terms and conditions set forth in this Section 1.4. The closing with respect to the purchase of Preferred Stock by the Company pursuant to this Section 1.4 shall be on a mutually determined closing date which shall not be more than 15 days after the date on which Loral's written notice referred to above is delivered to the Company. The closing shall be held at 10:00 A.M., local time, at the principal office of the Company, or at such other time or place as the parties mutually agree. On such closing date, the Company shall issue to Loral certificates representing the shares of Preferred Stock being sold, which shall be validly issued, fully paid and non-assessable and free and clear of any lien, claim or encumbrance. The purchase price shall be paid by Loral to the Company by wire transfer of immediately available funds no later than 2:00 P.M. on the closing date to the account designated in writing by the Company prior to such closing date. For purposes of this Section 1.4,

(i) the term "OPTION EVENT TRIGGERING TRANSACTION" shall mean a transaction involving as parties, among others, the Company or any of its Affiliates (other than GTL and Globalstar), on the one hand, and either GTL or Globalstar or any of their respective Subsidiaries, on the other hand, involving either (x) a Call Event Triggering Transaction (including, without limitation, a similar transaction involving the merger, consolidation, reorganization, sale, lease, exchange, transfer or other disposition of all or substantially all of the assets, of Globalstar, GTL or their respective Subsidiaries) or the liquidation or (y) dissolution of the Company;

(ii) the term "OPTION EVENT TRIGGER PRICE" shall mean with respect to an Option Event Trigger Transaction occurring (x) on or prior to the first anniversary hereof, a $6.00 per share cash purchase price, subject to adjustment pursuant to the provisions of Section 1.4(b) hereof or (y) after the first anniversary hereof but on or prior to the fifth anniversary hereof, a per share price equal to 80% of the per share price of the Company implicit in the Option Event Triggering Transaction;

(iii) the term "SURVIVING CORPORATION" shall mean any successor to the rights and obligations of the Company as a result of or in connection with any Option Event Triggering Transaction; and

(iv) the term "TARGET PERCENTAGE" shall mean a percentage amount equal to the percentage of the Total Voting Power represented by the Equity Securities held by the Shareholders immediately prior to the closing of the Option Event Triggering Transaction; provided, however, that if there has occurred within the five days preceding such closing an event that diluted the Voting Power of the Equity Securities held by the Shareholders, the Target Percentage shall be determined as of the date five days prior to the closing of such Option Event Triggering Transaction.

(b) Adjustment of Loral Option Event Trigger Price. The Option Event Trigger Price shall be equitably adjusted from time to time after the date hereof to take into account of any of the following events: (i) if the Company shall pay a dividend or make any other distribution with respect to any Equity Securities which is payable in the form of Equity Securities or in the form of any other Asset (other than normal, periodic cash dividends of the Company), (ii) if the Company shall subdivide its outstanding common stock, (iii) if the Company shall combine its outstanding common stock into a smaller number of shares, (iv) if the Company shall issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a merger, consolidation or other business combination involving the Company), or (v) in any other similar transaction affecting the Company or the number or value of the outstanding Equity Securities. The parties acknowledge and agree that each such equitable adjustment shall preserve for Loral the economic benefits of the Loral option set forth in Section 1.4(a) above.

1.5. Globalstar Warrant Put Option. In the event of any of the following transactions (each such transaction, a "WARRANT TRIGGER EVENT"):

(i) any merger, consolidation, corporate reorganization or similar transaction involving Globalstar or GTL;

(ii) any sale, lease, exchange, transfer or other disposition, directly or indirectly, of all or substantially all of the assets of Globalstar or GTL; or

(iii) any liquidation or dissolution of Globalstar or GTL;

in which it is proposed that the Globalstar Warrants be converted into cash or the right to receive cash, or any other interest (or the right to receive any other interest) in Globalstar other than common stock thereof the Shareholders shall have the right (the "LIMITED WARRANT PUT") to

require the Company to purchase the Globalstar Warrants for a price equal to their Option Privilege Value (as defined below). The Shareholders may exercise the Limited Warrant Put by delivering to the Company, at least 10 days prior to the scheduled closing of the Warrant Trigger Event, a notice to such effect accompanied by appropriate documentation or certificates evidencing the Globalstar Warrants. The Option Privilege Price shall be payable by the Company 10 days after the determination thereof. As used herein, the term "OPTION PRIVILEGE PRICE" means the greater of (x) the consideration payable in respect of the Globalstar Warrants in the Warrant Trigger Event and (y) the hypothetical fair market value that would be assigned to the Globalstar Warrants at the date of the Warrant Trigger Event assuming (1) that no Warrant Trigger Event were to occur then or at any time prior to the expiration of the Globalstar Warrants, (2) that the Globalstar Warrants would remain outstanding until such expiration in accordance with their terms, exercisable for shares of or interests in the issuer thereof, and (3) that such issuer would remain a public company during such period. The Option Privilege Price shall be determined by an investment banking firm of national standing selected by agreement of the Company and the Shareholders or, failing such agreement, by agreement of Bear Stearns Co. Inc. and Lehman Brothers. Such investment banking firm shall, in determining the Option Privilege Price, give full effect to (i) the spread between the exercise price and the fair market value of the securities into which the Globalstar Warrants are exercisable and (ii) the value of the "option privilege" in the Globalstar Warrants (that is, the value of the right, without risking any capital, to speculate on and benefit from appreciation in the underlying securities).

1.6. Required Sales by Shareholders.

(a) Immediately following any repurchase by the Company of any of its outstanding Equity Securities which repurchase has the effect of increasing the Total Voting Power of all Shareholders to an amount in excess of 20% of Total Voting Power (a "REPURCHASE EVENT"), the Company shall give written notice (the "REPURCHASE EVENT NOTICE") thereof to each Stockholder. The Repurchase Event Notice shall set forth in reasonable detail the transactions resulting in the Repurchase Event, specify the Repurchase Price (as defined in Section 1.6(c) hereof) and set a date (the "REPURCHASE DATE") for the repurchase by the Company of the Adjustment Securities (as defined in Section 1.6(b) hereof) as contemplated by Section 1.6(b) hereof. The Repurchase Date shall be not sooner than 15 nor later than 25 business days after either (i) the date the Repurchase Event Notice is sent to the Stockholder or (ii) if the provisions of Section 1.6(d)(ii) hereof are applicable, the Section 16(d) Date (as defined in Section 1.6(d)(ii) hereof).

(b) Subject to the provisions of Section 1.6(c) and (d) hereof, on the Repurchase Date the Company shall purchase from each Stockholder and each Stockholder shall sell to the Company, a number of shares of Equity Securities (the "ADJUSTMENT SECURITIES") held by the Stockholder equal to the product of (i) the aggregate number of shares of Equity Securities of all Shareholders less the aggregate number of shares of Equity Securities constituting 20% of the Total Voting Power, multiplied by (ii) the number of shares of Equity Securities held by the Stockholder divided by the number of shares of Equity Securities held by all Shareholders. The closing with respect to the purchase of Adjustment Securities shall be held on the Repurchase Date at 10:00 a.m. local time at the principal office of the Company, or at such other place and time as the parties mutually agree. On the Repurchase Date each Stockholder (other than an Electing Stockholder (as defined in Section 1.6(d) hereof)) shall deliver (i) certificates representing the Adjustment Securities free and clear of any lien, claim or encumbrance, and (ii) such instruments of transfer and evidence of ownership and authority as the Company may reasonably request. The Company shall pay the purchase price to the Stockholder by wire transfer of immediately available funds no later than 2:00 p.m. on the Repurchase Date to an account designated by the Stockholder prior to the Repurchase Date.

(c) The per share repurchase price of the Adjustment Securities (the "REPURCHASE PRICE") shall be equal to the per share price paid by the Company in respect of the repurchase of Equity Securities resulting in the Repurchase Event; provided, that if after the immediately preceding Repurchase Event (or if none, the date of this Agreement) (the "PRIOR REPURCHASE EVENT") the Company has repurchased Equity Securities at different prices, then the Repurchase Price shall be equal to the highest per share price paid by the Company to repurchase Equity Securities after the Prior Repurchase Event (exclusive of repurchases after which the Stockholder's Total Voting Power was less than or equal to 20%); provided, however, that if pursuant to the preceding provisions of this Section 1.6(c) the Repurchase Price would be less than the Initial Purchase Price (as defined below), then each Stockholder may elect to sell the Adjustment Securities in accordance with the provisions of Section 1.6(d) hereof in lieu of selling the Adjustment Securities to the Company by giving written notice to the Company (the "MARKET SALE NOTICE"), within 10 business days after receipt of the Repurchase Event Notice, that the Stockholder has elected to sell the Adjustment Securities pursuant to the provisions of Section 1.6(d) hereof. For purposes of this Agreement, the "INITIAL PURCHASE PRICE" means the price paid by the Stockholder (or its Affiliate) for the Adjustment Securities, increased at the rate of 10% per annum, compounded annually, from the date of the acquisition thereof through the date of the Repurchase Event Notice; it being understood that to the extent

the Adjustment Securities include Equity Securities acquired by the Stockholder (or its Affiliate) on or before the Distribution Date (as defined in the Distribution Agreement), then (i) the Initial Purchase Price therefor shall be equal to $344 million divided by the number of shares of Equity Securities beneficially owned by the Shareholders immediately after the Distribution (subject to adjustment to reflect (1) the 10% annual compound rate of increase, (2) any of the events contemplated by Section 1.4(b) hereof, and (3) any stock splits, reverse stock splits, stock dividends or other similar events), and (ii) the date of acquisition thereof shall be the Distribution Date.

