June 21, 2007

Mr. Kenneth L. Wainstein
Assistant Attorney General
National Security Division
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Ms. Sigal P. Mandelker
Deputy Assistant Attorney General
Criminal Division
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Ms. Elaine N. Lammert
Deputy General Counsel
Federal Bureau of Investigation
935 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Mr. Stewart A. Baker
Assistant Secretary for Policy
U.S. Department of Homeland Security
Washington, D.C. 20528

Re: Application for Transfer of Control, BCE (Telesat)-Loral, IB Docket No. 07-44

Dear Mr. Wainstein, Ms. Mandelker, Ms. Lammert and Mr. Baker:

This letter outlines the commitments made by 4363205 Canada Inc. (Holdco), 4363213 Canada Inc. (Acquireco) and Skynet Satellite Corporation (collectively, "Holdco"), to the U.S. Department of Justice ("DOJ"), including the Federal Bureau of Investigation ("FBI"), and to the U.S. Department of Homeland Security ("DHS"), in order to address national security, law enforcement, and public safety concerns raised with regard to Holdco's applications to the Federal Communications Commission ("FCC") for consent to two separate transactions. Pursuant to the first proposed transaction, Holdco will acquire control of Telesat Canada ("Old Telesat"), and Old Telesat's subsidiary, Able Infosat Communications Inc. ("Able Infosat"). In the second transaction, Holdco will acquire the businesses and subsidiaries of Loral Skynet Corporation (collectively, "Loral Skynet"). Pursuant to these transactions, Holdco will acquire indirect control of a variety of U.S. space station, earth station, and wireless licenses and

international Section 214 authorizations currently held by Old Telesat, Able Infosat, or Loral Skynet.

Description of the Transactions.

In the first transaction, Holdco will acquire indirectly from BCE, parent of Old Telesat, all of the issued and outstanding shares of Old Telesat. This transaction is simply a substitution of ultimate ownership and control of the FCC licenses and assets held by Old Telesat and its indirect subsidiary Able Infosat.

In the second transaction, which likely will occur simultaneously with the first transaction, Loral Skynet will indirectly assign to Holdco certain wireless, space station and earth station licenses and related assets. Loral Skynet also will transfer indirect control of certain Loral Skynet subsidiaries to Holdco. Thus, the two transactions will combine under the common ownership and control of Holdco, the existing Old Telesat and Able Infosat assets with those of Loral Skynet.

Description of Ownership of Holdco.

Holdco's ultimate owners will be the Public Sector Pension Investment Board ("PSP"), Loral Space & Communications Inc. ("Loral"), and two independent third party Canadian investors, John P. Cashman and Colin D. Watson (together, the "TPIs").

> **PSP.** PSP is a Canadian Crown corporation established by the Canadian Parliament pursuant to the Public Sector Pension Investment Board Act to manage employer and employee contributions of certain Canadian government employees.
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> **Loral.** Loral, a Delaware corporation, is a publicly traded company in the U.S. Through its subsidiary Loral Skynet, Loral owns and operates a fleet of geosynchronous satellites around the globe. Loral Skynet provides a variety of satellite services to television and cable networks, communications service providers, resellers, and corporate and government customers.
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> **TPIs.** The TPIs are two Canadian investors, John P. Cashman and Colin D. Watson, both of whom are prominent businessmen in Canada.

Assurances

Availability of Records. Holdco agrees that, for all customer billing records, subscriber information, and any other related information used, processed, or maintained in the ordinary course of business relating to (i) communications services offered by Holdco provided from one U.S. location to another U.S. location or (ii) the U.S. portion of communication services offered by Holdco that originate or terminate in the U.S. ("U.S. Records"), Holdco will make such U.S. Records available in the U.S. in response to lawful U.S. process. For these purposes, U.S. Records shall include information subject to disclosure to a U.S. Federal or state governmental

entity under the procedures specified in Sections 2703(c) and (d) and Section 2709 of Title 18 of the United States Code. Holdco agrees to ensure that U.S. Records are not made subject to mandatory destruction under any foreign laws. Holdco agrees to take all practicable measures to prevent unauthorized access to, or disclosure of the content of, communications or U.S. Records, in violation of any U.S. Federal, state, or local laws or of the commitments set forth in this letter. If Holdco learns of any unauthorized disclosure with respect to U.S. Records, it will deliver a written notification containing all the known details concerning each such incident to the FBI, DOJ and DHS within five (5) business days.