(d) If a Stockholder delivers the Market Sale Notice to the Company in the time required by Section 1.6(c) hereof (the "ELECTING STOCKHOLDER"), then the Electing Stockholder may sell its Adjustment Securities to any one or more third parties not Affiliates of the Shareholders; provided, that such sale of Adjustment Securities shall be completed on or before the date that is the later of (i) the six-month anniversary of the Repurchase Event Notice (the "FIRST DATE"), (ii) the earliest date after the First Date on which Adjustment Securities can be sold by the Electing Stockholder without liability resulting therefrom under Section 16(b) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "SECTION 16(B) DATE"), (iii) provided the Electing Stockholder has requested in the Market Sale Notice the registration of the Adjustment Securities pursuant to Article III hereof, the six-month anniversary of the effective date of a registration statement filed with respect to the Adjustment Securities under the Securities Act of 1933, as amended, which registration statement has not after it becomes effective been interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court for any reason other than a misrepresentation or omission by the Electing Stockholder and, as a result thereof, the Adjustment Securities cannot be distributed in accordance with the plan of distribution, and (iv) provided clause (iii) of this Section 1.6(d) is not applicable, the earliest date after the Repurchase Event Notice which is the end of a period during which the Adjustment Securities could have been sold pursuant to Rule 144 (or any similar provision then in force).

(e) The Electing Stockholder may demand that Adjustment Securities be registered under the Securities Act pursuant to Article III hereof; provided, that a registration of Adjustment Securities pursuant to Article III hereof shall not be (i) subject to the limitation set forth in Section 3.1(a) hereof on the minimum number of shares that can be registered pursuant to Article III, and (ii) counted as one of the five requests for registration permitted under Section 3.1(a) hereof.

(f) Except to the extent otherwise expressly provided in this Section 1.6, the provisions of this Agreement shall not in any manner limit or otherwise restrict the rights of an Electing Stockholder to transfer Adjustment Securities

1.7. Special Nominating and Voting Rights.

(a) Notwithstanding anything to the contrary contained in this Agreement, from and after the seventh anniversary of the date hereof, the Shareholders shall have the right to nominate for election to the Board of Directors a Proportionate Number (as defined below) of nominees ("STOCKHOLDER NOMINEES") and to vote their Equity Securities in favor of their election.

(b) With respect to each meeting of shareholders of the Company at which directors are to be elected which occurs on or after the seventh anniversary of the date hereof, the Company will give the Shareholders 30 days' prior written notice of the filing with the SEC of proxy materials with respect thereto. On or before the 10th day following receipt of such notice the Shareholders shall notify the Company if they intend to propose Stockholder Nominees and within 10 days thereafter shall supply the Company with the Special Nominee Information (as defined below). The Company will include the Special Nominee Information in its proxy materials with respect to such meeting, and the Shareholders will not engage in any action otherwise prohibited by Section 1.1(ii) or (v) with respect to the Stockholder Nominees or otherwise.

(c) In the event that, following any election of Stockholder Nominees to the Board of Directors and before the next meeting of shareholders at which directors are elected, the size of the Board of Directors is increased so as to increase the Proportionate Number of directors, the Company will use its best efforts to create additional seats on the Board of Directors, offer the Shareholders the right to propose additional Stockholder Nominees to fill such vacancies and use its best efforts to cause such vacancies to be filled by any such nominees so that the Stockholder Nominees would constitute a Proportionate Number of the enlarged Board.

(d) The Company will not propose, and will use its best efforts to prevent, the adoption of any amendment of any of the charter documents of the Company that would adversely affect the rights of the Shareholders under this Agreement.

(e) As used in this Section 1.7, the following terms are used as defined below:

"PROPORTIONATE NUMBER" means a number of directors or nominees, as the case may be, rounded up to the nearest whole number, that would represent a proportion of the entire Board of Directors (after giving effect to the election of Directors or enlargement of the Board in question) equal to the proportion of the Total Voting Power of the Company that is represented by the Voting Power of the Equity Securities beneficially owned by the Shareholders, provided, that if the Proportionate Number (as calculated above) would otherwise be reduced if the total number of members of the Board of Directors were reduced by a single member, the Proportionate Number will be calculated by rounding down, rather than rounding up, to the nearest whole number.

"SPECIAL NOMINEE INFORMATION" means the information as to each nominee for director required to be included in the Company's proxy materials under the Exchange Act and the rules and regulations thereunder, and may include a brief statement as to the qualifications of the Stockholder Nominees and the Shareholders' reasons for seeking their election to the board, but shall not include any invidious comparisons between the Stockholder Nominees and other nominees for director or any criticism of the other nominees for director or of incumbent management, its policies or the Company's performance.

II.

TRANSFER RESTRICTIONS

2.1. Certain Transactions. Notwithstanding anything contained in this Agreement to the contrary, a Stockholder may without restriction:

(i) assign, pledge, mortgage, hypothecate, or otherwise encumber or transfer all or any of its Equity Securities in connection with any bona fide financing arrangement entered into by such person or otherwise in connection with any indebtedness owed by such Stockholder; provided that in the event that the Stockholder in question defaults, the creditor's rights and obligations with respect to the voting and transfer of such Equity Securities and the registration thereof shall be the same as the Stockholder in question had under the provisions of this Agreement and the creditor in question shall be deemed to be a Stockholder under this Agreement for such purposes;

(ii) transfer any Equity Securities to another Stockholder or any subsidiary or other Affiliate thereof (provided that such subsidiary or Affiliate agrees to be bound to the provisions of this Agreement, upon which such subsidiary or Affiliate shall be entitled to all rights and benefits, and shall be subject to all obligations, of a Stockholder under this Agreement);

(iii) transfer any Equity Securities pursuant to any registered public offering in connection with the provisions of Article III hereof or pursuant to the provisions of Rule 144 (or any similar provision then in force) under the Securities Act provided that such transfer under Rule 144 or any similar provision meets the volume restrictions set forth in Rule 144 as in effect on the date hereof; or

(iv) transfer any Equity Securities pursuant to any merger, consolidation, corporate reorganization, restructuring or any other similar transaction affecting the Company or pursuant to any involuntary transfer.

2.2. Rights Pursuant to a Tender Offer. Each Stockholder (any such Stockholder shall, for purposes of this Section 2.2, be referred to as a "TENDERING STOCKHOLDER") shall have the right to sell or exchange all its Equity Securities pursuant to a tender or exchange offer for the Equity Securities (an "OFFER"). However, during the Term, prior to such sale or exchange, the Tendering Stockholder shall give the Company the opportunity to purchase such Equity Securities in the following manner:

(i) The Tendering Stockholder shall give notice (the "TENDER NOTICE") to the Company in writing of its intention to sell or exchange Equity Securities in response to an Offer no later than three calendar days prior to the latest time (including any extensions) by which Equity Securities must be tendered in order to be accepted pursuant to such Offer, specifying the amount of Equity Securities proposed to be tendered by the Tendering Stockholder (the "TENDERED Shares") and the purchase price per share specified in the Offer at the time of the Tender Notice.

(ii) If the Tender Notice is given, the Company shall have the right to purchase all, but not less than all, of the Tendered Shares exercisable by giving written notice (an "EXERCISE NOTICE") to the Tendering Stockholder at least two calendar days prior to the latest time after delivery of the Tender Notice by which Equity Securities must be tendered in order to be accepted pursuant to the Offer (including any extensions thereof) and depositing in any escrow or similar arrangement reasonably acceptable to the Tendering Stockholder, a sum in cash sufficient

to purchase all Tendered Shares at the price then being offered in the Offer, without regard to any provision thereof with respect to proration or conditions to the offeror's obligation to purchase. The delivery by the Company of an Exercise Notice and deposit of funds as provided above will, except as provided below, constitute an irrevocable agreement by the Company to purchase, and the Tendering Stockholder to sell, the Tendered Shares in accordance with the terms of this Section 2.2, whether or not the Offer or any other tender or exchange offer (a "COMPETING TENDER OFFER") for Equity Securities that was outstanding during the Offer is consummated.

(iii) The purchase price to be paid by the Company for any Equity Securities purchased by it pursuant to this Section 2.2 shall be the highest price offered or paid in the Offer or in any Competing Tender Offer. For purposes hereof, the price offered or paid in a tender or exchange offer for Voting Shares shall be deemed to be the price offered or paid pursuant thereto, without regard to any provisions thereof with respect to proration or conditions to the offeror's obligation to purchase. If the purchase price per share specified in the Offer includes any property other than cash (the "OFFER NONCASH PROPERTY"), the purchase price per share at which the Company shall be entitled to purchase all, but not less than all, of the Equity Securities specified in the Tender Notice shall be (y) the amount of cash per share, if any, specified in such Offer (the "CASH PORTION"), plus (z) an amount of cash per share equal to the value of the Offer Noncash Property per share (the "CASH VALUE OF OFFER NONCASH PROPERTY"), as determined in good faith by the mutual agreement of the parties hereto, or if the parties cannot agree, by an independent, nationally recognized investment banking firm selected by the Tendering Shareholders and reasonably acceptable to the Company. If the Company exercises its right of first refusal by giving an Exercise Notice, the closing of the purchase of the Equity Securities with respect to such right (the "CLOSING") shall take place at 3:00 p.m., local time (or, if earlier, two hours before the latest time by which Equity Securities must be tendered in order to be accepted pursuant to the Offer), on the last day on which Equity Securities must be tendered in order to be accepted pursuant to the Offer (including any extensions thereof) (the "LAST TENDER DATE"), and the Company shall pay the purchase price for the Equity Securities specified above. The Tendering Stockholder shall be entitled to rescind its Tender Notice at any time prior to the Last Tender Date by notice in writing to the Company; provided that if on or before the Last Tender Date, the Company publicly announces that the Company has approved, proposed or entered into an agreement with respect to (either individually or together with any other persons) a recapitalization, reorganization or business combination with respect to the Company or all or substantially all of its assets, or a self-tender offer, the Tendering Stockholder shall be entitled to rescind its Tender Notice by notice in writing to the Company at any time prior to the Closing on the Last Tender Date. If the Tendering Stockholder rescinds its Tender Notice pursuant to the immediately preceding sentence, the Company's Exercise Notice with respect to such Offer shall be deemed to be immediately rescinded and the Tendering Stockholder's disposition of its Equity Securities in response to the Offer with respect to which the Tender Notice is rescinded or any other Offer shall again be subject to all of the provisions of this Section 2.2.

(iv) If the Company does not exercise its right of first refusal set forth in this Section 2.2 within the time specified for such exercise by giving an Exercise Notice, then the Tendering Stockholder shall be free to accept, for all its Equity Securities, the Offer with respect to which the Tender Notice was given or any Competing Tender Offer (including any increases and extensions thereof).

III.

REGISTRATION RIGHTS

3.1. Registration Upon Request.

(a) At any time commencing on the date hereof and continuing thereafter, each Stockholder (any such Stockholder, whether registering securities pursuant to this Section 3.1 or Section 3.2, shall be referred to as a "REGISTERING STOCKHOLDER") shall have the right to make written demand upon the Company, on not more than five separate occasions (subject to the provisions of this Section 3.1), to register under the Securities Act, any common stock or other securities of the Company held by it (the securities subject to such demand hereunder or subject to the provisions of Section 3.2 being referred to in each case as the "SUBJECT SECURITIES"), and the Company shall use its best efforts to cause such securities to be registered under the Securities Act as soon as reasonably practicable so as to permit the sale thereof promptly; provided that each such demand shall cover at least the lesser of (i) 10 million shares of Common Stock or Preferred Stock convertible into 10 million shares of Common Stock and (ii) shares having a market value of $150 million shares of Common Stock (subject to adjustment for stock splits, reverse stock splits, stock dividends and similar events after the date hereof). In connection

therewith, the Company shall prepare, and as soon as reasonably practicable but in no event later than 90 days of the receipt of the request, file, on Form S-3 if permitted or otherwise on the appropriate form, a registration statement under the Securities Act to effect such registration. Such registration shall be effected in accordance with the intended method or methods of disposition specified by the Registering Shareholders (including, but not limited to, an offering on a delayed or continuous basis pursuant to Rule 415 (or any successor rule to similar effect) promulgated under the Securities Act). Each Registering Stockholder agrees to provide all such information and materials and to take all such action as may be reasonably required in order to permit the Company to comply with all applicable requirements of the Securities Act and the SEC and to obtain any desired acceleration of the effective date of such registration statement. If the offering to be registered is to be underwritten, the managing underwriter shall be selected by the Registering Shareholders and shall be reasonably satisfactory to the Company. Notwithstanding the foregoing, the Company (i) shall not be obligated to prepare or file more than one registration statement other than for purposes of a stock option or other employee benefit or similar plan during any twelve-month period, (ii) shall be entitled to postpone for a reasonable period of time (but in no event later than 60 days), the filing of any registration statement otherwise required to be prepared and filed by the Company if (A) the Company is, at such time, conducting or about to conduct an underwritten public offering of securities and is advised by its managing underwriter or underwriters in writing (with a copy to the Registering Shareholders), that such offering would, in its or their opinion, be materially adversely affected by the registration so requested, or (B) the Company determines in its reasonable judgment and in good faith that the registration and distribution of the Subject Securities would interfere with any announced or imminent material financing, acquisition, disposition, corporate reorganization or other material transaction of a similar type involving the Company. In the event of such postponement, the Registering Shareholders shall have the right to withdraw the request for registration by giving written notice to the Company within 20 days after receipt of the notice of postponement (and, in the event of such withdrawal, such request shall not be counted for purposes of determining the number of registrations to which the Registering Shareholders are entitled pursuant to this Section 3.1).

(b) The Company shall not grant to any other holder of its securities, whether currently outstanding or issued in the future, any incidental or piggyback registration rights with respect to any registration statement filed pursuant to a demand registration under this Section 3.1 and without the prior consent of the Registering Shareholders, the Company will not itself, and will not permit any other holder of its securities to, participate in any offering made pursuant to a demand registration under this Section 3.1. The Company may grant to other holders of its securities incidental or piggyback registration rights on a primary offering by the Company which are no more favorable to such holders than the provisions set forth in Section 3.2 are to the Shareholders. If the Registering Shareholders consents to the inclusion of offers and sales of any other securities in a registration pursuant to this Section 3.1 and the underwriter(s) retained in connection with such registration subsequently advise the Registering Shareholders that such offering would be adversely affected by the inclusion of such other securities, the Registering Shareholders may in their sole discretion exclude all or some of such securities from such registration.

(c) Any registration requested by any Registering Stockholder pursuant to this Section 3.1 shall not be deemed to have been effected (and, therefore, not requested for purposes of this Section 3.1), (i) unless it has become effective, (ii) if after it has become effective such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court for any reason other than a misrepresentation or an omission by the Registering Shareholders and, as a result thereof, the Subject Securities requested to be registered cannot be completely distributed in accordance with the plan of distribution set forth in the related registration statement or (iii) if the closing pursuant to the purchase agreement or underwriting agreement entered into in connection with such registration does not occur. Any registration effected pursuant to Section 3.2 shall not be deemed to have been requested by a Registering Stockholder for purposes of this Section 3.1.

3.2. Incidental Registration Rights. If the Company proposes to register any of its Equity Securities under the Securities Act for its own account (other than (i) pursuant to Section 3.1 hereof, (ii) securities to be issued pursuant to a stock option or other employee benefit or similar plan, and (iii) securities proposed to be issued in exchange for securities or assets of, or in connection with a merger or consolidation with, another corporation), the Company shall, as promptly as practicable, give written notice to the Registering Shareholders of the Company's intention to effect such registration. If, within 15 days after receipt of such notice, a Registering Stockholder submits a written request to the Company specifying the amount of Equity Securities that it proposes to sell or otherwise dispose of in accordance with this Section 3.2, the Company shall use its best efforts to include the securities specified in the Registering Stockholder's request in such registration. If the offering pursuant to such registration statement is to be made by or through underwriters, the managing underwriters shall be chosen by the Company and shall be reasonably satisfactory to the Registering Shareholders and the

Company, and the Registering Shareholders and such underwriter shall execute an underwriting agreement in customary form. If the managing underwriter reasonably determines in good faith and advises the Registering Shareholders in writing that the inclusion in the registration statement of all the Equity Securities proposed to be included would interfere with the successful marketing of the securities proposed to be registered, then the Company and the Registering Shareholders shall negotiate in good faith to agree upon an equitable adjustment in the number or amount of securities of each to be included in such underwriting (provided that in the event that the Company and the Registering Shareholders are unable to agree upon an equitable adjustment in the number or amount of securities of each to be included in such underwriting, then the number of securities which the Company and the Registering Shareholders propose to register shall be reduced pro rata (based upon the respective market values of each party's respective share of the total number of securities proposed to be registered). No registration effected under this Section 3.2 shall relieve the Company of its obligation to effect any registration upon request under Section 3.1. If the Registering Shareholders are permitted to participate in a proposed offering pursuant to this Section 3.2, the Company thereafter may determine either not to file a registration statement relating thereto, or to withdraw such registration statement, or otherwise not to consummate such offering, without any liability hereunder. Any underwriters participating in a distribution of the Subject Securities pursuant to Sections 3.1 and 3.2 hereof shall use all reasonable efforts to effect as wide a distribution as is reasonably practicable, and in no event shall any sale of Subject Securities be made knowingly to any person (including its Affiliates and any group in which that person or its Affiliates shall be a member, or the Registering Shareholders or the underwriters know of the existence of such a group or Affiliate) that, immediately prior to giving effect to any such sale, beneficially owned Equity Securities representing five percent (5%) or more of the Total Voting Power. The Registering Shareholders and the Company shall use all reasonable efforts to secure the agreement of the underwriters, in connection with any underwritten offering of its Equity Securities, to comply with the foregoing.