Nondisclosure of U.S. Law Enforcement Requests. Holdco agrees that it will not, directly or indirectly, disclose, or permit disclosure of or access to, U.S. Records, domestic communications, or to any information (including the content of communications) pertaining to a wiretap order, pen/trap order, subpoena or other lawful demand by a U.S. law enforcement agency for U.S. Records, to any person if the purpose of such disclosure or access is to respond to the legal process or request on behalf of a non-U.S. government without first satisfying all pertinent requirements of U.S. law and obtaining the express written consent of the FBI, DOJ and DHS or the authorization of a court of competent jurisdiction in the United States. The term "non-U.S. government" means any government, including an identified representative, agent, component or subdivision thereof, that is not a local, state or Federal government in the United States. Any such requests or legal process submitted by a non-U.S. government to Holdco requesting such disclosure shall be referred to the FBI, DOJ and DHS as soon as possible, and in no event later than five (5) business days after such request or legal process is received by or known to Holdco, unless the disclosure of the request or legal process would be in violation of U.S. law or an order of a court in the United States. If upon seven (7) business days following the FBI's, DOJ's and DHS' receipt of Holdco's referral, the FBI, DOJ and DHS have not acted, then Holdco may respond to such request or legal process as it deems appropriate, and Holdco thereafter shall promptly advise the FBI, DOJ and DHS in writing of its actions. Notwithstanding the foregoing, in the event of exigent circumstances or if Holdco's response to the non-U.S. government request or legal process is due less than ten (10) business days from the date Holdco receives the request or legal process, these time periods shall not apply, but Holdco shall use its best efforts under the circumstances to consult with the FBI, DOJ and DHS before responding, and will in any event notify the FBI, DOJ and DHS: 1) relative to Holdco's receipt of the request or legal process, not later than one (1) business day following such receipt; and 2) relative to Holdco's response to such request or legal process, not later than one (1) business day from the date Holdco submits its response.

Law Enforcement Point of Contact. Holdco also agrees that it will maintain one or more points of contact within the United States with the authority and responsibility for accepting and overseeing compliance with a wiretap order, pen/trap order, subpoena or other lawful demand by U.S. law enforcement authorities for the content of communications or U.S. Records. Holdco will notify the FBI, DOJ and DHS in writing at the addresses listed above of the point(s) of contact within ten (10) days of this letter, and shall promptly notify the FBI, DOJ and DHS of any change in its designated point(s) of contact. Any new point of contact shall be a resident U.S. citizen, and Holdco shall cooperate with any request by a U.S. government authority that a background check or security clearance process be completed for a designated point of contact.

Notification. Holdco agrees that it will notify the FBI, DOJ and DHS before it seeks to commence the sale (or resale) of any common carrier switched services that are interconnected with the public switched network, other than through Able Infosat. Similarly, Holdco will notify the FBI, DOJ and DHS if there are any material changes in any of the facts as represented in this letter. All notices to be provided to the FBI, DOJ, or DHS shall be directed to the named addressees of this letter or their successors.

Remedies. Holdco acknowledges that, in the event the commitments set forth in this letter are breached, in addition to any other remedy available at law or equity, the DOJ, FBI, or DHS may request that the FCC modify, condition, revoke, cancel, or render null and void any relevant license, permit, or other authorization granted by the FCC to Holdco or any successor-in-interest to Holdco.

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Nothing in this letter is intended to excuse Holdco or its subsidiaries from any obligation they may have to comply with applicable U.S. legal requirements for the retention, preservation, or production of information, records or data, or from any applicable requirements of the Communications Assistance for Law Enforcement Act, 47 U.S.C. 1001, et seq., nor shall it constitute a waiver of: (a) any obligation imposed by any applicable U.S. Federal, state or local laws on Holdco or its subsidiaries; (b) any enforcement authority available under any applicable U.S. or state laws; (c) the sovereign immunity of the United States; or (d) any authority the U.S. government may possess (including without limitation authority pursuant to International Emergency Economic Powers Act) over the activities of Holdco or its subsidiaries located within or outside the United States. Nothing in this letter is intended to or is to be interpreted to require the parties to violate any applicable U.S. law. Likewise, nothing in this letter limits the right of the United States Government to pursue criminal sanctions or charges against Holdco or its subsidiaries, and nothing in this letter provides Holdco or its subsidiaries with any relief from civil liability.

Except for the obligation to notify the FBI, DOJ and DHS of the point(s) of contact within ten (10) days of this letter, the commitments in this letter will take effect upon the closing of the transactions described herein. The parties will promptly notify the DOJ, FBI, and DHS when they close the transactions.

Holdco understands that, upon execution of this letter by an authorized representative or attorney for Holdco, the DOJ, FBI, and DHS shall notify the FCC that the DOJ, FBI, and DHS have no objection to the FCC's grant of the above-referenced applications.

Sincerely,

4363205 Canada Inc. (Holdco)

By: _____
Printed Name: Jim Pittman
Title: Vice-President

By: _____
Printed Name: Eric Zahler
Title: Vice President

4363213 Canada Inc. (Acquireco)

By: _____
Printed Name: Jim Pittman
Title: Vice-President

By: _____
Printed Name: Eric Zahler
Title: Vice President

Skynet Satellite Corporation

By: _____
Printed Name: Eric Zahler
Title: President