3.3. Registration Mechanics. (a) In connection with any offering of Subject Securities registered pursuant to Section 3.1 or 3.2 herein, the Company shall (i) furnish to the Registering Shareholders such number of copies of any prospectus (including preliminary and summary prospectuses) and conformed copies of the registration statement (including amendments or supplements thereto and, in each case, all exhibits) and such other documents as any Registering Stockholder may reasonably request; (ii)(A) use its best efforts to register or qualify the Subject Securities covered by such registration statement under such blue sky or other state securities laws for offer and sale as the Registering Shareholders shall reasonably request and (B) keep such registration or qualification in effect for so long as the registration statement remains in effect; provided that the Company shall not be obligated to qualify to do business as a foreign corporation under the laws of any jurisdiction in which it shall not then be qualified or to file any general consent to service of process in any jurisdiction in which such a consent has not been previously filed or subject itself to taxation in any jurisdiction wherein it would not otherwise be subject to tax but for the requirements of this Section 3.3; (iii) use its best efforts to cause all Subject Securities covered by such registration statement to be registered with or approved by such other federal or state government agencies or authorities as may be necessary, in the opinion of counsel to the Registering Shareholders, to enable the Registering Shareholders to consummate the disposition of such Subject Securities; (iv) notify the Registering Shareholders any time when a prospectus relating thereto is required to be delivered under the Securities Act upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, in the light of the circumstances under which they were made, and (subject to the good faith determination of the Company's Board of Directors as to whether to permit sales under such registration statement), at the request of any Registering Stockholder promptly prepare and furnish to it a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, in light of the circumstances under which they were made; (v) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC; (vi) use its best efforts to list the Subject Securities covered by such registration statement on the New York Stock Exchange or on any other Exchange on which the Subject Securities are then listed, if required by the rules of any such Exchange; (vii) use its best efforts to obtain a "cold comfort" letter from the independent public accountants for the Company in customary form and covering matters of the type customarily covered by such letters as may be reasonably requested by the Registering Shareholders, in the event of a registration effected pursuant to Section 3.1 hereof; (viii) execute and deliver all instruments and documents (including in an underwritten offering an underwriting agreement in customary form) and take such other actions and obtain such certificates and opinions as the Registering Shareholders reasonably request in order to effect an underwritten public offering; and (ix) before filing any registration statement or any amendment or supplement thereto, and as far in advance as is reasonably practicable, furnish to each Registering Stockholder and its counsel copies

of such documents. In connection with any offering of Subject Securities registered pursuant to Section 3.1 or 3.2, the Company shall (x) furnish to the underwriter, if any, unlegended certificates representing ownership of the Subject Securities being sold in such denominations as requested and (y) instruct any transfer agent and registrar of the Subject Securities to release any stop transfer orders with respect to such Subject Securities. Upon any registration becoming effective pursuant to Section 3.1, the Company shall use its best efforts to keep such registration statement current for a period of 60 days (or 90 days, if the Company is eligible to use a Form S-3, or successor form) or such shorter period as shall be necessary to effect the distribution of the Subject Securities.

(a) Before filing with the SEC any registration statement referred to herein or any amendments or supplements thereto, the Company shall furnish to the Registering Shareholders or their respective counsel copies of all such documents proposed to be filed, in order to give the Registering Shareholders or their respective counsel sufficient time to review such documents, and such documents may thereafter be filed subject to any timely and reasonable comments of the Registering Shareholders or their respective counsel. The Company shall (i) deliver promptly to the Registering Shareholders or their respective counsel copies of all written communications between the Company and the SEC relating to the registration statement, and (ii) advise the Registering Shareholders or their respective counsel promptly of, and provide the Registering Shareholders or their respective counsel with the opportunity to participate in (to the extent reasonably practicable), all telephonic and other non-written communications between the Company and the SEC relating to such registration statement. The Company shall respond promptly to any comments from the SEC with respect thereto, after consultation with the Registering Shareholders or their respective counsel, and shall take such other actions as shall be reasonably required in order to have each such registration statement declared effective under the Securities Act as soon as reasonably practicable following the date hereof.

(b) Each Registering Stockholder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in subdivision (iv) of this Section 3.3, it will forthwith discontinue its disposition of Subject Securities pursuant to the registration statement relating to such Subject Securities until its receipt of the copies of the supplemented or amended prospectus contemplated by subdivision (iv) of this Section 3.3 and, if so directed by the Company, will deliver to the Company all copies (other than permanent file copies) then in its possession of the prospectus relating to such Subject Securities current at the time of receipt of such notice. If any Registering Stockholder's disposition of Subject Securities is discontinued pursuant to the foregoing sentence unless the Company thereafter extends the effectiveness of the registration statement to permit dispositions of Subject Securities by the Registering Stockholder for an aggregate of 60 days (or 90 days, if the Company is eligible to use a Form S-3, or successor form), whether or not consecutive, the registration statement shall not be counted for purposes of determining the number of registrations to which the Registering Shareholders are entitled pursuant to Section 3.1.

3.4. Expenses. The Registering Shareholders shall pay all agent fees and commissions and underwriting discounts and commissions related to Subject Securities being sold by the Registering Shareholders and the fees and disbursements of its counsel and accountants and the Company to the extent permitted by applicable law shall pay all fees and disbursements of its counsel and accountants in connection with any registration pursuant to this Article III. All other fees and expenses in connection with any registration statement (including, without limitation, all registration and filing fees, all printing costs, all fees and expenses of complying with securities or blue sky laws) shall to the extent permitted by applicable law (i) in the case of a registration pursuant to Section 3.1, be borne equally by the Registering Shareholders and the Company and (ii) in the case of a registration pursuant to Section 3.2, be shared pro rata based upon the respective market values of the securities to be sold by the Company, the Registering Shareholders and any other holders participating in such offering; provided that the Registering Shareholders shall not be obligated to pay any expenses relating to work that would otherwise be incurred by the Company including, but to limited to, the preparation and filing of periodic reports with the SEC.

3.5. Indemnification and Contribution. (a) In the case of any offering registered pursuant to this Article III, the Company agrees to indemnify and hold each Registering Stockholder, each underwriter, if any, of the Subject Securities under such registration and each person who controls any of the foregoing within the meaning of Section 15 of the Securities Act, and any officer, employee or partner of the foregoing, harmless against any and all losses, claims, damages, or liabilities (including reasonable legal fees and other reasonable expenses incurred in the investigation and defense thereof) to which they or any of them may become subject under the Securities Act or otherwise (collectively "LOSSES"), insofar as any such Losses shall arise out of or shall be based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the registration statement relating to the sale of such Subject Securities (as amended if the Company shall have filed with the SEC any amendment thereof), or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) any untrue statement or

alleged untrue statement of a material fact contained in the prospectus relating to the sale of such Subject Securities (as amended or supplemented if the Company shall have filed with the SEC any amendment thereof or supplement thereto), or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that the indemnification contained in this Section 3.5 shall not apply to such Losses which shall arise primarily out of or shall be based primarily upon any such untrue statement or alleged untrue statement, or any such omission or alleged omission, which shall have been made in reliance upon and in conformity with information furnished in writing to the Company by the Registering Shareholders or any such underwriter, as the case may be, specifically for use in connection with the preparation of the registration statement or prospectus contained in the registration statement or any such amendment thereof or supplement therein.

(a) In the case of each offering registered pursuant to this Article III, the Registering Shareholders and each underwriter, if any, participating therein shall agree, substantially in the same manner and to the same extent as set forth in the preceding paragraph, severally to indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, and the directors and executive officers of the Company, with respect to any statement in or omission from such registration statement or prospectus contained in such registration statement (as amended or as supplemented, if amended or supplemented as aforesaid) if such statement or omission shall have been made in reliance upon and in conformity with information furnished in writing to the Company by the Registering Shareholders or such underwriter, as the case may be, specifically for use in connection with the preparation of such registration statement or prospectus contained in such registration statement or any such amendment thereof or supplement thereto.

(b) Each party indemnified under this Section 3.5 shall, promptly after receipt of notice of the commencement of any claim ("CLAIM") against such indemnified party in respect of which indemnity may be sought hereunder, notify the indemnifying party in writing of the commencement thereof. The failure of any indemnified party to so notify an indemnifying party shall not relieve the indemnifying party from any liability in respect of such Claim which it may have to such indemnified party on account of the indemnity contained in this Section 3.5, unless (and only in the event) the indemnifying party was materially prejudiced by such failure, and in no event shall such failure relieve the indemnifying party from any other liability which it may have to such indemnified party. In case any Claim in respect of which indemnification may be sought hereunder shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it may desire, jointly with any other indemnifying party similarly notified, to assume the defense thereof through counsel reasonably satisfactory to the indemnified party by notifying the indemnified party in writing of such election within 10 days after receipt of the indemnified party's initial notice of the Claim, and after such notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 3.5 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than reasonable costs of investigation (unless such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to those available to such indemnifying party in which event the indemnified party shall be reimbursed by the indemnifying party for the reasonable expenses incurred in connection with retaining separate legal counsel). If the indemnifying party undertakes to defend against such Claim within such 10-day period, the indemnifying party shall control the investigation, defense and settlement thereof; provided that (i) the indemnifying party shall use its reasonable efforts to defend and protect the interests of the indemnified party with respect to such Claim, (ii) the indemnified party, prior to or during the period in which the indemnifying party assumes control of such matter, may take such reasonable actions as the indemnified party deems necessary to preserve any and all rights with respect to such matter, without such actions being construed as a waiver of the indemnified party's rights to defense and indemnification pursuant to this Agreement, and (iii) the indemnifying party shall not, without the prior written consent of the indemnified party, consent to any settlement which (A) imposes any Liabilities on the indemnified party (other than those Liabilities which the indemnifying party agrees to promptly pay or discharge), and (B) with respect to any non-monetary provision of such settlement, would be likely, in the indemnified party's reasonable judgment, to have an adverse effect on the business operations, assets, properties or prospects of any Stockholder (in the event that a Registering Stockholder or any of its Affiliates is the indemnified party), or the Company (in the event that the Company is an indemnified party), or such indemnified party. If the indemnifying party does not undertake within such 10-day period to defend against such Claim, then the indemnifying party shall have the right to participate in any such defense at its sole cost and expense, but the indemnified party shall control the investigation, defense and settlement thereof (provided that the indemnified party may not settle any such Claim without obtaining the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld by the indemnifying party; provided that in the event that the indemnifying party is in

material breach at such time of the provisions of this Section 3.5, then the indemnified party shall not be obligated to obtain such prior written consent of the indemnifying party) at the reasonable cost and expense of the indemnifying party (which shall be paid by the indemnifying party promptly upon presentation by the indemnified party of invoices or other documentation evidencing the amounts to be indemnified). In addition to the foregoing, no indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which the indemnified party could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability arising out of such claim or proceeding.

(c) If the indemnification provided for in this Section 3.5 is unavailable to an indemnified party or is insufficient to hold such indemnified party harmless from any Losses in respect of which this Section 3.5 would otherwise apply by its terms (other than by reason of exceptions provided herein), then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall have a joint and several obligation to contribute to the amount paid or payable by such indemnified party as a result of such Losses, in such proportion as is appropriate to reflect the relative benefits received by and fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the offering to which such contribution relates as well as any other relevant equitable considerations. The relative benefit shall be determined by reference to, among other things, the amount of proceeds received by each party from the offering to which such contribution relates. The relative fault shall be determined by reference to, among other things, each party's relative knowledge and access to information concerning the matter with respect to which the claim was asserted, and the opportunity to correct and prevent any statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include any legal or other fees or expenses incurred by such party in connection with any investigation or proceeding, to the extent such party would have been indemnified for such expenses if the indemnification provided for in this Section 3.5 was available to such party.

(d) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 3.5 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

3.6. Rule 144. The Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder (or, if the Company is not required to file such reports, it will, upon the request of any Stockholder, make publicly available other information), and it will take such further action as any Stockholder may reasonably request, all to the extent required from time to time to enable such Stockholder to sell Subject Securities without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the Commission. Upon the request of any Stockholder, the Company will deliver to such Stockholder a written statement as to whether it has complied with such requirements.

3.7. Holdback Agreement. The Company agrees that it and its Affiliates will not effect any sale, offer for sale, or grant any option to purchase any shares of common stock (or securities convertible into or exchangeable or exercisable for common stock) (collectively, "SALES") during the 10-day period prior to, and the 90-day period (or such longer period, not to exceed 120 days, as the managing underwriter(s) therefor determines) beginning on the effective date of a registration statement filed pursuant to Section 3.1 without the consent of such managing underwriter(s). The Shareholders agree not to effect any Sales during the 10-day period prior to, and the 90-day period (or such longer period, not to exceed 120 days, as the managing underwriter(s) therefor determines) beginning on the effective date of a registration statement relating to a primary offering (other than one described in clauses (i), (ii) or (iii) of the first sentence of Section 3.2 hereof) without the consent of such managing underwriter(s); provided that this sentence shall be of no force and effect if the Company effects a Sale or files any registration statement for the benefit of any other party during such 120-day period.

IV.

REPRESENTATIONS AND WARRANTIES

4.1. Representations and Warranties of the Company. The Company hereby represents and warrants to each of the Shareholders as follows:

(a) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated by this Agreement are within its corporate powers and have

been duly authorized by all necessary corporate action on its part. This Agreement constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, (i) except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers, and (ii) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(b) The execution, delivery and performance of this Agreement by the Company does not and will not contravene or conflict with or constitute a default under the Company's Memorandum of Association or Bye-laws or any of its material Contracts.

(c) Immediately after giving effect to both the Restructuring and the Distribution (including, without limitation, after giving effect to the distribution of shares of Spinco Common Stock to the holders of common stock of Loral and the holders of options with respect to common stock of Loral, who or which may be entitled to receive shares of Spinco Common Stock pursuant to or in connection with the Distribution Agreement, the Merger Agreement or otherwise), (i) the Company's authorized capital stock shall consist of _____ shares of Spinco Common Stock and _____ shares of Preferred Stock, of which _____ shares of Spinco Common Stock and _____ shares of Preferred Stock shall be issued and outstanding, (ii) Loral will be the record and beneficial owner of _____ shares of Preferred Stock, all of which will be validly issued and fully paid and nonassessable and all of which will be free of all Liens, (iii) except for the shares of Spinco Common Stock and the shares of Preferred Stock specified in clause (i) above, there will be no other Equity Securities, and (iv) the Wing Shareholders will hold, in the aggregate, at least twenty percent (20%) of the Total Voting Power.

V.

TERM

5.1. Term. The term (the "TERM") of this Agreement shall commence on the date hereof and shall continue until the earlier of (x) the date on which the Voting Power of the Equity Securities, on a fully diluted basis, beneficially owned by Loral and its Affiliates shall represent less than five percent (5%) of the Total Voting Power, (y) the tenth anniversary of the date hereof, or (z) a Change of Control (as defined in Section 1.1(c) above). Upon expiration of the Term, the provisions of this Agreement shall terminate, and be of no further force or effect, automatically without any further action on the part of any parties hereto; provided that the provisions of Articles III and VI shall continue without regard to the term limitation set forth in this sentence; provided further that no such termination shall relieve any party of any liability to the other parties hereto, to the extent such liability is incurred prior to the expiration of the Term.

VI.

MISCELLANEOUS

6.1. Certain Restrictions. The Company shall not take or recommend to its Shareholders any action, including any amendment of its Memorandum of Association, Bye-laws or stockholder rights plan, if any, which would impose restrictions applicable to Loral and not to other securityholders generally based upon the size of Loral' security holdings, the business in which it is engaged or other considerations applicable to it and not to securityholders generally. In addition, the Company shall not take or recommend to its Shareholders any action, including any amendment of its Certificate of Incorporation, By-laws or stockholder rights plan, if any, which would likely adversely affect in any material respect, either directly or indirectly, any of the rights or obligations of the Shareholders under the provisions of this Agreement.

The Shareholders agree that the Company may adopt a Shareholders rights plan similar to the Shareholders rights plan adopted by Loral except that Loral (and its Affiliates and associates) shall not be deemed to be an "ACQUIRING PERSON" unless Loral and its Affiliates become the beneficial owner of 25% or more of the outstanding shares of common stock of the Company.

6.2. Entire Agreement. This Agreement and the Restructuring Agreement (including the schedules and exhibits and the agreements and other documents referred to therein, including, without limitation, the Tax Sharing Agreement and the Transition Services Agreements) constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all other prior negotiations, commitments, agreements and understandings, both written and oral, between the parties or any of them with respect to the subject matter hereof.

6.3. Fees and Expenses. Except as otherwise provided in this Agreement, all costs and expenses incurred by the Shareholders and the Company in connection with consummating such party's obligations hereunder or otherwise shall be paid by the party incurring such cost or expense.

6.4. Access to Information. During the Term, the Company shall provide to each Stockholder reasonable access to the books and records of the Company and its subsidiaries during the regular business hours of the Company and such subsidiaries, following the Company's receipt of a written notice from such Stockholder requesting such access; provided that the Company shall not be required to provide any confidential information if the Company reasonably determines that the providing of such information would result in (x) a violation of applicable antitrust laws or (y) create a substantial likelihood of a significant adverse effect on the Company; provided, further, that the Stockholder shall keep confidential any confidential information disclosed to it except as required by law, service of process, interrogatories, or similar legal process, and except for any such information which becomes publicly available through no fault of the Stockholder.

6.5. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF (EXCEPT IN THOSE CIRCUMSTANCES WHERE THE CORPORATE LAW OF THE COMPANY'S JURISDICTION OF ORGANIZATION REQUIRES THE APPLICATION OF THE LAW OF THE COMPANY'S JURISDICTION OF ORGANIZATION WITH RESPECT TO A PARTICULAR MATTER).

6.6. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given upon (a) transmitter's confirmation of a receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand or (c) the expiration of five Business Days after the day when mailed by certified or registered mail, postage prepaid, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to any of the Shareholders, to:

Loral Corporation
c/o Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, MD 20817
Telephone: (301) 897-6125
Telecopy No.: (301) 897-6333
Attention: General Counsel

and to:

Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
Telephone: (212) 735-3000
Telecopy No.: (212) 735-2000
Attention: Peter Allan Atkins, Esq.
Lou R. Kling, Esq.

and to:

O'Melveny & Myers
153 E. 53rd Street
New York, New York 10022
Telephone: (212) 326-2000
Telecopy No.: (212) 326-2160
Attention: C. Douglas Kranwinkle, Esq.
Jeffrey J. Rosen, Esq.

If to the Company, to:

Loral Space & Communications Corporation
600 Third Avenue
New York, New York
Telephone: (212) 697-1105
Telecopy No.: (212) 602-9805
Attention: General Counsel

with a copy to:

Willkie Farr & Gallagher
153 E. 53rd Street
New York, New York 10022
Telephone: (212) 821-8000
Telecopy No.: (212) 821-8111
Attention: Robert B. Hodes, Esq.
Bruce R. Kraus, Esq.

In addition to providing any notice required to be given by the Company pursuant to its Certificate of Incorporation in the manner specified therein, the Company shall send to each Stockholder by telecopy in accordance with this Section 6.6 a copy of each such notice.

6.7. Successors and Assigns; Reclassifications; No Third Party Beneficiaries. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by

any party hereto (whether by operation of law or otherwise) without the prior written consent of the other parties hereto (which consent may not be unreasonably withheld), except that any party shall have the right, without the consent of any other party hereto, to assign all or a portion of its rights, interests and obligations hereunder to one or more direct or indirect subsidiaries, but no such assignment of obligation shall relieve the assigning party from its responsibility therefor. In the event of any recapitalization or reclassification of any Equity Securities, or any merger, consolidation or other transaction with like effect, the securities issued in replacement or exchange for such Equity Securities shall be deemed Equity Securities hereunder. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement; provided that the indemnified parties referred to in Section 3.5 hereof are intended to be third party beneficiaries of the provisions of Section 3.5 hereof, and shall have the right to enforce such provisions as if they were parties hereto.

6.8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.9. Further Assurances. Each party hereto or person subject hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto or person subject hereto may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

6.10. Interpretation. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. Unless otherwise specified in this Agreement, all references in this Agreement to "DAYS" shall be deemed to be references to calendar days.

6.11. Legal Enforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without affecting the validity or enforceability of the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

6.12. Consent to Jurisdiction. Each of the parties hereto irrevocably and unconditionally (a) agrees that all suits, actions or other legal proceedings arising out of this Agreement or any of the transactions contemplated hereby (a "SUIT") shall be brought and adjudicated solely in the United States District Court for the District of Delaware, or, if such court will not accept jurisdiction, in the Delaware Chancery Court or any court of competent civil jurisdiction sitting in New Castle County, Delaware, (b) submits to the non-exclusive jurisdiction of any such court for the purpose of any such Suit and (c) waives and agrees not to assert by way of motion, as a defense or otherwise in any such Suit, any claims that it is not subject to the jurisdiction of the above courts, that such Suit is brought in an inconvenient forum or that the venue of such Suit is improper. Each of the parties hereto also irrevocably and unconditionally consents to the service of any process, summons, pleadings, notices or other papers in a manner permitted by the notice provisions of Section 6.6 hereof and agrees that any such form of service shall be effective in connection with any such Suit; provided that nothing contained in this Section 6.12 shall affect the right of any party to serve process, pleadings, notices or other papers in any other manner permitted by applicable Law.

6.13. Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will waive, in any action for specific performance, the defense of adequacy of a remedy at law and (b) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to compel specific performance of this Agreement in any action instituted in any court referred to in Section 6.12 hereof.

IN WITNESS WHEREOF, each of the parties has caused this Shareholders Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

LORAL CORPORATION

By:_____
Name:
Title:

LORAL SPACE & COMMUNICATIONS
LTD.

By:_____
Name:
Title:

EXCHANGE AGREEMENT

EXCHANGE AGREEMENT, dated as of April 22, 1996 (the "AGREEMENT"), by and among Loral Space & Communications Ltd., a Bermuda company which is the successor-in-interest to Loral Space & Communications, Inc., a Delaware corporation ("SPACECOM"), Lockheed Martin Corporation, a Maryland corporation ("LMC"), and Loral Corporation, a New York corporation ("LORAL").

R E C I T A L S:

WHEREAS, each of Loral, LMC, and LAC Acquisition Corporation, a New York corporation ("LAC"), are parties to that certain Agreement and Plan of Merger, dated as of January 7, 1996, as amended (the "MERGER AGREEMENT");

WHEREAS, Loral, LMC, SpaceCom and certain affiliates of SpaceCom are parties to the Restructuring, Financing and Distribution Agreement dated as of January 6, 1996, as amended (the "DISTRIBUTION AGREEMENT");

WHEREAS, concurrently with the consummation of the Distribution (as defined in the Distribution Agreement), Loral and SpaceCom will enter into the Stockholders Agreement (as defined in the Distribution Agreement; for purposes of this Agreement, the "SPACECOM STOCKHOLDERS AGREEMENT");

WHEREAS, immediately following the Distribution, Loral will own all of the issued and outstanding shares of Series A Non-Voting Convertible Preferred Stock of SpaceCom (the "SPACECOM PREFERRED SHARES"), which, subject to certain conditions set forth in the Certificate of Designation of the SpaceCom Preferred Shares and the SpaceCom Stockholders Agreement, are convertible into shares of SpaceCom common stock, $.01 par value per share (the "SPACECOM COMMON STOCK"; collectively, the SpaceCom Preferred Shares and the SpaceCom Common Stock are the "SPACECOM SECURITIES");

WHEREAS, immediately following the Distribution, SpaceCom will own all of the issued and outstanding common stock, $.01 par value per share (the "SS/L BERMUDA COMMON STOCK"), of SS/L (Bermuda) Ltd., a Bermuda company ("SS/L BERMUDA");

WHEREAS, immediately following the Distribution all of the issued and outstanding shares of Series S Preferred Stock (as defined below) of SS/L Bermuda will be owned by Lehman Brothers Capital Partners, II, L.P., Lehman Brothers Merchant Banking Portfolio Partnership, L.P., Lehman Brothers Offshore Investment Partnership, L.P. and Lehman Brothers Offshore Investment Partnership-Japan L.P. (collectively, the "LEHMAN PARTNERSHIPS");

WHEREAS, immediately following the Distribution, SpaceCom, SS/L Bermuda and the Lehman Partnerships will be parties to the Second Amended and Restated Agreement dated as of November 13, 1992, as amended as of April 22, 1996 (the "SS/L BERMUDA STOCKHOLDERS AGREEMENT").

WHEREAS, pursuant to Sections 2.9, 2.10 and 5.4 of the SS/L Bermuda Stockholders Agreement, the Lehman Partnerships have, under certain circumstances and subject to certain conditions, the right to require SS/L to purchase from the Lehman Partnerships all of the Series S Preferred Stock;

WHEREAS, immediately following the Distribution, each of SS/L Bermuda, Aerospatiale Societe Nationale Industrielle, Alcatel Espace, Daimler-Benz Aerospace A.G. and Finmeccanica S.p.A. (collectively, the "STRATEGIC PARTNERS") will own shares of common stock, $.10 par value per share ("SS/L COMMON STOCK"), of Space Systems/Loral, Inc., a Delaware corporation ("SS/L");

WHEREAS, SpaceCom, SS/L Bermuda and SS/L intend to enter into an agreement with the Strategic Partners to amend that certain Stockholders Agreement, dated as of April 22, 1991, as amended November 2, 1992 (as amended by such contemplated amendment, the "SS/L STOCKHOLDERS AGREEMENT");

WHEREAS, pursuant to Section 4.4 of the SS/L Stockholders Agreement each of the Strategic Partners has, under certain circumstances and subject to certain conditions, the right to require SS/L to purchase from the Strategic Partner shares of SS/L Common Stock beneficially owned by the Strategic Partner (the "STRATEGIC PARTNER PUT RIGHTS");

WHEREAS, if SpaceCom acquires any of the ownership interests of the Lehman Partnerships or the Strategic Partners in SS/L Bermuda or SS/L, respectively, SpaceCom's direct or indirect ownership interest in SS/L will increase;

WHEREAS, while each of the parties hereto believe that an increase in the ownership by SpaceCom of SS/L would be entirely consistent with all applicable law and policies of the Antitrust Authorities (as defined in Section 2.1(a)), the parties have agreed to enter into this Agreement to provide for any contingencies that may hereinafter arise;

NOW THEREFORE, in consideration of the foregoing premises and

for other good and valuable consideration, the sufficiency of which is hereby acknowledged, LMC, Loral and SpaceCom agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 GENERAL. For convenience and brevity, certain terms used in various parts of this Agreement are listed in alphabetical order and defined or referred to below (such terms to be equally applicable to both singular and plural forms of the terms defined or referred to):

"CHANGE OF CONTROL" has, with respect to the Lehman Put Rights, the meaning assigned to the term in the SS/L Bermuda Stockholders Agreement and has, with respect to the Strategic Partner Put Rights, the meaning assigned to that term in the SS/L Stockholders Agreement.

"CLOSING MARKET PRICE" for each day for any publicly traded security means the last reported sales price regular way or, in case no such sale takes place on such day, the average of the closing bid and asked prices regular way, in either case on the principal national securities exchange on which the shares of the publicly traded security are listed or admitted to trading, or, if not listed or admitted to trading on any national securities exchange, on the Nasdaq National Market or, if the shares of the publicly traded security are not listed or admitted to trading on any national securities exchange or quoted on the Nasdaq National Market, the average of the closing bid and asked prices as furnished by any New York Stock Exchange member firm selected from time to time by LMC for such purpose.

"DISTRIBUTION DATE" has the meaning assigned to that term in the Distribution Agreement.

"EXERCISE" means (i) the valid exercise by the Lehman Partnerships of the Lehman Put Rights or by a Strategic Partner of the Strategic Partner Put Rights for reasons unrelated to a Change of Control other than the Change of Control resulting from the consummation of the Offer (as defined in the Merger Agreement) and/or (ii) the repurchase of SS/L Securities from the Lehman Partnerships by SpaceCom, SS/L Bermuda or SS/L otherwise than pursuant to an exercise of the Lehman Put Rights.

"FAIR MARKET VALUE" means (i) with respect to any publicly traded security, the average of the Closing Market Prices of such security for the 10 consecutive trading days ended immediately before the date of the Requirement Notice, and (ii) with respect to a security not publicly traded, the fair market value, as of the date of the Requirement Notice, determined as if the Company whose security is being valued were to be sold in its entirety with a reasonable amount of time available to negotiate and consummate such sale; provided, that for purposes of clauses (i) and (ii) of this definition, the Fair Market Value of SpaceCom Preferred Shares shall be deemed to be equal to the Fair Market Value of SpaceCom Common Stock into which they are convertible.

"GTL" means Globalstar Telecommunications Limited, a company organized under the laws of Bermuda.

"GTL COMMON STOCK" means the common stock, $1.00 par value per share, of GTL.

"LEHMAN PUT RIGHTS" means the rights of the Lehman Partnerships to require SpaceCom, SS/L, SS/L Bermuda or any affiliate of SpaceCom to purchase SS/L Securities beneficially owned by the Lehman Partnerships pursuant to Sections 2.9, 2.10 or 5.4 of the SS/L Bermuda Stockholders Agreement as in effect on the date hereof or as such agreement may be amended from time to time hereafter with respect to (i) the conditions precedent to the Lehman Partnerships' right to require the repurchase of the SS/L Securities, (ii) the times at which such repurchase must occur and (iii) the number of shares of SS/L Securities required to be sold in connection with the exercise of any such rights.

"OWNERSHIP INCREASE" means any increase in the beneficial ownership of equity securities of SS/L, or, as the context shall require, any binding agreement (an "OWNERSHIP INCREASE AGREEMENT") to enter into a transaction or series of transactions that would result in such an increase.

"REQUIREMENT NOTICE" has the meaning set forth in Section 3.2 hereof.

"SERIES S PREFERRED STOCK" means the shares of Series S Redeemable Preferred Stock, par value $.01 per share, of SS/L Bermuda.

"SS/L SECURITIES" means equity securities of either SS/L Bermuda or SS/L.

"STRATEGIC PARTNER PUT RIGHTS" means the rights of a Strategic Partner to require SpaceCom, SS/L, SS/L Bermuda or any affiliate of SpaceCom to purchase SS/L Securities beneficially owned by the Strategic Partner pursuant to Section 4.4 of the SS/L Stockholders Agreement as in effect on the date hereof or as such agreement may be amended from time to

time hereafter with respect to (i) the conditions precedent to the Strategic Partner's right to require the repurchase of the SS/L Securities, (ii) the times at which such repurchase must occur and (iii) the number of shares of SS/L Securities required to be sold in connection with the exercise of any such rights.

"TRANSFERRED SHARES" has the meaning set forth in Section 3.1(a) hereof.

ARTICLE II

ANTITRUST APPROVAL AND REVIEW

SECTION 2.1 ANTITRUST APPROVAL.

(a) The parties acknowledge and agree that an Ownership Increase could result in a requirement on the part of SS/L, SpaceCom and other parties to abide by a waiting period imposed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR ACT"), and to make certain filings required thereunder, and could otherwise be subject to approval by the relevant governmental or supragovernmental antitrust authorities of the United States or the European Community (the "ANTITRUST AUTHORITIES"). Any such approval with respect to an Ownership Increase resulting from an Exercise and the lapse or early termination of the HSR Act waiting period with respect thereto is hereinafter referred to as an "APPROVAL".

(b) SpaceCom agrees that it shall not seek Approval unless it shall have received the prior written opinion of Willkie Farr & Gallagher (and/or such other counsel reasonably acceptable to LMC) that absent such Approval, the Ownership Increase would constitute a violation of law (the "OPINION").

SECTION 2.2 ANTITRUST REVIEW.

(a) SpaceCom will give LMC prompt written notice of any Ownership Increase resulting from an Exercise and a copy of any Opinion received in connection therewith.

(b) Following delivery of the Opinion to LMC, LMC and SpaceCom will (i) take promptly all actions necessary to make the filings required of LMC, SpaceCom or any of their affiliates necessary to obtain the Approval, (ii) comply at the earliest practicable date with any request from the Antitrust Authorities for additional information or documentary material related to the Ownership Increase, and (iii) cooperate in connection with any filing required by the Antitrust Authorities in connection with the Approval and in connection with resolving any investigation or other inquiry commenced by the Antitrust Authorities concerning the Ownership Increase.

(c) In furtherance and not in limitation of the covenants of LMC and SpaceCom contained in Section 2.2(b) hereof, LMC and SpaceCom shall each use reasonable efforts to resolve such objections, if any, as may be asserted with respect to the Ownership Increase. SpaceCom shall use its reasonable efforts to obtain the Approval without the Approval being conditioned upon a change in LMC's ownership interest in SpaceCom, including, without limitation, SpaceCom's agreeing to reasonable alternative conditions or proposals of the Antitrust Authorities not involving any change in LMC's ownership interest in SpaceCom; provided, that SpaceCom shall not be required to take any action or agree to any alternative conditions or proposals that would have a material adverse effect on SpaceCom. LMC will, and will cause its subsidiaries, to use reasonable efforts to assist SpaceCom in obtaining the Approval without the Approval being conditioned upon any change in LMC's ownership interest in SpaceCom including, without limitation, agreeing to reasonable alternative conditions or proposals of the Antitrust Authorities not involving any reduction in LMC's ownership of SpaceCom Securities; provided that LMC shall not be required to take any action, or agree to any alternative conditions or proposals, that could, in the reasonable judgment of LMC, have a material adverse effect on LMC's investment in SpaceCom.

ARTICLE III

EXCHANGE

SECTION 3.1 EXCHANGE.

(a) If, following an Ownership Increase resulting from an Exercise and receipt of the Opinion, an Antitrust Authority requires as a condition to the Approval that the indirect ownership interest of LMC in SS/L be reduced below the indirect ownership interest that would otherwise result from the Ownership Increase (the "ANTITRUST REQUIREMENT"), then LMC shall be required to transfer to SpaceCom shares of SpaceCom Securities beneficially owned by LMC as specified in Section 3.1(c) hereof in exchange for shares of GTL Common Stock; provided, however, that no such transfer shall be required if the transactions contemplated by an Ownership Increase Agreement are not completed.

(b) SpaceCom shall provide prompt written notice of the

Antitrust Requirement to LMC and shall include therein reasonable evidence of the Antitrust Requirement (the "REQUIREMENT NOTICE").

(c) The number of shares of SpaceCom Securities to be transferred by or on behalf of LMC (the "TRANSFERRED SHARES") shall be the minimum number of shares necessary to reduce LMC's indirect ownership interest in SS/L to the maximum ownership interest therein permitted by the Antitrust Authorities as a condition necessary to the Approval; it being understood that nothing in this Agreement will require LMC to reduce its fully-diluted ownership interest in SpaceCom below 20% unless, prior to such reduction, appropriate modification of Section 1.4 of the SpaceCom Stockholders Agreement shall have been made that preserves the economic benefits to Loral of the option contained in such Section 1.4. The number of shares of GTL Common Stock to be delivered to LMC in exchange for the Transferred Shares shall be a number of shares of GTL Common Stock having a Fair Market Value equal to the Fair Market Value of the Transferred Shares.

(d) Notwithstanding the provisions of Section 3.1(a) hereof, SpaceCom shall not be required to deliver shares of GTL Common Stock to LMC as required thereunder if an Antitrust Authority from which Approval is requested, as a condition to the Approval, prohibits the exchange of GTL Common Stock for the Transferred Shares. In such event, in lieu of transferring GTL Common Stock to LMC in exchange for the Transferred Shares, SpaceCom shall pay LMC, upon surrender and transfer of the Transferred Shares to SpaceCom, cash in an amount equal to the greater of (i) the Fair Market Value of the Transferred Shares and (ii) the original purchase price of the Transferred Shares, increased at the rate of 10% per annum, compounded annually, from the date of the consummation of the Offer (as defined in the Merger Agreement) through the date of the transfer of the Transferred Shares to SpaceCom. The parties agree that for the purposes of this Section 3.1(d) the aggregate original purchase price of the SpaceCom Securities owned beneficially by LMC on the Distribution Date is $344 million.

SECTION 3.2 DETERMINATION OF CONSIDERATION. Following receipt of the Requirement Notice by LMC, each of LMC and SpaceCom will use their reasonable efforts to reach an agreement on the number of shares of GTL Common Stock to be transferred, or the amount of cash to be paid, as the case may be, pursuant to Section 3.1(c) hereof, to LMC in exchange for the Transferred Shares. If, within 10 business days after the date of delivery of the Requirement Notice, LMC and SpaceCom cannot agree on the number of shares of GTL Common Stock or amount of cash, as the case may be, to be received by LMC in consideration of the Transferred Shares pursuant to Section 3.1 hereof (the "CONSIDERATION"), then the Consideration shall be determined by such nationally recognized investment bank as LMC and SpaceCom shall jointly select (the "DESIGNATED INVESTMENT BANK"). LMC and SpaceCom shall use their best efforts to cause the determination of the Consideration by the Designated Investment Bank to be completed in five business days if SpaceCom Securities and GTL Common Stock are both publicly traded securities and otherwise in 60 days, in each case, after the date of engagement of the Designated Investment Bank. The determination of the Designated Investment Bank shall be final and binding on the parties hereto. One-half of the fees and expenses of the Designated Investment Bank shall be paid by each of LMC and SpaceCom.

SECTION 3.3 NEW REGISTRATION RIGHTS. If the Consideration is shares of GTL Common Stock, then on or before the date the Consideration is received by LMC, SpaceCom shall cause GTL to enter into an agreement with LMC and Loral providing for LMC and Loral to have registration rights with respect to all of the shares of GTL Common Stock received in exchange for the Transferred Shares, the terms of which shall be substantially identical to the registration rights of Loral with respect to the SpaceCom Securities set forth in Article III of the SpaceCom Stockholders Agreement; provided, that the minimum number of shares and minimum value of shares of GTL Common Stock required to be included in any registration shall be adjusted in direct proportion to the difference, if any, in the market capitalization of GTL as compared to the market capitalization of SpaceCom, on the date of the Requirement Notice.

SECTION 3.4 CLOSING OF EXCHANGE. The closing with respect to the exchange of the Transferred Shares for the Consideration pursuant to Article III hereof shall be on a mutually determined closing date which shall be the later of a date not more than 15 days after (i) the date on which LMC and SpaceCom agree on the Consideration or, if applicable, the Designated Investment Bank determines the Consideration and (ii) the consummation of the transactions resulting in the Ownership Increase. The closing shall be held at 10:00 a.m., local time, at the principal office of SpaceCom, or at such other time or place as LMC and SpaceCom mutually agree. On such closing date, LMC and, if applicable, SpaceCom shall deliver (i) certificates representing the shares of SpaceCom Securities and, if applicable, GTL Common Stock, respectively, which shares shall be free and clear of any lien, claim or encumbrance, and in the case of the GTL Common Stock, shall be validly issued, fully paid and non-assessable, and (ii) such instruments of transfer and evidence of ownership and authority as the other party may reasonably request. In the event the Consideration is cash, then SpaceCom shall pay the Consideration to LMC by wire transfer of immediately available funds no later than 2:00 p.m. on the closing date to the account designated by LMC prior to such closing date.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1 ENTIRE AGREEMENT. This Agreement, the Distribution Agreement and the SpaceCom Stockholders Agreement (including the schedules and exhibits and the agreements and other documents referred to therein) constitute the entire agreement among the parties with respect to the subject matter hereof and supersedes all other prior negotiations, commitments, agreements and understandings, both written and oral, between the parties or any of them with respect to the subject matter hereof.

SECTION 4.2 FEES AND EXPENSES. Except as otherwise provided in the last sentence of Section 3.2 hereof, all reasonable costs and expenses incurred by the parties hereto in connection with consummating such party's obligations hereunder or otherwise shall be paid by SpaceCom; provided, however, that upon the request of SpaceCom, LMC shall advise SpaceCom from time to time of the extent of the activities of LMC's outside advisors in connection with LMC satisfying its obligations under Section 2.2(b) hereof; and provided further, that LMC shall consider in good faith the reasonable requests of SpaceCom with respect to reducing the costs and expenses being incurred by LMC in connection therewith.

SECTION 4.3 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF (EXCEPT IN THOSE CIRCUMSTANCES WHERE THE CORPORATE LAW OF THE COMPANY'S JURISDICTION OF ORGANIZATION REQUIRES THE APPLICATION OF THE LAW OF THE COMPANY'S JURISDICTION OF ORGANIZATION WITH RESPECT TO A PARTICULAR MATTER).

SECTION 4.4 NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed given upon (a) transmitter's confirmation of a receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand or (c) the expiration of five Business Days after the day when mailed by certified or registered mail, postage prepaid, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

(i) If to LMC or Loral, to:

Lockheed Martin Corporation
6801 Rockledge Drive
Bethesda, MD 20817
Telephone: (301) 897-6125
Telecopy No.: (301) 897-6333
Attention: Frank H. Menaker, Jr., General Counsel

and to:

Skadden, Arps, Slate, Meagher & Flom
919 Third Avenue
New York, New York 10022
Telephone: (212) 735-3000
Telecopy No.: (212) 735-2000
Attention: Peter Allan Atkins, Esq.

and to:

O'Melveny & Myers
One Citicorp Center
153 E. 53rd Street
New York, New York 10022
Telephone: (212) 326-2000
Telecopy No.: (212) 326-2160

Attention: Jeffrey J. Rosen, Esq.

(ii) If to SpaceCom, to:

Loral Space & Communications Ltd.
600 Third Avenue
New York, New York
Telephone: (212) 697-1105
Telecopy No.: (212) 602-9805
Attention: Eric J. Zahler, General Counsel

with a copy to:

Willkie Farr & Gallagher
One Citicorp Center
153 E. 53rd Street
New York, New York 10022
Telephone: (212) 821-8000
Telecopy No.: (212) 821-8111
Attention: Robert B. Hodes, Esq.
Bruce R. Kraus, Esq.

SECTION 4.5 SUCCESSORS AND ASSIGNS; RECLASSIFICATIONS; NO THIRD PARTY BENEFICIARIES. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties and their

respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto (whether by operation of law or otherwise) without the prior written consent of the other parties hereto (which consent may not be unreasonably withheld), except that any party shall have the right, without the consent of any other party hereto, to assign all or a portion of its rights, interests and obligations hereunder to one or more direct or indirect subsidiaries, but no such assignment of obligation shall relieve the assigning party from its responsibility therefor. In the event of any recapitalization or reclassification of any SpaceCom Securities, or any merger, consolidation or other transaction with like effect, the securities issued in replacement or exchange for such SpaceCom Securities shall be deemed SpaceCom Securities hereunder. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

SECTION 4.6 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 4.7 FURTHER ASSURANCES. Each party hereto or person subject hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto or person subject hereto may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

SECTION 4.8 INTERPRETATION. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. Unless otherwise specified in this Agreement, all references in this Agreement to "days" shall be deemed to be references to calendar days.

SECTION 4.9 SUMMARY PROCEEDING. No dispute arising with respect to this Agreement where the amount in controversy as to at least one party, exclusive of interest and costs, exceeds One Million Dollars ($1,000,000) (a "SUMMARY PROCEEDING"), shall be litigated except in the Superior Court of the State of Delaware (the "DELAWARE SUPERIOR COURT") as a summary proceeding pursuant to Rules 124-131 of the Delaware Superior Court, or any successor rules (the "SUMMARY PROCEEDING RULES"). Each of the parties hereto hereby irrevocably and unconditionally (i) submits to the jurisdiction of the Delaware Superior Court for any Summary Proceeding, (ii) agrees not to commence any Summary Proceeding except in the Delaware Superior Court; (iii) waives, and agrees not to plead or to make, any objection to the venue of any Summary Proceeding in the Delaware Superior Court, (iv) waives, and agrees not to plead or to make, any claim that the Delaware Superior Court lacks personal jurisdiction over it, and (iv) waives its right to remove any Summary Proceeding to the federal courts except where such courts are vested with sole and exclusive jurisdiction by statute.

SECTION 4.10 SPECIFIC PERFORMANCE. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will waive, in any action for specific performance, the defense of adequacy of a remedy at law and (b) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to compel specific performance of this Agreement in any action instituted in any court referred to in Section 4.9 hereof.

IN WITNESS WHEREOF, each of the parties has caused this Exchange Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

LORAL SPACE & COMMUNICATIONS LTD.

By:_____
Name:
Title:

LOCKHEED MARTIN CORPORATION

By:_____
Name:
Title:

LORAL CORPORATION

By:_____
Name:
Title: