FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1998-01-05** | Period of Report: **1997-06-30**
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FILER

PANAMSAT CORP /NEW/

CIK:**1037388**| IRS No.: **954607698** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **000-22531** | Film No.: **98501165**
SIC: **4899** Communications services, nec

Mailing Address
ONE PICKWICK PLAZA
C/O PAN AM SAT
GREENWICH CT 06830

Business Address
7200 HUGHES TERRACE
C/O HUGHES ELECTRONICS CORP
LOS ANGELES CT 90045
2036226664

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q/A

(MARK ONE)

/x/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1997

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from_____ to _____

Commission File No. 0-22531

PanAmSat Corporation*
(Exact Name of Registrant as Specified in its Charter)

Delaware	95-4607698
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

One Pickwick Plaza, Greenwich, CT. 06830
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: 203-622-6664

(Former Name, Former Address and Former Fiscal Year if Changed Since Last Report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X** NO

As of June 30, 1997, an aggregate of 149,122,807 shares of the Company's Common Stock were outstanding.

* PanAmSat Corporation ("PanAmSat" or the "Company") is the parent corporation of PanAmSat International Systems, Inc. ("Old PanAmSat")(Commission File No. 0-26712; IRS Employer Identification No. 06-1407851), which was known as "PanAmSat Corporation" until May 16, 1997, when it became a wholly owned subsidiary of PanAmSat as a consequence of the combination of Old PanAmSat and the commercial satellite business of Hughes Communications, Inc. (the "Galaxy Business"), as more fully described herein. The Company has applied the purchase method of accounting to the transaction with the Galaxy Business as the acquiror.

** PanAmSat became subject to the reporting requirements of the Securities Exchange Act of 1934 on May 6, 1997, upon the effectiveness of its Registration Statement on Form 8-A, and has filed all reports required to be filed since that date.

EXPLANATORY NOTE

THIS 10-Q/A IS BEING FILED BY THE COMPANY TO AMEND THE FINANCIAL STATEMENTS TO REFLECT DIVIDENDS ON PREFERRED STOCK OF ITS WHOLLY-OWNED SUBSIDIARY AS MINORITY INTEREST. THE 10-Q REMAINS UNCHANGED IN ALL OTHER MATERIAL RESPECTS.

PanAmSat Corporation
For the Quarter Ended June 30, 1997

PART I - FINANCIAL INFORMATION

ITEM 1 - Financial Statements

PART II - OTHER INFORMATION

Cautionary Statement For Purposes Of The "Safe Harbor"
Provisions Of The Private Securities Litigation Reform Act of 1995

This Quarterly Report contains historical information and forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements. When used in this Form 10-Q and the documents incorporated by reference herein, the words "estimate," "project," "anticipate," "expect," "believe" and other expressions used to indicate future events are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause the Company's actual results in future periods to be materially different from any future performance suggested herein. Further, the Company operates in an industry sector where securities values may be volatile and may be influenced by economic and other factors beyond the Company's control. In the context of the forward-looking information provided in this Quarterly Report and in other reports, please refer to the discussions of risk factors detailed in, as well as the other information contained in, the Company's other filings with the Securities and Exchange Commission.

PanAmSat Corporation
CONSOLIDATED BALANCE SHEETS
(in thousands)

<TABLE>
<CAPTION>

	June 30, 1997 (Unaudited)	December 31, 1996
<S> ASSETS	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents	$ 335,411	$ 29
Operating lease, sale and contract receivables	57,657	21,742
Net investment in sales type leases	25,621	20,634
Prepaid expenses and other current assets	24,045	23,313
Deferred income taxes	42,978	46,989
TOTAL CURRENT ASSETS	485,712	112,707
SATELLITES AND OTHER PROPERTY AND EQUIPMENT, AT COST	1,601,750	744,610
Less: Accumulated Depreciation and Amortization	(531,115)	(340,717)
	1,070,635	403,893
MARKETABLE SECURITIES	330,000	0.00

SATELLITE SYSTEMS UNDER DEVELOPMENT	1,232,696	316,332
NET INVESTMENT IN SALES TYPE LEASES	337,686	320,610
INTANGIBLE ASSETS, NET OF AMORTIZATION	2,537,609	72,896
DEFERRED INCOME TAXES	92,544	0.00
DEFERRED COSTS AND OTHER ASSETS	57,635	49,078
TOTAL ASSETS	$ 6,144,517	$ 1,275,516

</TABLE>

PanAmSat Corporation
CONSOLIDATED BALANCE SHEETS - (continued)
(in thousands, except share data)

<TABLE>
<CAPTION>

	June 30, 1997 (Unaudited)	December 31, 1996
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 4,342	$ 0
Accounts payable and accrued liabilities	143,473	24,459
Accrued in-orbit performance insurance	17,711	26,481
Deferred gains on sales and leasebacks	0	42,871
Deferred revenue	14,671	5,424
TOTAL CURRENT LIABILITIES	180,197	99,235
DUE TO AFFILIATES	1,812,286	0
LONG-TERM DEBT	633,250	0
ACCRUED OPERATING LEASEBACK AND CONTRACT EXPENSES	87,266	107,841
DEFERRED INCOME TAXES	137,870	0
DEFERRED REVENUE	108,767	31,596
DEFERRED GAINS ON SALES AND LEASEBACKS	256,187	234,751
TOTAL LIABILITIES	$ 3,215,823	$ 473,423
COMMITMENTS AND CONTINGENCIES		
PREFERRED STOCK, 12-3/4% Mandatorily Exchangeable Senior Redeemable Preferred Stock, $0.01 par value, 20,000,000 shares authorized, 352,740 shares issued and outstanding 9,389 shares for accrued dividend	421,392	0
PARENT COMPANY'S NET INVESTMENT	0	802,093
STOCKHOLDERS' EQUITY:		
Common Stock, $0.01 par value 400,000,000 shares authorized, 149,122,807 shares issued and outstanding	1,491	0
Additional paid-in-capital	2,498,885	0
Retained earnings	6,926	0
Total Stockholders' Equity	2,507,302	0
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,144,517	$ 1,275,516

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</TABLE>

PanAmSat Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
For the Six Months Ended June 30, 1997 and 1996
(in thousands)

<TABLE>
<CAPTION>

	June 30, 1997	June 30, 1996
<S>	<C>	<C>
REVENUES:		
Outright sales and sales type leases	$ 52,184	$ 84,210
Operating leases, satellite services and other	209,561	168,336
	261,745	252,546
OPERATING EXPENSES:		
Cost of outright sales and sales type leases	20,476	26,520
Leaseback expense, net of deferred gain	30,883	33,643
Depreciation and amortization	45,574	29,854
Direct operating costs	16,347	21,906
Selling, general and administrative expenses	18,856	14,079
	132,136	126,002
INCOME FROM OPERATIONS	129,609	126,544
INTEREST EXPENSE, NET	(16,687)	(4,545)
OTHER INCOME	385	2,146
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	113,307	124,145
INCOME TAXES	47,737	46,554
MINORITY INTEREST	5,785	0
NET INCOME	$ 59,785	$ 77,591

</TABLE>

The accompanying notes are an integral part
of these consolidated financial statement

PanAmSat Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
For the Three Months Ended June 30, 1997 and 1996
(in thousands)

<TABLE>
<CAPTION>

	June 30, 1997	June 30, 1996
<S>	<C>	<C>
REVENUES:		
Outright sales and sales type leases	$ 11,158	$ 18,423
Operating leases, satellite services and other	123,034	98,864
	134,192	117,287
OPERATING EXPENSES:		
Cost of outright sales and sales type leases	4,054	7,357
Leaseback expense, net of deferred gain	15,466	19,475
Depreciation and amortization	30,989	14,718
Direct operating costs	8,189	11,397
Selling, general and administrative expenses	13,396	6,814

	72,094	59,761
INCOME FROM OPERATIONS	62,098	57,526
INTEREST EXPENSE, NET	(14,909)	(357)
OTHER INCOME (EXPENSE)	(847)	1,325
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	46,342	58,494
INCOME TAXES	22,625	18,597
MINORITY INTEREST	5,785	0
NET INCOME	$ 17,932	$ 39,897

</TABLE>

The accompanying notes are an integral part
of these consolidated financial statement

PanAmSat Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the Six Months Ended June 30, 1997 and 1996
(in thousands)

<TABLE>
<CAPTION>

	June 30, 1997	June 30, 1996
<S>	<C>	<C>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Net income	$ 59,785	$ 77,591
Adjustments to reconcile net income to net cash provided by operating activities:		
Gross profit on sales - type leases	(33,572)	(47,858)
Depreciation and amortization	45,574	29,854
Deferred income taxes	(28,987)	(39,880)
Amortization of gains on sales and leasebacks	(21,435)	(20,123)
Provision for uncollectible receivables	(4,534)	(2,632)
Accretion of interest on senior subordinated discount notes	5,585	-
Interest expense capitalized	(19,139)	-
Minority Interest	5,785	-
Changes in assets and liabilities, net of acquired assets and liabilities:		
Collections on investments in sales-type leases	11,509	18,514
(Increase) decrease in operating lease and other receivables	(20,179)	2,919
Increase (decrease) in prepaid expenses and other current assets	16,513	(6,251)
Increase (decrease) in accounts payable and accrued liabilities	8,058	(5,340)
Increase (decrease) in accrued in-orbit performance insurance	(8,770)	3,067
Increase (decrease) in accrued operating lease expense	(20,575)	28,610
Increase (decrease) in deferred gains and revenues	3,577	(3,910)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(805)	34,561
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Old PanAmSat, net of cash acquired	(1,018,669)	-
Capital Expenditures	(335,215)	(130,875)
Proceeds from sale and leaseback of satellite transponders	-	252,000
Purchase of marketable securities	(36,827)	-
Decrease in other assets	2,415	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(1,388,296)	121,125
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings	1,725,000	-
Net (distributions to) contributions from Parent Company	-	(155,686)
Repayments of long-term debt	(517)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,724,483	(155,686)

NET INCREASE IN CASH AND CASH EQUIVALENTS	335,382	-
CASH AND EQUIVALENTS, beginning of period	29	35
CASH AND EQUIVALENTS, end of period	$ 335,411	$ 35
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash received for interest	$ 5,801	$ 1,051
Cash paid for interest	$ 15,616	$ 10,327
Cash paid for taxes	$ 32,898	$ 46,554

</TABLE>

The accompanying notes are an integral part of these consolidated financial statement

PanAmSat Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) General.

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments which are of a normal recurring nature necessary to present fairly the financial position, results of operations and cash flows as of and for the three and six month periods ended June 30, 1997 and 1996 have been made. Operating results for the six months ended June 30, 1997 and 1996 are not necessarily indicative of the operating results for the full year. For further information, refer to the financial statements and footnotes thereto included in PanAmSat's Registration Statement on Form S-4 filed with the Securities and Exchange Commission on April 17, 1997.

(2) Business Combination.

Effective May 16, 1997, the combination of Old PanAmSat and the Galaxy Business was completed (the "Combination"). Pursuant to the Combination, the aggregate consideration paid to Old PanAmSat shareholders consisted of approximately $1.5 billion in cash and approximately 42.5 million shares of PanAmSat Common Stock. Concurrent with the Combination and as an integral part thereof, the Company sold its direct-to-home ("DTH") television rights in certain foreign markets to an affiliate for $225 million (the "DTH Options").

The Company has applied the purchase method of accounting to the transaction with the Galaxy Business as the acquiror. The acquisition value of $3.0 billion (including $225 million related to the sale of the DTH Options) has been allocated to the assets acquired and liabilities assumed based on preliminary estimates of their respective fair values. Assets acquired totaled $1.9 billion and liabilities assumed were $1.4 billion. A total of $2.5 billion, representing the excess of acquisition value over the fair value of Old PanAmSat's net tangible assets, has been allocated to intangible assets and is being amortized over 40 years.

The Company's consolidated results of operations have incorporated Old PanAmSat's activity commencing upon the effective date of the Combination. The unaudited pro forma information below presents combined results of operations as if the Combination had occurred at the beginning of the respective periods presented (excluding the impact of the $225 million gain on the sale of the DTH Options as well as certain professional and advisory fees incurred in connection with the Combination totaling $31.3 million, both of which

are non-recurring items which are not indicative of the Company's ordinary course of business). The unaudited pro forma information is not necessarily indicative of the results of operations of the combined company had the Combination occurred at the beginning of the respective periods presented, nor is it necessarily indicative of future results.

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
Revenues	$ 184,977	$ 177,571	$ 387,786	$ 363,253
Net income	22,383	15,451	48,117	27,510
Earnings per share	0.15	0.10	0.32	0.18

(3) New Accounting Pronouncement.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share", which will be adopted by the Company in fiscal 1998 as required by the statement. SFAS No. 128 simplifies the standards for computing earnings per share required by APB Opinion No. 15 "Earnings per Share." As the Company does not have any common stock equivalents as of June 30, 1997, the Company does not believe the adoption of SFAS No. 128 will have an impact in the computation of earnings per share to be presented within the Company's financial statements.

(4) Subsequent Events.

On August 8, 1997, the Company successfully launched its PAS-6 Atlantic Ocean Region satellite, the first communications satellite ever dedicated for DTH television services in Latin America. The entire PAS-6 payload, 36 Ku-band transponders, is fully sold to Sky Latin America, which will use the satellite to beam hundreds of television channels to its DTH service subscribers in Latin America. PAS-6 is expected to reach its final orbital location at 43 degrees West Longitude and commence service in October 1997 after successful completion of its in-orbit testing. Additionally, the Company intends to launch another Atlantic Ocean Region satellite, PAS-5, in late August 1997.

As a result of Old PanAmSat's financial performance as disclosed herein and in its Quarterly Report on Form 10-Q for the period ended June 30, 1997, taken together with all of Old PanAmSat's prior filings with the Securities and Exchange Commission, Old PanAmSat is required to exchange its 12 3/4% Senior Redeemable Preferred Stock (the "Preferred Stock") to Exchange Debentures in accordance with the procedures described in the Certificate of Designation for the Preferred Stock.

Results of Operations. The Company's results of operations have

incorporated Old PanAmSat's activity commencing upon the effective date of the Combination. Since this represents only 45 days of activity for Old PanAmSat, management has determined that for comparative purposes, it would be more meaningful to present the information shown below on a "pro forma" basis reflecting the Combination as though it had occurred at the beginning of the respective periods presented (excluding the impact of the $225 million gain on the sale of the DTH Options as well as certain professional and advisory fees incurred in connection with the Combination totaling $31.3 million, both of which are non-recurring items which are not indicative of the Company's ordinary course of business.) The pro forma results are not necessarily indicative of the combined results that would have occurred had the Combination actually occurred at the beginning of fiscal 1996.

<TABLE>
<CAPTION>

(unaudited; in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Revenues				
Outright sales and sales type leases	$ 11,158	$ 18,423	$ 52,184	$ 84,210
Operating leases, satellite services and other	173,819	159,148	335,602	279,043
Total Revenue	184,977	177,571	387,786	363,253
Costs and Expenses				
Cost of outright sales and sales type leases	4,054	7,357	20,476	26,520
Leaseback expense, net of deferred gain	15,466	19,475	30,883	33,643
Direct operating and SG&A costs	29,309	35,144	61,890	66,761
Total	48,829	61,976	113,249	126,924
EBITDA	136,148	115,595	274,537	236,329
Depreciation and amortization	43,491	39,309	83,034	76,446
Interest expense, net	30,350	36,961	64,238	76,160
Other income	847	(1,325)	(385)	(2,146)
Income before income taxes and minority interest	61,460	40,650	127,650	85,869
Income tax expense	27,544	15,008	56,871	38,340
Minority interest	11,533	10,191	22,662	20,019
Net income	$22,383	$ 15,451	$ 48,117	$27,510
Earnings per share	$ 0.15	$ 0.10	$ 0.32	$ 0.18

</TABLE>

PanAmSat Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Proforma revenues for the three months ended June 30, 1997 were $185.0 million, an increase of $7.4 million or 4% as compared to the same period in 1996. Proforma revenues for the six months ended June 30, 1997 were $387.8 million, an increase of $24.5 million or 7% as compared to the same period in 1996. The increase in total revenues for the three and six month periods represents increases in the Company's operating lease/service agreement

revenue due to the addition of several new long-term contracts as the Company continues to sell its available satellite in-orbit transponder capacity, offset by a reduction in sales and sales type lease revenue during 1997 as more customers opted for operating leases/service agreements.

Proforma earnings before interest, taxes, depreciation and amortization ("EBITDA") for the three months ended June 30, 1997 was $136.1 million, an increase of $20.5 million or 18% as compared to the same period in 1996. Proforma EBITDA for the six months ended June 30, 1997 was $274.5 million, an increase of $38.2 million or 16% as compared to the same period in 1996. The increase in EBITDA for the three and six month periods was due primarily to the increase in total revenues offset by reduced cost of sales and sales type leases, and lower SG&A costs reflecting reduced marketing activity on the Company's Global Satellite System in anticipation of future satellite launches.

Proforma interest expense, net for the three months ended June 30, 1997 was $30.4 million, a decrease of $12.3 million or 29% as compared to the same period in 1996. Proforma interest expense, net for the six months ended June 30, 1997 was $64.2 million, a decrease of $12.0 million or 16% as compared to the same period in 1996. The decrease in interest expense, net for the three and six month periods was due to interest income earned on the proceeds from the sale of the DTH options, coupled with reduced interest expense reflecting larger amounts of interest capitalized on the growth in the capitalized costs of satellites under construction which are expected to be launched in 1997 and 1998.

Proforma net income for the three months ended June 30, 1997 was $22.4 million, an increase of $6.9 million or 45% as compared to the same period in 1996. Proforma net income for the six months ended June 30, 1997 was $48.1 million, an increase of $20.6 million or 75% as compared to the same period in 1996. The increase in net income for the three and six month periods was due primarily to the increase in EBITDA and the decrease in interest expense, net.

PanAmSat Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition.

Effective May 16, 1997, the Combination of Old PanAmSat and the Galaxy Business was completed. Pursuant to the Combination, aggregate consideration paid to Old PanAmSat shareholders consisted of approximately $1.5 billion in cash and approximately 42.5 million shares of PanAmSat Common Stock. The cash portion was funded by a three year term loan in the amount of $1.725 billion from Hughes Electronics Corporation ("HE"). (The Galaxy Business was owned and operated by Hughes Communications, Inc. ("HCI") which itself is an indirect, wholly owned subsidiary of HE). In addition to the $1.725 billion loan, at June 30, 1997 the Company also has long-term indebtedness of $720.5 million (including $87.3 million due to affiliates) and Preferred Stock with an aggregate liquidation preference of approximately $421.4 million. Management expects that operations going forward will be financed through cash on hand, cash flow from operations and additional vendor financing.

For as long as Old PanAmSat's existing indebtedness and Preferred Stock are outstanding, Old PanAmSat will be subject to provisions contained in the indentures governing such indebtedness and the certificate of designation for such preferred stock that will significantly limit Old PanAmSat's ability to pay dividends or loan funds to the Company. As a result, the Company will be restricted from using Old PanAmSat's cash flows to fund the Company's capital expenditures.

The significant cash outlays for the Company will continue to be primarily capital expenditures related to the construction and launch of satellites and debt service costs. With the successful launch of PAS-6 on August 8, 1997, the Company now has nine satellites under various stages of development for which the Company has budgeted capital expenditures. The Company will

require approximately $1.0 billion to complete the construction, insurance and launch of PAS-5, PAS-7, PAS-8, Galaxy VIII-i, Galaxy X, Galaxy XI, Galaxy XII, Galaxy XIII-i and Galaxy XIV-i. This amount is expected to be funded from cash on hand and cash flow from operations. In addition to funding new satellites, the Company also expects to exercise its early buy-out options under certain satellite

sale-leaseback transactions entered into in prior years which will require the Company to fund additional outlays of approximately $152 million in 1998 and approximately $366 million in 1999. Such additional outlays also are expected to be funded from cash flow from operations.

PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

10.30 Employment Agreement of Frederick A. Landman, dated as of May 15, 1997.

10.31 Amended and Restated Collateral Trust Agreement, dated of May 16, 1997 by and among Magellan International, Inc., Hughes Communications, Inc., Satellite Company, LLC, Grupo Televisa, S.A. and IBJ Schroder Bank & Trust Company.

10.32 Pledge and Security Agreement, dated as of May 16, 1997 by and among Satellite Company, LLC, Grupo Televisa, S.A., in favor of IBJ Schroder Bank & Trust Company.

10.33 PanAmSat Corporation Long Term Incentive Plan Established in 1997.

10.34 PanAmSat Corporation Annual Incentive Plan, effective January 1, 1997.

10.35 Intellectual Property Cross License Agreement, dated as of May 16, 1997 by and between Magellan International, Inc. and Hughes Electronics Corporation.

10.36 Leveraged Lease Guaranty Indemnification Agreement, dated as of May 16, 1997 by and between Magellan International, Inc. and Hughes Electronics Corporation.

10.37 Fixed Price Contract between Hughes Communications Galaxy, Inc. and Hughes Space & Communications Company for Galaxy XI HS702, Spacecraft, Related Services and Documentation, Contract No. 96-HCG-002, executed May 1997. [Portions of this Exhibit have been omitted pursuant to an application filed with the Securities and Exchange Commission under separate cover.]

10.38 Fixed Price Contract between Hughes Communications Galaxy, Inc. and Hughes Space & Communications Company for Galaxy XIII/XIV HS702, Contract No. 97-HCG-001, executed May 1997. [Portions of this Exhibit have been omitted pursuant to an application filed with the Securities and Exchange Commission under separate cover.]

10.39 Transponder Sublease Agreement for Galaxy III-R between Hughes Communications Galaxy, Inc. and California Broadcast Center, LLC, dated April 21, 1997. [Portions of this Exhibit have been omitted pursuant to an application filed with the Securities and Exchange Commission under separate cover.]

10.40 Transponder Lease Agreement for Galaxy VIII(i) between Hughes Communications Galaxy, Inc. and California Broadcast Center, LLC, dated April 21, 1997. [Portions of this Exhibit have been omitted pursuant to an application filed with the Securities and Exchange Commission under

separate cover.]

10.41 Form of Indemnity Agreement by and between PanAmSat Corporation an each of its directors and executive officers. [Identical agreements have been executed by PanAmSat Corporation in favor of Charles H. Noski, Frederick A. Landman, Patrick J. Costello, Steven D. Dorfman, John J. Higgins, Ted G. Westerman, Dennis F. Hightower, James M. Hoak, Joseph R. Wright, Jr., Lourdes Saralegui, Carl A. Brown, Kenneth N. Heintz, Robert A. Bednarek, James W. Cuminale and David P. Berman.]

27 Financial Data Schedule

PART II - OTHER INFORMATION (Continued)

(b) REPORTS ON FORM 8-K

During the quarter ended June 30, 1997, PanAmSat Corporation filed a Report on Form 8-K dated May 30, 1997 and a Report on Form 8-K/A, dated June 5, 1997.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PanAmSat Corporation

Date: January 5, 1998

/s/Kenneth N. Heintz
Kenneth N. Heintz
Chief Financial Officer
and a Duly Authorized
Officer of the Company

Exhibit 10.30

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), dated as of May 15, 1997, is by and between Magellan International, Inc. (the "Company") and Frederick A. Landman (the "Executive").

In consideration of the promises in this Agreement, the mutuality and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Employment. The Company hereby employs the Executive and the Executive hereby accepts employment by the Company under the terms and conditions set forth in this Agreement.

2. Term. The term of the Executive's employment under this Agreement (the "Employment Term") will commence at the Effective Time of the Merger, as such terms are defined in the Agreement and Plan of Merger (the "Agreement and Plan of Merger") dated September 20, 1996 between Hughes Communications Inc., certain of its affiliates, and PanAmSat Corporation, and will end three years later; unless the Executive's employment is terminated under Paragraph 7, in which event the Agreement will terminate on the date of termination pursuant to Paragraph 7. After the expiration of the Employment Term, it is anticipated that no employment agreement will be required to define the employment status of

the Executive. However, if the term of this Agreement is extended by the Company and the Executive, in writing, the period of time during which the Executive is actively employed by the Company pursuant to this Agreement shall be referred to herein as the "Employment Period."

3. Title and Duties. The Executive will serve as the President and Chief Executive Officer of the Company and be based at the Company's headquarters in Greenwich, Connecticut. The Executive shall be responsible for, among other things, the profitability and total performance of the Company, maintenance of all legal and statutory requirements applicable to the Company, and, in accordance with the by-laws of the Company, the management of all personnel of the Company, selection of management staff, outside consultants and counsel, and such other duties and responsibilities that may be assigned to him from time to time by the Board of Directors of the Company that are consistent with his position. The Executive agrees to devote his full business attention, skill and energy to the duties set forth herein and to the business of the Company, to use his efforts to promote the success of the Company's business,

and to cooperate with the Board of Directors in the advancement of the best interests of the Company. The Executive will serve, without additional compensation, as a director of the Company. Nothing in this Agreement prevents Executive from engaging in

additional activities in connection with personal investments and community affairs that are not inconsistent with the Executive's duties hereunder.

4. Compensation and Benefits. During the Employment Period, Executive shall receive the following compensation and benefits:

(a) Base Salary. In consideration for Executive's services to the Company during the Employment Term, Executive shall receive a base salary at the annual rate of Six Hundred Thousand Dollars (U.S. $600,000) ("Base Salary"). The Base Salary shall be payable in accordance with the Company's customary payroll practices for other executive employees, from which the Company shall withhold and deduct all federal and state income, social security and disability taxes and other deductions as required by applicable laws. During the Employment Period, the Base Salary will be reviewed by the Board of Directors on an annual basis and may be adjusted upward to reflect the Executive's performance and the scope and success of the Company.

(b) Incentive Bonuses. The Executive shall be eligible to receive incentive bonuses (the "Incentive Bonus") on an annual basis, based on meeting financial performance criteria ("Financial and Business Goals") for the Company with respect to revenue growth, cash flow and other financial criteria agreed upon in advance each year by the Executive and

the Company. The Incentive Bonus shall be based on a target dollar amount. The target dollar amount for calendar year 1997 shall be $400,000 and shall not be prorated. The Executive shall receive an Incentive Bonus equal to the target dollar amount if the Financial and Business Goals are met. To the extent the Company exceeds the Financial and Business Goals by up to 25%, the Board of Directors will increase the target dollar amount by up to 50%, or, if the Company fails to meet the Financial and Business Goals by no more than 20%, the Board of Directors may reduce the target dollar amount to a number no lower than 80% of such target dollar amount. If more than two of the Financial and Business Goals are missed by more than 20%, the Company shall not be required to pay any award. If an award is earned, the Executive shall receive an Incentive Bonus equal to the adjusted target dollar amount.

(c) Employee Benefits. The Executive shall be entitled to participate in the Company's employee benefit plans and policies in effect from time to time, including but not limited to medical benefits, life insurance and other fringe benefits, as may be in effect from time to time, under the same terms and conditions as similarly situated executive employees.

(d) Vacation and Holidays. The Executive shall be entitled to paid vacation time and paid holidays to the same extent as similarly situated executive employees of

the Company may be entitled in accordance with the policies of the Company in effect from time to time.

(e) Housing Allowance. The Company agrees that, if Executive's duties require him to spend 30% of his working time in California, the Company will pay for the costs of renting suitable housing for the Executive and his family and will provide a reasonable allowance for related expenses.

5. Stock Options.

(a) In addition to the Base Salary and other benefits provided above, the Company shall promptly grant stock options (the "Options") to the Executive to purchase 93,750 shares of common stock of the Company at an exercise price equal to fair market value of the stock of the Company on the date of the grant pursuant to the Company's Long term Stock Incentive Plan (the "Stock Option Plan").

(b) The Options shall vest as follows:

- 1/3 of the Options shall vest on the first anniversary of the date of the Merger, if the Executive is employed by the Company on such date;

- 1/3 of the Options shall vest on the second anniversary of the date of the Merger, if the Executive is employed by the Company on such date; and

- 1/3 of the Options shall vest on the third anniversary of the date of the Merger, if the Executive is employed by the Company on such date.

(c) The Company agrees that any shares purchased by the Executive will be registered for resale on a Registration Statement filed on Form S-8 or S-3, which Registration Statement will be duly filed with the Securities and Exchange Commission.

(d) The Executive also shall be eligible for additional stock options as may be granted to executive employees of the Company from time to time.

(e) Except as otherwise provided in this Agreement, the provisions of the Stock Option Plan shall govern in respect of the Executive's rights and obligations relating to the Options.

6. Reimbursement of Expenses.

During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable and necessary expenses incurred by him in performing services hereunder, provided that the Executive properly accounts for such expenses in accordance with the Company's policy then in effect.

7. Termination of Employment.

(a) Death. The Executive's employment shall terminate immediately upon his death.

(b) Disability. The Employment Period shall be deemed to have expired upon the occurrence of a "Disability." For purposes of this Agreement, "Disability" means a determination by the Company in accordance with applicable law that, as a result of a physical or mental illness, the Executive is unable to perform the essential functions of his job performance with or without reasonable accommodation. The Company, by action of the Board of Directors of the Company after giving the Executive and his medical and legal advisors an opportunity to meet with the Board of Directors, may only render such determination of disability if (i) the Executive is chemically dependent and refuses or is unsuccessful in chemical dependency treatment or (ii) the Executive has been unable to substantially perform his duties for one hundred and twenty (120) consecutive days or for one hundred and fifty (150) days during

any twelve (12) month period because of physical or mental infirmity.

(c) Termination for Material Breach. Upon delivery of written notice of termination for "Material Breach" (as defined below) from the Company to the Executive, the Employment Period shall be deemed to have expired. Termination for "Material Breach" shall mean termination based on (i) the Executive's material breach of this Agreement, (ii) the Executive's wilful contravention of specific written

lawful directions from the Board of Directors acting by majority action (and not through a committee thereof) or (iii) conduct by the Executive in connection with his employment that is fraudulent, felonious or grossly negligent. Termination for "Material Breach" shall be by action of the Board of Directors of the Company after giving the Executive and his legal advisors an opportunity to meet with the Board of Directors, and, with respect to any termination based upon clauses (i) or (ii) of the preceding sentence, after giving the Executive 30 days to cure any Material Breach if such Material Breach can be cured. In the event of any Material Breach of this Agreement, the Executive shall be liable to the Company for such damages as the law may allow.

(d) Resignation. The Executive may voluntarily resign his employment hereunder (i) at any time during the first year following the Effective Date, for any reason or no reason, upon no more than 90 and no fewer than 60 days prior written notice to the Board of Directors and (ii) during the second and third years following the Effective Date, (A) upon written notice to the Board of Directors given at any time with immediate effect, for "Good Reason" (as defined immediately below) or (B) upon no more than 90 and no fewer than 60 days prior written notice to the Board of Directors given at any time, for any reason or no reason, specifying in each case, whether resignation is pursuant to subsection (A) or (B) above. The Executive shall have "Good

Reason" to terminate his employment with the Company upon the occurrence of either of the following events:

(x) the Company should fail to continue to employ the Executive during the Employment Term in a manner consistent with Section 3 and in the same executive capacity with the Company in which the Executive was employed by PanAmSat Corporation immediately prior to the Merger, with materially the same duties and responsibilities with the Company that the Executive had with PanAmSat Corporation immediately prior to the Merger; provided, that the Executive shall be required prior to the effectiveness of a constructive termination pursuant to this subsection (x) to have given the Company twenty (20) days notice and an opportunity to cure such failure. Without in any way limiting the right of the Executive to elect to terminate his services under Section 7(d)(ii)(A), it is understood that any change in the Executive's job description, offices, perquisites or place of employment by more than 35 miles, any reduction in the number of officers or other employees or diminishment in the overall management responsibility of officers and other employees reporting directly to the Executive, any diminishment in the decision making authority of the Executive shall each be a change in his duties and responsibilities that will give the Executive the right to elect to terminate his services under Section 7(d)(ii)(A); or

(y) the Company should reduce or fail to pay or award to the Executive when due any Base Salary, Incentive Bonus or other amount payable to the Executive or to provide the Executive with any benefits to which the Executive is entitled.

(e) Discretionary Termination by the Company. Upon delivery of written notice of termination of the Executive's employment for a reason other than Material Breach, death or Disability from the Company to the Executive, the Employment Period shall be deemed to have terminated 60 days after the written notice is delivered to the Executive.

(f) Continuation of Salary and Benefits. In the event the Executive's employment terminates during the Employment Period as of result of his death as set forth in paragraph 7(a), or as a result of the Executive's Disability as set forth in paragraph 7(b), the Company shall pay to the Executive or his estate, as the case may be, his Base Salary and any employee benefits, including group medical benefits, to which he would otherwise be entitled under this Agreement, for 12 months from the date of termination of employment. (g) Termination Payment. If the Executive's employment terminates during the Employment Term as a result of (i) termination by the Company in accordance with paragraph (e) of this Section 7; or (ii) Resignation by the Executive in accordance with paragraph (d)(i) or (ii)(A) of this Section 7,

the Executive shall be entitled to a Termination Payment from the Company and the continuation of certain employee benefits. The term "Termination Payment" shall mean an amount that is equal to 3 times the sum of (1) Salary (as defined below), plus (2) the Applicable Bonus (as defined below). The term "Salary" herein shall mean the annual cash compensation payable to the Executive by the Company and/or, during the first year hereunder, by PanAmSat Corporation, and the term "Applicable Bonus" shall mean the annual amount awarded or paid under any incentive or bonus plan or program of the Company and/or, during the first year hereunder, by PanAmSat Corporation and any additional amounts (such aggregate amounts, the "Bonus") paid to the Executive by the Company and/or, during the first year hereunder, by PanAmSat Corporation, during the fiscal year ending immediately prior to the fiscal year in which the termination occurred (excluding, however, the special bonus in lieu of stock option of $950,000 paid to Executive in September of 1996 by PanAmSat Corporation), or the Bonus scheduled to be paid to the Executive during the fiscal year in which the termination occurs, prorated to the date of termination, whichever is greater. The Termination Payment shall be due and payable ten (10) days after the Executive is or has been terminated from, or terminates, his employment with the Company. The Executive and his dependents also shall be entitled to participate, for a period of three years following termination, in all employee

welfare benefit plans (as that term is defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended), and to receive or participate in all other benefit arrangements, policies or practice of the Company to which and in which active executive employees are or shall be entitled to receive or participate in during this period other than qualified pension or profit sharing plans in which he would not legally be entitled to participate.

(i) Vesting of Options. Upon termination of the Executive's employment during the Employment Period for any reason other than as a result of termination for Material Breach under Section 7(c) or Resignation by the Executive under Section 7(d)(i) or (d)(ii)(B), all unvested Options granted

to Executive shall vest immediately and be exercisable for the remainder of their original term. Upon termination of the Executive's employment for any reason, all vested Options shall continue to be exercisable for their original term. The provisions of this Section 7(i) shall survive the expiration of this Agreement and shall be separately provided for in the relevant option agreement with Executive provided in connection with the Option grant.

(j) Registration; Stock Repurchase Rights. In the event the Executive's employment with the Company terminates for any reason during the Employment Term, the Executive may, by written notice to the Company, demand that the Company register all or any portion of the Common Stock of

the Company held by him, beneficially or otherwise, and the Company shall promptly (1) enter into a registration rights agreement (the "Registration Rights Agreement") substantially similar to the amended and restated registration rights agreement in the form of that attached as Exhibit F to the Agreement and Plan of Merger; provided, that a demand registration pursuant to such Registration Rights Agreement shall (i) cover a minimum of one-half of the shares of Common Stock of the Company held, beneficially or otherwise, by the Executive immediately following the Merger, and (ii) be effective for one demand registration requested by the Executive during the first year after the Merger, and (2) register said Common Stock in accordance with the provisions of the Registration Rights Agreement; provided, that following any such demand, the Company shall have the right, by written notice sent to the Executive within ten (10) days of receipt of a Demand Notice (as defined in the Registration Rights Agreement), to purchase at the Repurchase Price (as defined below) any or all shares of Common Stock of the Company covered by the Demand Notice. The Company shall purchase such shares from the Executive by making a lump sum payment to the Executive (or his estate), within thirty (30) days of receiving the Demand Notice. "Repurchase Price" means the average of the closing price of the Common Stock for the thirty consecutive Trading Days (as defined below) ending the date following the date on which the Company receives the

Demand Notice. A "Trading Day" shall be any day on which the principal national

securities exchange on which the Common Stock is admitted to trading or listed is open.

(k) Termination Date. The date upon which Executive's employment with the Company terminates shall constitute the "Termination Date."

8. Confidential Information.

The Executive agrees not to disclose, either while in the Company's employ or at any time thereafter, to any person not employed by the Company, or not engaged to render services to the Company, any confidential information obtained by him while in the employ of the Company, including, without limitation, information about any of the Company's finances, costs, profits, markets, software, inventions, data lists, client lists, operational methods, technical matters, pricing policies, business plans, or customer or trade secrets; provided, however, that this provision shall not preclude the Executive from use or disclosure of information which is in the public domain or from disclosure required by law or court order (after notice to the Company to permit it to contest the need for disclosure or to seek an appropriate protective order).

9. Non-Competition.

(a) Competition. The Executive agrees that for a period of three years after the Termination Date, the Executive will not,without the prior written approval of the Board of Directors, participate in the management of, be employed by or own any interest in any business enterprise that engages in (A) the sale or lease of, or the provision of satellite services via, transponder capacity on satellites operating in geostationary earth orbit in the C-band, Ka-band and Ku-band frequencies for the transmission of video, audio and data signals; and (B) the provision of telemetry, tracking and control services for such satellites and for other satellites operating in geostationary earth orbit in the C- band, Ka-band, Ku-band, L-band and UHF-band frequencies or other frequency bands that may be utilized in the future; but in each case excluding the sale or lease of transponder capacity and telemetry, tracking and control services provided on or for any satellite that has both (x) multiple (six or more) receive and transmit beams and (y) an on-board satellite payload processor which can switch uplink signals in one beam to a downlink signal in one of multiple beams; provided, however, that nothing in this Section 9(a) shall prohibit the Executive from owning less than 5% of the outstanding equity securities of any enterprise whose equity securities are publicly traded.

Notwithstanding the above, in the event the Executive's employment ends as a result of Disability under

Section 7(b), the restrictions in this Section 9(a) shall continue only for the period during which the Executive continues to receive salary and benefits from the Company pursuant to this Agreement.

(b) Interference. The Executive hereby agrees that until such time as the restrictions contained in Section 9(a) lapse in accordance with their terms, he will not intentionally interfere with the Company's relationship with, or endeavor to entice away from the Company, any employee, person, firm, corporation, or other business organization who or which was an employee, customer or supplier of, or maintained a business relationship with, any business of the Company which was conducted at any time prior to the Termination Date. Nothing in this Section 9(b) prohibits the Executive from employing or doing business with any employee, person, firm, corporation or other business organization who, by his or its own choice, seeks to be employed or do business with the Executive.

(c) The Executive expressly acknowledges and understands that the remedy of law for any breach by him of this Section 9 will be inadequate, and that the damages flowing from such breach are not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that upon the Executive's violation of any provision of this Section 9, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining

any threatened or further breach. Nothing in this Section 9 shall be deemed to limit the Company's remedies at law or in equity for any breach by the Executive of any of the provisions of this Section 9 which may be pursued or availed of by the Company.

(d) If following termination of the Executive's employment any of the restrictions pursuant to this Section 9 shall for any

reason be held by to be excessively broad as to duration, geographical scope, activity or subject, such restrictions shall be construed so as to thereafter be limited or reduced to the extent required to be enforceable in accordance with applicable law; it being understood and agreed that by execution of this Agreement the parties hereto regard such restrictions as reasonable and compatible with their respective rights.

10. Excise Tax. In the event that the Termination Payment or any other amounts payable to the Executive, his designated beneficiary or his dependents under this Agreement or under any plan, program or policy of the Company, or any benefits provided to Executive or his dependents under this Agreement or under any option or other plan, program or policy of the Company, should become subject to the excise tax imposed under Section 4999 of the Internal Revenue Code or any similar tax or assessment (collectively, "Excise Taxes"), the Company shall pay to the Executive, his designated beneficiary

or his dependents, as the case may be, on demand, the amount (the "Excise Tax Reimbursement Amount"), necessary fully to reimburse the Executive, his designated beneficiary or his dependents for (i) all Excise Taxes that may be imposed on the Executive, his designated beneficiary or his dependents and (ii) any and all income and other taxes, including additional Excise Taxes, that may be imposed on the Executive, his designated beneficiary or his dependents in respect of any of the amounts to be paid to the Executive, his designated beneficiary or his dependents under clause (i) above or under this clause (ii). The determination of the Excise Tax Reimbursement Amount shall initially be made by the accounting firm that is serving as the Company's independent public accountants immediately prior to the date of termination of the Executive's employment, or, if such accounting firm is no longer in existence, by its successor. All costs and expenses of such accounting firm in connection with making such determination shall be paid by the Company. If it is subsequently determined (as a result of an assessment of additional Excise Taxes by the Internal Revenue Service or otherwise) that the Excise Tax Reimbursement Amount is not sufficient fully to reimburse the Executive, his designated beneficiary or his dependents as contemplated above, the Company shall pay to the Executive, his designated beneficiary or his dependents, as the case may be, on demand, the amount (the "Additional Excise Tax Reimbursement Amount") necessary

fully to reimburse the Executive, his designated beneficiary or his dependents for (i) any and all additional Excise Taxes, income taxes and other taxes that may be imposed on the Executive, his designated beneficiary or his dependents, (ii) any and all interest, fines and penalties that may be imposed on the Executive, his designated beneficiary or his dependents in connection with any such additional Excise Taxes, income taxes or other taxes, and (iii) any and all income and other taxes, including additional Excise Taxes, that may be imposed on the Executive, his designated beneficiary or his dependents in respect of any of the amounts to be paid to Executive, his designated beneficiary or his dependents under clause (i) or (ii) above or under this clause (iii). If it is subsequently determined that the Executive has received a sum greater than necessary to pay any such Excise Taxes, the Executive shall promptly return such overage to the Company. The purpose of this paragraph 10 is to place the Executive, his designated beneficiary and his dependents in the same position on an after-tax basis that each of them would have been in if the Termination Payment and all other amounts payable to the Executive, his designated beneficiary or his dependents under this Agreement or under any plan, program or policy of the Company, and all benefits provided to the Executive or his dependents under this Agreement or under any plan, program or

policy of the Company, had not been subject to any Excise Taxes.

11. Attorneys' Fees and Other Costs and Expenses. The Executive, his designated beneficiary and his dependents (and their respective heirs, executors, administrators and personal representatives) shall each be entitled to recover from the Company (and shall be reimbursed by the Company when incurred and upon demand) all attorneys' fees and other costs and expenses, if any, that may be incurred in connection with enforcing or defending the rights of the Executive, his designated beneficiary or his dependents under this Agreement, regardless of the outcome of any litigation or other proceeding relating to such enforcement or defense. The Executive, his designated beneficiary and his dependents (and their respective heirs, executors, administrators and personal representatives) also shall be entitled to recover from the Company interest on the Termination Payment and any other amounts that may be payable to the Executive, his designated beneficiary or his dependents under this Agreement, including, without limitation, amounts required to be reimbursed under the first sentence of this Section, any Excise Tax Reimbursement Amount or Additional Excise Tax Reimbursement Amount under

paragraph 10 hereof that are not paid when due, at an annual rate equal to 4% over the corporate base rate as announced from time to time by Citibank, N.A. or its successor

(changing as and when such announced corporate base rate changes), compounded monthly, from the date due until paid. Payments received by the Executive, his designated beneficiary or his dependents (or any of their respective heirs, executors, administrators and personal representatives) shall be credited first against accrued interest until all accrued interest is paid in full before any such payment is credited against the Termination Payment or any other amounts that may be payable to the Executive, his designated beneficiary or his dependents under this Agreement.

12. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Connecticut, without giving effect to the principles of conflicts of laws.

13. Binding Effect; Delegation of Duties Prohibited. This Agreement will inure to the benefit of and will be binding upon the parties and their respective successors, heirs and legal representatives. The Executive may not assign or delegate his performance of this Agreement.

14. Ownership of Company Property. All written materials, records and documents made by the Executive or coming into his possession during the Employment Period concerning the Company (other than personal tax and similar information provided by the Company for personal use by the

Executive) and all tangible items provided to Executive by the Company during the Employment Period (other than gifts, fringe benefits and other items of compensation) shall be the sole property of the Company, and, upon the Termination Date or upon the request of the Company during the Employment Period, the Executive shall promptly deliver the same to the Company.

15. Waiver of Breach. The waiver by the Company of a breach of

any provision of this Agreement by the Executive shall not operate or be construed as a waiver of any subsequent breach by the Executive. The waiver by the Executive of a breach of any provision of this Agreement by the Company shall not operate or be construed as a waiver of any subsequent breach by the Company.

16. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect the construction or interpretation of this Agreement.

17. Severability. The invalidity of all or any part of any section of this Agreement shall not render invalid the remainder of this Agreement or the remainder of such section. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall, when

executed, be deemed to be an original, but all of which together shall constitute one and the same instrument.

19. Notices. All notices and other communications that are required or may be given under this Agreement must be in writing and will be deemed to have been duly given when delivered in person, when received by telecopy (provided that the sender has retained a copy of the notice showing the date and time of receipt), upon delivery by a nationally recognized overnight courier service, or three days after being mailed by registered or certified first class mail, postage prepaid, return receipt requested, to the party to whom the notice is being given, as follows:

If to the Company:

Magellan International, Inc.
(Following the Merger, to
PanAmSat Corporation)
One Pickwick Plaza
Suite 270
Greenwich, CT 06830
Telephone: (203) 622-6664
Facsimile: (203) 622-9163

If to the Executive:

Frederick A. Landman
146 Clapboard Ridge Road
Greenwich, CT 06830
Telephone: (203) 625-9667
Facsimile: (203) 861-8682

20. Entire Agreement. This Agreement may be amended only by an agreement in writing signed by both parties. This Agreement contains the entire agreement between

the parties or their affiliates with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings, oral or written, between the parties or their affiliates with respect to the subject matter of this Agreement including, specifically, the employment agreement between Executive and PanAmSat Corporation dated December 31, 1992, as amended and the severance agreement between Executive

and PanAmSat Corporation dated as of May 15, 1996.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

MAGELLAN INTERNATIONAL, INC.

By:_____
Name:
Title:

FREDERICK A. LANDMAN

By:_____

HUGHES COMMUNICATIONS, INC.
(Waiving any potential
restrictions of applicable
agreements and consenting to the
actions of the Executive and the
obligations of the Company
specified in Section 7(j))

By:_____

PANAMSAT CORPORATION (With
respect to the termination
of the Severance Agreement
and Employment Agreement
described in Section 20)

By:_____

Exhibit 10.31

AMENDED AND RESTATED
COLLATERAL TRUST AGREEMENT

This AMENDED AND RESTATED COLLATERAL TRUST AGREEMENT (this "Agreement"), dated as of June 13, 1997, is entered into by and among PANAMSAT CORPORATION (formerly known as "Magellan International, Inc."), a Delaware corporation ("Newco"), HUGHES COMMUNICATIONS, INC., a California corporation ("HCI," and together with Newco, the "Newco Group"), SATELLITE COMPANY, LLC, a Nevada limited liability company ("Contributor"), GRUPO TELEVISA, S.A., a corporation (Sociedad Anonima) organized under the laws of Mexico ("Parent"), and IBJ SCHRODER BANK & TRUST COMPANY, a New York banking corporation with offices at One State Street, New York, New York 10004, as Collateral Trustee for Newco Group (the "Trustee").

RECITALS

A. The parties hereto have entered into that certain Collateral Trust Agreement, dated as of May 16, 1997 (the "Original Trust Agreement") and Contributor, Parent and the Trustee have entered into that certain Pledge and Security Agreement, dated as of May 16, 1997 (the "Pledge and Security Agreement").

B. The Original Trust Agreement was entered into in connection with that certain Stock Contribution and Exchange Agreement, dated as of September 20, 1996 by and among Newco Group, Contributor and Parent (the "Stock Contribution and Exchange Agreement"), which provides, among other things, for the transfer by Contributor of all of the stock of Univisa, Inc. ("Univisa"), a Delaware corporation, to Newco.

C. The Stock Contribution and Exchange Agreement provides that Contributor and Parent, jointly and severally, shall indemnify, save and hold harmless Newco Group, its affiliates and Subsidiaries, with respect to certain matters upon the terms and subject to the conditions provided in the Stock Contribution and Exchange Agreement and that as security therefor (and not in lieu thereof) a trust estate shall be established for the protection of Newco Group, its affiliates and Subsidiaries. This trust estate was established pursuant to the Original Trust Agreement, and is continued pursuant to this Agreement.

D. Contributor has requested that it be permitted to substitute Approved Letters of Credit (as defined herein) for cash deposited pursuant to the Original Trust Agreement. The parties hereto are willing to amend and restate the Original Trust Agreement in accordance with the terms and provisions contained herein.

AGREEMENT

In consideration of the foregoing and the mutual promises contained herein and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Defined Terms.

(a) For purposes of this Agreement:

"Affiliate" means any person or entity that is certified by the Indemnitees' Agent, in a certificate delivered to the Trustee, (i) to be the owner, directly or indirectly, of at least 25% of the outstanding equity or ownership interests (on a primary basis and not on a fully diluted basis) in the issuer of any Letter of Credit or (ii) to be owned, directly or indirectly, in whole or in any part constituting 25% or more of its outstanding equity or ownership interests (on a primary basis and not on a fully diluted basis), by any person or entity described in clause (i) herein.

"Approved Letter of Credit" means (i) any Initial Letter of Credit or (ii) any Letter of Credit that (A) conforms to the requirements in Section 4(e)(i) hereof and (B) has been approved in writing by the Indemnitees' Agent (which approval shall not be unreasonably withheld).

"cash" means United States Dollars in such form as may, at the time, be legal tender for the payment of debts in the United States.

"Cash Equivalents" means Short-Term Treasuries or Joint Approval Cash Equivalents.

"Event of Default" has the meaning assigned in the Pledge and Security Agreement.

"Expiration Date" means the last day in the 91-day period following the expiration of the statutes of limitations applicable to the assessment of any tax against Univisa or USHI (or any affiliate or Subsidiary of either of them) with respect to all Pre-Closing Periods taking into account any waivers, extensions or tollings of any such statutes of limitation; provided, however, that if as of the last day of such 91-day period there are any Tax Claims, then, notwithstanding the foregoing, the Expiration Date shall not occur until the day immediately following the day on which there are no Tax Claims.

"Fair Market Value" means, as of any date of determination, the average of the Quoted Prices of Newco Common Stock for the 20 consecutive trading days prior to such date of determination.

"Final Tax Amount" means, as of any date of determination, the

amount, if any, of a Liability or Damages in respect of taxes of Univisa or USHI (or any affiliate or Subsidiary of either of them) for which Contributor and Parent would be liable under Section 8.2(a)(ii) of the Stock Contribution and Exchange Agreement, which taxes (a) are determined to be due and payable as of such date pursuant to (i) a final determination made by, or settlement concluded with, the applicable taxing authority with respect to such taxes or (ii) a final, binding and nonappealable judgment rendered with respect to such taxes and (b) are unpaid as of such date.

"First Tier United States Bank" means (a) any commercial bank which (i) is organized under the laws of the United States or any state thereof, (ii) accepts deposits insured by the Federal Deposit Insurance Corporation, (iii) has a combined capital and surplus greater than $500 million and (iv) has a long term senior debt rating of at least AA from Standard & Poor's Corporation or Aa2 from Moody's Investors Service, Inc.; provided that for purposes of satisfying the requirement set forth in this clause (iv), such rating shall not be less than A from Standard & Poor's Corporation or less than A from Moody's Investors Service, Inc. (or, if at any time, either of such rating services shall not be rating such obligations, then equivalent ratings under this clause (iv) from such other nationally recognized rating services as may be acceptable to Newco); or (b) even if it does not meet the criteria set forth in clause (a), from the date of this Agreement until the Indemnitees' Agent delivers to the Trustee and the Representative a notice to the effect that it is no longer acceptable as a First Tier United States Bank, Citibank, N.A.

"Initial Letters of Credit" means letters of credit in the form attached as Annex 2 hereto issued on the date hereof.

"Joint Approval Cash Equivalents" means United States Dollar indebtedness in any of the following forms, if and to the extent the Trustee has been directed to invest in such indebtedness in a joint written investment direction signed both by the Representative and by the Indemnitees' Agent: (i) marketable direct obligations guaranteed by the United States Government and backed by the full faith and credit of the United States, issued after July 18, 1984 and maturing within 90 days from the date of acquisition thereof, (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, issued after July 18, 1984 maturing within 90 days from the date of acquisition thereof and, at the time of acquisition, having a rating in one of the two highest rating categories obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if at any time, neither of such rating services shall be rating such obligations, then from such other nationally recognized rating services as may be acceptable to Newco), (iii) certificates of deposit maturing within 90 days from the date of acquisition thereof and issued by any commercial bank which accepts deposits insured by the Federal Deposit Insurance Corporation and which has a combined capital and surplus greater than $500 million and a long term certificate of deposit rating in one of the two highest rating categories obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if at any time, neither of such rating services shall be rating such

obligations, then from such other nationally recognized rating services as may be acceptable to Newco) (any such commercial bank, an "Acceptable Bank"); (iv) repurchase agreements, Eurodollar deposits and bankers acceptances maturing within 90 days from the date of acquisition thereof and issued by an Acceptable Bank; (v) investments in money market funds that invest solely in (x) Short-Term Treasuries or repurchase agreements secured by Short-Term Treasuries or (y) Joint Approval Cash Equivalents of the type described in clauses (i) and (ii) above or repurchase agreements secured by such Joint Approval Cash Equivalents; or (vi) any other instrument that is specifically approved in writing by Contributor, Parent and Newco Group, if the Trustee receives opinions of counsel reasonably satisfactory to it stating that such writing has been duly authorized, executed and delivered by each of them and is binding upon and enforceable against each of them.

"Known Liabilities" means Liabilities or Damages which are Indemnification Obligations that are now or hereafter included as Scheduled Liabilities or are the subject of a Liabilities Claim.

"Letter of Credit Expiry Date means the date set forth in any Letter of Credit as the day on which such letter of credit will expire.

"Letters of Credit" means the Initial Letters of Credit and any and all Approved Letters of Credit at any time delivered to the Trustee pursuant to Sections 5(d) or 8(a) hereof, any and all Approved Letters of Credit issued in extension thereof or replacement or substitution therefor, and any and all other Approved Letters of Credit at any time delivered to and accepted by the Trustee.

"Liabilities Claim" means a claim (other than a Tax Claim) by any party that a Liability or Damages which are Indemnification Obligations exist, but only to the extent that such claimed Liability or Damages are not included as Scheduled Liabilities.

"Maintenance Level" means (i) prior to the third anniversary of the date hereof, $5 million, (ii) on and after the third and prior to the tenth anniversary of the date hereof, $2 million, and (iii) -0- thereafter.

"Newco Common Stock" means Common Stock, $.01 par value, of Newco.

"Pending Amounts" means, at any time, the aggregate amount of all Liabilities Claims, except Liabilities Claims in respect of a Liability or Damages for which both (i) it has been and remains agreed or determined, in accordance with Section 6 hereof, that a reserve should or should not be maintained as part of the Scheduled Liabilities and (ii) no claim, dispute, arbitration or proceeding is pending as to the amount of any such reserve.

"Quoted Price" means the last reported sale price of Newco Common Stock as reported by NASDAQ or, if Newco Common Stock is listed on a national securities exchange, the last reported sale price on such exchange (which shall be for consolidated trading if

applicable to such exchange), or if neither so reported or listed, the last reported bid price of Newco Common Stock.

"Scheduled Liabilities" means Known Liabilities listed on the Schedule of Liabilities to be maintained pursuant to Section 6 hereof.

"Short-Term Treasuries" means United States Dollar indebtedness consisting of marketable direct obligations issued by the United States Government or any agency thereof and backed by the full faith and credit of the United States, in the form of Book-entry Securities maintained by the Trustee or any nominee acting for it, solely in its name, in an account at the Federal Reserve Bank of New York under the Treasury/Reserve Automated Debt Entry System, issued after July 18, 1984 and maturing within 90 days from the date of acquisition thereof.

"Tax Claim" means, as of any date of determination, a claim asserted or assessed in any (i) revenue agent's report, (ii) notice of proposed adjustment, (iii) notice of deficiency, (iv) notice of assessment, (v) judicial pleading, (vi) other written document of similar import received from a taxing authority or (vii) potential claim relating to an applicable requirement or obligation to notify a state or local taxing authority with respect to a federal income tax adjustment involving a claim described in clauses (i) - (vi), involving, in any case, a Liability or Damages in respect of taxes of Univisa or USHI (or any affiliate or Subsidiary of either of them) for which Contributor and Parent would be liable under Section 8.2(a)(ii) of the Stock Contribution and Exchange Agreement but only to the extent that such claim has not been resolved pursuant to either (a) a final determination made by, or settlement concluded with, the applicable taxing authority with respect to such claim, or (b) a final, binding and nonappealable judgment rendered with respect to such claim.

"Tax Reserve" means 100% of the amount of any Tax Claim or Final Tax Amount, as applicable.

"Unknown Liabilities" means Liabilities or Damages which are Indemnification Obligations but are not Known Liabilities.

(b) Capitalized terms used herein without definition shall have the meanings ascribed to them in the Stock Contribution and Exchange Agreement.

2. Declaration of Trust. To secure the payment,

observance and performance by Contributor and Parent of each and all of their present and future indemnities, liabilities and obligations at any time arising under, pursuant to or in respect of Article VIII of the Stock Contribution and Exchange Agreement (collectively, the "Indemnification Obligations"), and the covenants and conditions of this Agreement and the Pledge and Security Agreement (collectively, including the Indemnification Obligations, the "Secured Obligations"), Newco grants and transfers to the Trustee to hold, and the Trustee is hereby authorized and directed by the Contributor and Parent to accept, and the Trustee hereby

accepts, in trust under this Agreement, for the benefit of Newco Group, its affiliates, Subsidiaries and all other present and future holders of any of the Secured Obligations and each and all of their members, successors and assigns, all right, title and interest in the following property:

(a) an amount equal to the aggregate amount of the Scheduled Liabilities set forth on the Statement of Liabilities attached hereto as Annex 1, in cash or Short-Term Treasuries or Initial Letters of Credit (as such amount may be increased or decreased hereafter pursuant to the provisions hereof, "Fund A"); and

(b) $25 million in cash or Short-Term Treasuries or Initial Letters of Credit (the "Liquid Collateral") plus 5,000,000 shares of Newco Common Stock, represented by certificate number TP00018 issued for such number of shares in the name of Contributor, accompanied by an assignment thereof duly executed in blank by Contributor (as such Liquid Collateral amount or number of shares may be increased or decreased hereafter pursuant to the provisions hereof, "Fund B")

(collectively, the "Initial Trust Estate," and together with (i) all rights and interests of the Trustee under the Pledge and Security Agreement, (ii) any and all Letters of Credit at any time hereafter delivered to the Trustee, (iii) any and all other property at any time hereafter transferred to the Trustee in trust under this Agreement, and (iv) any and all present and future income, distributions, substitutions, replacements and proceeds of or from the Initial Trust Estate and any other such property, the "Trust Estate"). The Trustee, its successors in trust under this Agreement and its assigns and the assigns of its successors and assigns in trust shall have and hold the foregoing Trust Estate until released to Newco Group or Contributor in accordance with the terms hereof, in trust under and subject to the terms and conditions set forth herein for the benefit of Newco Group and as security for and for the enforcement of the payment, observance and performance of all Secured Obligations (it being understood that, while all of the Trust Estate secures all Secured Obligations, Fund A shall be allocated for administrative purposes to Scheduled Liabilities and Fund B shall be allocated for administrative purposes to Unknown Liabilities, Liabilities Claims, Final Tax Amounts and Tax Claims). Newco Group,

Contributor and Parent hereby consent to the foregoing declaration of trust and agree that the Trust Estate is to be held and applied by the Trustee subject to the further covenants, conditions and trust set forth herein.

3. Appointment of Representative and Indemnitees' Agent.

(a) Contributor and Parent hereby designate Jaime Davila, Lawrence W. Dam, Charles Steinberg, Guillermo Canedo White, Javier Mondragon, Raul Lopez Martinez, and Emilio Romano, each of whom shall be authorized to act alone, as their duly appointed agents and attorneys-in-fact, with full power of substitution, in any and all capacities, for all purposes of this Agreement (each, the "Representative"). Actions and inactions by such Representatives under this Agreement shall be binding and conclusive on Contributor and Parent and may be conclusively relied upon by the other parties hereto. Contributor and/or Parent, upon 10 days' written notice to the other

parties, may remove any person appointed as Representative or appoint another person as Representative. No Representative shall be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith, and in the exercise of its own best judgment.

(b) Newco and HCI hereby appoint Kenneth H. Heintz and James W. Cuminale, each of whom shall be authorized to act alone, as their duly appointed agents and attorneys-in-fact, with full power of substitution, in any and all capacities, for all purposes of this Agreement (each, the "Indemnitees' Agent"). Actions and inactions by the Indemnitees' Agent under this Agreement shall be binding and conclusive on Newco Group and may be conclusively relied upon by the other parties hereto. HCI or Newco, upon 10 days' written notice to the other parties, may remove any person appointed as Indemnitees' Agent or appoint another person as Indemnitees' Agent. No Indemnitees' Agent shall be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith, and in the exercise of its own best judgment.

4. Investment and Valuation of Trust Estate; Letters of Credit.

(a) The Trustee hereby acknowledges receipt of the Initial Trust Estate.

(i) The Trustee shall keep all cash at any time held by it as part of the Trust Estate, from whatever source such cash may be derived, in a non-interest-bearing account in United States Dollars maintained by the Trustee

solely in the name of the Trustee, as Trustee hereunder, except that:

(1) Such cash shall be invested and reinvested by the Trustee in Short-Term Treasuries, (i) if the Trustee is so directed in writing by the Indemnitees' Agent and if the Indemnitees' Agent states in such writing that an Event of Default has occurred and is continuing, and (ii) after the Trustee receives written directions from the Representative, stating that any and all cash held by the Trustee as part of the Trust Estate shall be kept invested in Short-Term Treasuries, and

(2) Notwithstanding the foregoing, such cash shall be invested by the Trustee in Joint Approval Cash Equivalents if and to the extent so directed by the Representative and the Indemnitees' Agent, acting jointly, but only if the Trustee has received an opinion of counsel approved in writing by the Indemnitees' Agent, confirming to the reasonable satisfaction of the Indemnitees' Agent that on the date of such investment, if such investment is made in the manner directed by the Representative and the Indemnitees' Agent, the Trustee will have a valid

and perfected security interest in such investment and the proceeds thereof, free from any adverse claim, if the Trustee makes such investment in good faith and without notice of an adverse claim; and

(ii) Such cash and Cash Equivalents shall be invested and reinvested solely:

(1) at the risk of Contributor and Parent; and

(2) in the name of the Trustee or its nominee.

(b) The Trustee shall be entitled to sell or redeem any such investment as necessary to make any distributions required under this Agreement and shall not be liable or responsible for any loss resulting from any such sale or redemption or from any investment or failure to invest made in accordance with this Agreement.

(c) Income, if any, resulting from the investment of

the Trust Estate shall be for the account of Contributor, but shall be held as part of the Trust Estate, subject to the provisions of this Agreement.

(d) For purposes of this Agreement, as of any date of valuation, and unless otherwise expressly provided herein, (i) Newco Common Stock shall be valued at Fair Market Value, (ii) cash shall be valued at face value, (iii) Cash Equivalents shall be valued at the principal amount outstanding thereon and (iv) Letters of Credit shall be valued at the amount available to be drawn thereunder, except that:

(i) Any Cash Equivalent consisting of an investment in a fund having a readily ascertainable market value or surrender value shall be valued at such value,

(ii) Any Cash Equivalent that has matured and has not been paid shall be valued at zero,

(iii) Any Letter of Credit that is not an Approved Letter of Credit shall be valued at zero,

(iv) Any Letter of Credit issued by a bank which no longer is a First Tier United States Bank shall be valued at zero effective on the 45th day after the Indemnitees' Agent delivers to the Trustee and the Representative a notice to such effect, requesting that an Approved Letter of Credit issued by a First Tier United States Bank for at least the same amount as such Letter of Credit be substituted for such Letter of Credit (and if such substitute Approved Letter of Credit is delivered to and accepted by the Trustee prior to such day,

the Trustee is hereby authorized and directed to surrender such Letter of Credit to Contributor and Parent against delivery of such substitute Approved Letter of Credit),

(v) Any Letter of Credit on which any payment demand was made in conformity with such Letter of Credit and was not honored by payment in full of the amount demanded within one business day after demand, and all other Letters of Credit issued by the issuer of such Letter of Credit or by any Affiliate of such Issuer, shall be valued at zero,

(vi) Any Cash Equivalent on which any partial payment of principal or any interest payment is more than three days past due shall be valued at zero, and

(vii) Any Cash Equivalent or Letter of Credit as to which the Indemnitees' Agent has notified the Trustee, Contributor and Parent in writing that Newco Group reasonably believes the obligor is (or more probably than not is) unable to pay the Cash Equivalent at maturity or to pay the full amount available under such Letter of Credit upon demand in conformity with the terms thereof shall be valued at such amount, including zero, as the Indemnitees' Agent may set forth in such notice. The valuation set forth in a notice given pursuant to this Section 4(d)(vii) shall become effective on the eleventh day after receipt of such notice by the Trustee, unless prior to such eleventh day the Representative gives the Trustee and the Indemnitees' Agent written notice of objection to such valuation, in which event the Cash Equivalent or Letter of Credit subject to such valuation shall be valued at face value until the Trustee receives notice reasonably acceptable to the Trustee of any different value that has been determined in accordance with Section 7 hereof and shall thereafter be valued at the value so determined; provided that during such interim period, the Cash Equivalent or Letter of Credit may be given a different value pursuant to any other subclause of this Section 4(d).

(e) In the case of any and all Letters of Credit at any time held by the Trustee as part of the Trust Estate:

(i) Each Letter of Credit shall:

(1) be issued by a First Tier United States Bank through any foreign or domestic branch and shall constitute the lawful commitment and obligation of such issuer to pay United States Dollars up to the amount set forth therein upon one or more demands made in conformity with the terms set forth therein prior to an expiry date set forth therein;

(2) be issued for the benefit of the Trustee and name the Trustee as the sole beneficiary thereof;

(3) be available for payment in United States Dollars on the first business day after the business day of demand made upon the issuer by presentation at the issuer's office prior to 11:00 a.m. (local time in the jurisdiction of the office of

the issuer where draws on such Letter of Credit are to be presented) of a certificate, in the form set forth in the Letter of Credit, demanding a drawing on the Letter of Credit and presented in compliance with the terms of the Letter of Credit (whether made by manual delivery or by any form of teletransmission), and on the second business day after any such demand made after 11:00 a.m., as follows:

A) the issuer will pay to the Trustee the full amount of such Letter of Credit at any time during the period that commences on the 30th day prior to the Expiry Date set forth in such Letter of Credit, if demand for such payment is made either (i) by the Trustee, acting alone through any officer of the Trustee, or (ii) by the Indemnitees' Agent;

B) subject to Section 7 of this Agreement, the issuer will pay to the Trustee the full amount of such Letter of Credit on the first business day after the 45th day after the Indemnitees' Agent delivers to the Trustee and the Representative a notice to the effect that the issuer is no longer a First Tier United States Bank, requesting that an Approved Letter of Credit issued by a First Tier United States Bank for at least the same amount as such Letter of Credit be substituted for such Letter of Credit, if a substitute Approved Letter of Credit has not been delivered to the Trustee and if demand for such payment is made by the Trustee, acting alone through any officer of the Trustee; and

C) the issuer will pay to the Trustee the amount set forth in any demand at any time made by the Trustee, acting alone through any officer of the Trustee, up to the amount of such Letter of Credit; provided that, prior to presentation of such demand pursuant to this subclause (C), all required notices have been given and any objections have been resolved pursuant to the terms of this Agreement;

provided that, for purposes of this subclause (3), a "business day" shall mean, for any Letter of Credit,

any day other than a Saturday, Sunday

or other day on which banks in New York City or in the jurisdiction of the office of the issuer where draws on such Letter of Credit are to be presented are authorized to close;

(4) be transferable solely to a successor Trustee which succeeds to the Trustee pursuant to Section 13 hereof;

(5) be available for an unlimited number of demands for payment, specifically stating that the failure to make demand for payment on any occasion shall not affect, impair or limit the availability of the credit or the right to make an unlimited number of payment demands at any later time or on any other occasion;

(6) not require presentation of any draft, submission of any certificate, proof of fact, proof of claim or any other document whatsoever, as a condition to the honor of such Letter of Credit or for any other purpose, except as otherwise set forth in this Section;

(7) not require presentation of such Letter of Credit as a condition to the honor of such Letter of Credit or for any other purpose, whether for exhibition, notation, or surrender or otherwise; and

(8) either (a) be in the form, in all material respects, of an Initial Letter of Credit, (b) comply, in all material respects, with the foregoing provisions of this Section 4(e)(i), as determined by Newco and the Trustee, or (c) be, in all respects, both as to form and as to substance, satisfactory to Newco in its reasonable discretion and to the Trustee in its reasonable discretion, and the Trustee shall have received notice from the Indemnitees' Agent as to Newco's acceptance of a Letter of Credit pursuant to subclauses (b) or (c) of this subclause (8); provided that the parties hereto agree without limitation that (I) any change in the proposed substance of any proposed Letter of Credit from that of the Initial Letters of Credit or the

substance of the requirements of this Section 4(e)(i) shall be deemed to be "material" for purposes of this subclause (8) and (II) any change which could reasonably be expected to have an adverse effect on the ability of the Trustee or the Indemnitees' Agent, as the case may be, to draw under a Letter of Credit, or that could reasonably be expected to make any such draw more difficult or time consuming, shall be deemed to be "material" for purposes of this subclause (8).

Newco and the Trustee hereby confirm their approval of the Initial Letters of Credit.

(ii) No later than the 20th day prior to the Letter of Credit Expiry Date of each Letter of Credit, the Trustee shall demand payment of the full amount available under such Letter of Credit from the issuer thereof in conformity with the terms of such Letter of Credit unless an Approved Letter of Credit in at least the same amount has been delivered to and accepted by the Trustee in substitution for such Letter of Credit no later than the 30th day prior to such Letter of Credit Expiry Date (and if such substitute Approved Letter of Credit is delivered to and accepted by the Trustee prior to such day, the Trustee is hereby authorized and directed to surrender such Letter of Credit to Contributor and Parent against delivery of such substitute Approved Letter of Credit).

(iii) The Trustee shall demand payment of amounts available under Letters of Credit if, as, when and to the extent required to fund any payment or distribution required to be made by the Trustee from the Trust Estate pursuant to this Agreement (including, without limitation, after all required notices have been given and any objections have been resolved pursuant to the terms of this Agreement), but only to the extent the cash and Cash Equivalents then held by the Trustee as part of the Trust Estate are not sufficient to fund such payment or distribution.

(iv) The Trustee shall demand payment of all amounts available under any and all Letters of Credit in conformity with the terms thereof, promptly upon the Trustee's receipt of written directions to do so from the Indemnitees' Agent, if either (i) a Make-Whole Breach has occurred and is then continuing or (ii) the Indemnities' Agent certifies in such written directions that an Event of Default has occurred

and is continuing.

(v) The Trustee shall demand payment of amounts available under Letters of Credit if, as, when and to the extent the Trustee at any time receives written directions to do so from the Representative.

(vi) The Trustee's obligations under this Section 4(e) may be waived or modified only by joint written directions signed by the Representative and the Indemnitees' Agent, but such waiver or modification shall be effective (i) only if and to the extent specifically set forth in such joint written directions, (ii) only on the specific occasion and for the specific purpose for which such joint written directions were given, without in any manner impairing the rights and obligations of the parties (as set forth herein) as to any other occasion, even if identical to such occasion, or for any other purpose, and (iii) in the case of any modification, only if the Trustee is willing to consent thereto in its sole discretion.

(vii) Subject to subclause (vi) above, the Trustee's obligations to demand such payment as set forth in this Section 4(e) shall be absolute and unconditional and shall not be affected or diminished by any contrary notice or demand delivered to the Trustee by or on behalf of Contributor or Parent or any other person except as specifically provided for in this Agreement.

(viii) All proceeds of any demand for payment under any Letter of Credit shall be remitted to the Trustee and shall be held by it as part of the Trust Estate.

5. Required Trust Estate Values.

(a) The Trust Estate shall be valued by the Trustee at the end of each calendar quarter (a "quarterly valuation"). The Trustee shall send the other parties hereto written notice of such quarterly valuation within 10 days after the end of such quarter.

(b) The value of Fund B shall be as follows:

(i) After the date hereof and prior to the date which is 16 months after the date hereof, at any quarterly valuation the value of Fund B shall be no less than $175 million, of which no less than $25 million shall be cash or Cash Equivalents.

(ii) After the date which is 16 months after the date hereof and prior to the termination of this Agreement, at any such quarterly valuation, the value of Fund B shall be no less than $100 million, of which no less than $25 million shall be cash or Cash Equivalents.

(iii) After the Expiration Date, the value of Fund B may be reduced to the Maintenance Level, all of which may be maintained in Newco Common Stock.

Notwithstanding the foregoing, while there is any Tax Claim, Final Tax Amount or pending Liabilities Claim, Fund B shall be maintained in an amount equal to the sum of all Tax Reserves for all Tax Claims, Final Tax Amounts, the Maintenance Level, all Pending Amounts, and all other amounts required to be paid out from or maintained in Fund B.

(c) At any quarterly valuation, the value of Fund A shall be no less than the then amount of Scheduled Liabilities.

(d) If the values of Funds A and B as determined by the Trustee in accordance with this Agreement in any quarterly valuation are less than the values then

required to be maintained under Sections 5(b) and 5(c) hereof (a "deficiency"), the Trustee shall notify the parties and, within 15 days from the date such quarterly valuation is sent by the Trustee to the other parties hereto, Contributor and Parent shall cause to be deposited with the Trustee, as part of the Trust Estate, (i) cash, Short-Term Treasuries or Approved Letters of Credit in an aggregate amount equal to the deficiency in Fund A and (ii) cash, Short-Term Treasuries, Approved Letters of Credit or Newco Common Stock in an aggregate amount equal to the deficiency in Fund B, provided that no less than $25 million of Fund B shall at all times consist of cash or Cash Equivalents or Approved Letters of Credit (such deposits, a "Make-Whole Payment"). Notwithstanding the foregoing, if the deficiency in Fund B would be eliminated if the value of the Newco Common Stock increased 11.1 % or less from the value used in the quarterly valuation, the deficiency in Fund B need not be deposited.

(e) If the values of Funds A and B as determined by the Trustee in any quarterly valuation are more than the values then required to be maintained under Sections 5(b) and (c) hereof (a "surplus"), the Trustee shall notify the parties and, within 15 days from the date such quarterly valuation is sent by the Trustee to the other parties hereto, the Trustee shall cause, at the request of

Contributor, either (i) the surplus of cash or Cash Equivalents in Fund A to be released to Contributor or (ii) at the request of Contributor, either (1) the amount available to be drawn under a Letter of Credit in Fund A to be reduced by an amount equal to the surplus or (2) a Letter of Credit in Fund A with an amount available to be drawn equal to the surplus released to Contributor, and shall cause, at the request of Contributor, either (i) the surplus of cash or Cash Equivalents or Newco Common Stock in Fund B to be released to Contributor or (ii) at the request of Contributor, either (1) the amount available to be drawn under a Letter of Credit in Fund B to be reduced by an amount equal to the surplus or (2) a Letter of Credit in Fund B with an amount available to be drawn equal to the surplus released to Contributor, provided that no less than $25 million of Fund B shall at all times consist of cash or Cash Equivalents or Approved Letters of Credit. Notwithstanding the foregoing, if the surplus in Fund B would be eliminated if the value of the Newco Common Stock decreased by 10% or less from the value used in the quarterly valuation, the surplus in Fund B shall not be released. Further, no amount shall be released to Contributor pursuant to this Section 5(e) while an Event of Default is continuing.

(f) Contributor and Parent may deliver a Make-Whole Payment consisting of cash or Cash Equivalents or Approved Letters of Credit or (to the extent permitted under Section 5(d) hereof) Newco Common Stock owned by Contributor or Parent or by any Subsidiary of Parent, if, in the case of Newco Common Stock owned by any such Subsidiary, (i) such Subsidiary executes and delivers to the Trustee an agreement reasonably satisfactory to the Trustee and Newco Group by which such Subsidiary agrees to join in and be bound by this Agreement and the Pledge and Security Agreement on the same terms and conditions as those by which Parent is bound, together with such financing statements, assignments and transfer instruments

requested as to such Subsidiary by the Trustee or Newco Group, and (ii) Parent executes and delivers to the Trustee an instrument reasonably satisfactory to the Trustee warranting the due authorization, execution, delivery, legality and enforceability of such agreement, financing statements, assignments and transfer instruments and guaranteeing due and punctual payment and performance of all liabilities and obligations of such Subsidiary thereunder.

6. Trust Estate Scheduled Liabilities - Determination and Payment.

(a) The Trustee shall maintain on an ongoing basis a schedule of Known Liabilities (the "Schedule of Liabilities") determined as provided in this Section 6. The initial Schedule of

Liabilities is the Statement of Liabilities attached hereto as Annex 1. Each Scheduled Liability shall be stated at an amount equal to its liquidated amount if it is a Known Liability which is liquidated (i.e., in an amount certain) or at its related reasonable reserve if it is a Known Liability which is unliquidated (i.e., in an amount which is uncertain or contingent). The liquidated amount or the reserve, as the case may be, with respect to any Known Liability is its "Scheduled Amount." Amounts claimed under Tax Claims and Final Tax Amounts shall not be Scheduled Liabilities.

(b) The Schedule of Liabilities shall also include for Known Liabilities which are liquidated their respective discrete (one or more) or periodic due dates and the names and addresses of the persons entitled to payment. Unless the Representative or Indemnitees' Agent shall give notice to the Trustee at least 10 days prior to the due date of any Known Liability which is liquidated that payment should not be made on such due date, the Trustee shall pay from Fund A Known Liabilities which are liquidated when due, and the related Known Liability shall be deemed satisfied and removed (to the extent satisfied) from the Schedule of Liabilities.

(c) If any party (other than the Trustee) becomes aware that any Known Liabilities which are liquidated have arisen after the date hereof, such party shall (through the Representative or the Indemnitees' Agent, as the case may be) give notice, and provide relevant documentation, if any, to the other parties. The notice shall contain the information called for by the first sentence of Section 6(b) hereof. If no party (other than the trustee) object to such notice within 10 days of the notice, the subject Known Liabilities shall be added to the Schedule of Liabilities.

(d) If any party (other than the Trustee) becomes aware that any Known Liabilities which are unliquidated have arisen after the date hereof, such party shall (through the Representative or the Indemnitees' Agent, as the case may be) give notice, and provide relevant documentation, if any, to the other parties and shall propose a reasonable reserve therefor. If no party (other than the Trustee) objects to such notice within 10 days of the notice, the subject Known Liabilities shall be added to the Schedule of Liabilities at the amount of the proposed reserve.

(e) If there shall occur any developments or events which cause any party (other than the Trustee) reasonably to believe that the reserve for a Known Liability which is unliquidated or the scheduled amount of a Known Liability which is liquidated should be adjusted, such party shall (through the Representative or the Indemnitees' Agent, as the case may be) give notice to the other

parties of the proposed adjustment and the basis therefor. If no party (other than the trustee) objects to such notice within 10 days of the notice, the reserve or Scheduled Amount for such Known Liability shall be adjusted as proposed.

(f) If Known Liabilities which are unliquidated become liquidated through final resolution or settlement, the party responsible for the resolution shall give notice to the other parties of the nature and amount of the resolution and present evidence thereof in the form of a release, receipt, or otherwise. If no party (other than the trustee) objects to such notice within 10 days of the notice, the subject Known Liability shall be deemed liquidated at the amount of the resolution and, up to the Scheduled Amount, shall be paid as provided in Section 6(b) hereof.

(g) In addition, if the Representative shall give notice to the other parties hereto at least 15 days prior to a quarterly valuation that Parent or Contributor has satisfied, or caused to be satisfied, any Known Liability and shall present evidence thereof in the form of a receipt, release or other proof of its claim, then if the Indemnitees' Agent does not give notice of objection within 10 days of the Representative's notice, the Trustee shall, at the request of Contributor, either (i) reimburse Contributor or Parent (as the case may be) out of the Trust Estate for the amount paid in satisfaction of the Known Liability up to its Scheduled Amount or (ii) at the request of Contributor, cause either (1) the amount available to be drawn under a Letter of Credit in Fund A or Fund B, as the case may be, to be reduced by an amount equal to the amount paid in satisfaction of the Known Liability up to its Scheduled Amount or (2) a Letter of Credit in Fund A or Fund B, as the case may be, with an amount available to be drawn equal to the amount paid in satisfaction of the Known Liability up to its Scheduled Amount to be released to Contributor. Such Known Liability shall thereafter be deemed satisfied and removed (to the extent satisfied) from the Schedule of Liabilities.

(h) In addition, if the Indemnitees' Agent shall give notice to the other parties hereto at least 15 days prior to a quarterly valuation that HCI or Newco has incurred or has satisfied, or caused to be satisfied, any Known Liability and shall present evidence thereof in the form of a receipt, release or other proof of its claim, then if the Representative does not give notice of objection within 10 days of the Indemnitees' Agent's notice, the Trustee shall reimburse HCI or Newco (as the case may be) out of the Trust Estate for the amount paid in satisfaction of the Known Liability up to its Scheduled Amount. Such Known Liability shall thereafter be deemed satisfied and removed (to the extent satisfied) from the Schedule of Liabilities.

(i) When so directed in writing by the Representative upon at least 10 days' prior written notice, if (and only if) no Make-Whole Breach is then continuing under Section 8(c) hereof, the Indemnitees' Agent shall direct the Trustee (x) to sell or otherwise liquidate (in any commercially reasonable manner set forth in the Representative's notice) Cash Equivalents or Newco Common Stock held by the Trustee in Fund B as necessary to pay and discharge a Tax Claim or Final Tax Amount and (y) to pay directly to the taxing authority certified in the Representative's notice to be entitled to payment of such Tax Claim or Final Tax Amount, on account and in satisfaction of such Tax Claim or Final Tax Amount, such amount as is set forth in the Representative's notice. The Trustee shall not take any action under this Section 6(i) unless it receives such notice from the Indemnitees' Agent, regardless of the Trustee's receipt of any notice from the Representative.

(j) The Trustee (i) shall not be obligated to give any notice under any of the foregoing provisions in this Section 6, (ii) shall not be entitled to object to any notice given under any such provisions, (iii) shall not be obligated to make any adjustment in the Schedule of Liabilities, unless and until it receives notice thereof in accordance with such provisions and either (x) the time for objection thereto, as set forth in such provisions, has expired or (y) any such objection that was timely given has been resolved pursuant to Section 7 hereof, and (iv) shall give notice to the other parties hereto if it believes in good faith that any liquidated Known Liability has arisen, but shall not have any liability for (or suffer any diminution in its rights under Section 14 hereof on account of) any such notice given or not given by it in good faith.

7. Certain Disputes. In the event that either the Representative or the Indemnitees' Agent shall give notice of objection to any notice given under any of the provisions of Sections 4(d), 4(e) (other than Section 4(e)(i)(3)(A)), 6 or 9 hereof, the parties (other than the Trustee) shall promptly meet and confer and attempt to resolve the objection. If they succeed, they shall promptly and jointly notify the Trustee and the Trustee shall act in accordance with the notice. If they shall not succeed within 15 days or, in the case of an objection with respect to Section 4(e)(i)(3)(B), 5 days of the notice of objection, they shall, within an additional 45 days or, in the case of an objection with respect to Section 4(e)(i)(3)(B), 15 days, commence and complete an arbitration proceeding in accordance with the provisions of Section 24 hereof. Unless the parties shall otherwise jointly instruct the Trustee, the Trustee shall act with respect to the subject valuation (as to notice of objection under Section 4(d) hereof) or the subject Known Liability (as to notice of objection under Section 6 hereof) in accordance with the arbitrator's award when received. A party must have a reasonable basis in giving any such notice of objection and shall set forth the basis of its objection in the notice.

8. Certain Releases, Substitutions; Consequences of

Make-Whole Breach.

(a) When so directed in writing by the Representative upon at least 10 days' prior written notice (with a copy to the Trustee), the Indemnitees' Agent shall instruct the Trustee to release from Fund A and/or Fund B and deliver to Contributor, at the election of the Representative, any or all cash, Cash Equivalents and Newco Common Stock then held by the Trustee in Fund A and/or Fund B, as the case may be, but only if prior to any such release and delivery there is deposited with the Trustee, to be held as part of the Trust Estate and as part of Fund B, an Approved Letter of Credit in an amount at least equal to the then value of the cash, Cash Equivalents and the Fair Market Value of the Newco Common Stock so to be released. If any Letter of Credit to be delivered pursuant to this Section 8(a) is not in the form of an Initial Letter of Credit, then Newco shall be given at least 30 days' advance notice of the proposed issuance of such Letter of Credit, with copies of such Letter of Credit and all documents pertaining thereto. The Trustee shall not take any action under this Section 8(a) unless it receives the notice herein required from the Indemnitees' Agent (which notice shall not be unreasonably withheld), regardless of the Trustee's receipt of any notice from the Representative.

(b) When so directed in writing by the Representative upon at least five days prior written notice, the Indemnitees' Agent shall instruct the Trustee to release from Fund B and deliver to Contributor the number of shares of Newco Common Stock specified in such notice, but only if Contributor transfers to the Trustee, to be held as part of the Trust Estate, cash in an amount equal to the Fair Market Value of such shares of Newco Common Stock, concurrently with and in exchange for delivery of such shares of Newco Common Stock. The Trustee shall not take any action under this Section 8(b) unless it receives the notice herein required from the Indemnitees' Agent (which notice shall not be unreasonably withheld), regardless of the Trustee's receipt of any notice from the Representative.

(c) If Contributor and Parent at any time fail to deposit any Make- Whole Payment required to be deposited by them pursuant to Section 5(d) hereof (a "Make-Whole Breach"), then at all times thereafter until the full amount of such Make-Whole Payment is received by the Trustee, in cash and as part of the Trust Estate, (i) the Indemnitees' Agent shall have the sole power to direct and control the application of the Trust Estate to the settlement, payment and satisfaction of any and all Scheduled Liabilities, Liabilities Claims, Final Tax Amounts and Tax Claims (whether or not disputed or liquidated), at such times and in such amounts, manner and order and on such conditions as the Indemnitees' Agent from time to time, in its

sole discretion, may determine and (ii) subject to applicable laws, regulations, orders, judgments and decrees and the provisions of Section 13 hereof, the Trustee shall honor all instructions received by it in writing from the Indemnitees' Agent to collect any or all Cash Equivalents, sell any or all Newco Common Stock and otherwise liquidate any and all property of the Trust Estate and pay, from cash in the Trust Estate, any or all such Scheduled Liabilities, Liabilities Claims, Final Tax Amounts and Tax Claims, in such amount, manner and order as the Indemnitees' Agent in its sole discretion may elect

and direct, in each case (x) whether or not any claim so paid has then been settled or liquidated or is then binding upon Contributor or Parent under any judgment or award, (y) whether or not Contributor or Parent has participated in or approved any settlement or payment of any claim, and (z) whether or not Parent or Contributor has given the Trustee notice of objection to any such instructions or notice of any demand for arbitration or judicial relief in respect thereof. No such action by the Indemnitees' Agent shall be determinative of any liability of Parent or Contributor for or as to any Liability or Damages pursuant to the provisions of the Stock Contribution and Exchange Agreement.

9. Termination of Agreement.

(a) Ninety (90) days after the 10th anniversary of the date hereof (the "Cut-off Date"), (i) the Trustee shall determine, by a valuation in accordance with Sections 4 and 6 hereof, the excess, if any, (the "Excess Amount") of (A) all property then held in the Trust Estate over (B) the amount required to pay the sum of all Scheduled Liabilities, all Tax Reserves for all Tax Claims and Final Tax Amounts, all Pending Amounts, and all other amounts required to be paid from Fund B, and (ii) the Trustee shall release such Excess Amount to Contributor, unless at such time the statute of limitations applicable to the assessment of United States federal income tax against Univisa or USHI (or any affiliate or Subsidiary of either of them) with respect to any Pre-Closing Period shall not have expired, in which event any Excess Amount shall be determined and released to Contributor upon the day following the earliest to occur of (x) the expiration of such statute of limitations, (y) a final determination by the Internal Revenue Service to the effect that neither Univisa nor USHI (nor any affiliate or Subsidiary of either of them) has any unsatisfied liability for taxes for which Parent and Contributor would be liable pursuant to Section 8.2(a)(ii) of the Stock Contribution and Exchange Agreement, and (z) the assertion of a Tax Claim by the Internal Revenue Service.

(b) After the Cut-off Date, no Known Liabilities

shall be added to the Schedule of Liabilities other than as a result of the determination of Pending Amounts.

(c) After satisfaction and discharge of all remaining Scheduled Liabilities and Final Tax Amounts, determination of all Pending Amounts, final, indefeasible nonappealable satisfaction and discharge of all Tax Claims and Liabilities Claims, and payment or satisfaction of all previously unpaid amounts to which the Trustee may be entitled under Section 14 hereof, and after the Excess Amount (if any) is released in accordance with Section 9(a) hereof, all amounts remaining in the Trust Estate shall be delivered to Contributor.

(d) Upon the final distribution of all of the Trust Estate in accordance with the terms of this Agreement, this Agreement shall terminate, except that the provisions of Sections 13 and 14 hereof shall survive such termination.

(e) The Trustee shall not be obligated to release or deliver any assets of the Trust Estate pursuant to this Section 9 except if and to the extent (i) the Trustee receives joint written instructions from the Representative and the Indemnitees' Agent, directing such release or delivery, (ii) the Trustee (x) receives notice from the Representative directing that such release or delivery be made on any date occurring after the Cut-Off Date, (y) has given the Indemnitees' Agent notice of the Trustee's receipt of such direction from the Representative, and at least 60 days have elapsed since such notice was given to the Indemnitees' Agent, and (z) has not received notice of objection to such release or delivery from the Indemnitees' Agent, or (iii) in accordance with an arbitrator's award, directing that such release or delivery be made on any date occurring after the Cut-Off Date, delivered in an arbitration proceeding conducted in accordance with the provisions of Section 24 hereof.

10. Directions to Trustee. Both prior to and after the occurrence of any Event of Default, the Trustee shall (subject to Sections 12 and 13 hereof) exercise and enforce its rights and remedies under the Pledge and Security Agreement in accordance with such instructions as the Trustee from time to time may receive from Newco Group, so long as such instructions do not, in the good faith opinion of the Trustee, require it to engage in any action which would violate any applicable law, regulation, judgment, order or decree or expose it to liability for which it has not received indemnification from Newco Group pursuant to Section 14 hereof.

11. Tax Matters. Each party to this Agreement shall provide a completed IRS Form W-8 or Form W-9 to the Trustee upon request of the Trustee. Subject to Section 14, Contributor and Parent, jointly and severally, covenant

and agree to indemnify and hold the Trustee harmless against all liability for tax withholding and/or reporting for any payments made by the Trustee pursuant to this Agreement.

12. Duties of the Trustee. The Trustee shall have no duties or responsibilities other than those expressly set forth in this Agreement and the Pledge and Security Agreement, and no implied duties or obligations shall be read into this Agreement or the Pledge and Security Agreement against the Trustee. The Trustee shall have no duty to enforce any obligation of any person, other than as provided herein. The Trustee shall be under no liability to anyone by reason of any breach or failure on the part of any party hereto or any maker, endorser or other signatory of any document or any other person to perform such person's obligations under any such document.

13. Liability of the Trustee; Withdrawal.

(a) The Trustee shall not be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith (except as provided in the immediately succeeding sentence), and may rely conclusively and shall be protected in taking or omitting to take any action based upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by the Trustee), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is believed by the Trustee to be genuine and to be signed or presented by the proper person(s). The Trustee shall not be held liable for any error in judgment made in good faith by an officer of the Trustee unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts or acted intentionally in bad faith. The Trustee shall not be bound by any notice of demand, or any waiver, modification, termination or rescission of this Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Trustee signed by the proper party or parties and, if the duties or rights of the Trustee are affected, unless it shall give its prior written consent thereto.

(b) Without limitation of any other provision of this Agreement, the Trustee shall not be responsible for and may conclusively rely upon and shall be protected, indemnified and held harmless by Contributor and Parent, acting jointly and severally, for the sufficiency or accuracy of the form of, or the execution, validity, value or genuineness of any document or property received (from any party), held or delivered by it hereunder, or of the signature or endorsement thereon, or for any description therein; nor shall the Trustee be responsible or liable in any respect on account of the

identity, authority or rights of the persons executing or delivering or purporting to execute or deliver an document, property or this Agreement.

(c) No provision of this Agreement or the Pledge and Security Agreement shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power hereunder or thereunder unless it receives indemnity reasonably satisfactory to it against any loss, liability or expense.

(d) The Trustee makes no statement, promise, representation or warranty whatsoever, and shall have no liability whatsoever, to Newco Group or its successors or assigns as to the authorization, execution, delivery, legality, enforceability or sufficiency of this Agreement or the Pledge and Security Agreement or as to the creation, perfection, priority or enforceability of any security interest granted hereunder or thereunder or as to the existence, ownership, quality, condition, value or sufficiency of any of the Trust Estate or as to any other matter whatsoever, except only that the Trustee represents and warrants to the other parties hereto that (i) it

has the right, power and authority, and all required licenses and consents, to execute, deliver and perform its duties under this Agreement and the Pledge and Security Agreement, and (ii) this Agreement and the Pledge and Security Agreement have been duly executed and delivered by it, upon due authorization, and (without representing as to the legality, binding effect or sufficiency of any provision herein or therein) are binding upon and legally enforceable against it, subject to laws generally affecting the enforcement of creditors' rights and the effect of equitable principles, whether considered in a court of law or equity.

(e) In the event that the Trustee shall become involved in any arbitration or litigation relating to the Trust Estate, the Trustee is authorized to comply with any final, binding and nonappealable decision reached through such arbitration or litigation.

(f) The Trustee may resign at any time and be discharged from its duties and obligations hereunder and under the Pledge and Security Agreement, by giving notice to the other parties. Such resignation shall not discharge or otherwise affect the Trust Estate or any property comprising part of the Trust Estate or any beneficial interest therein or the rights, powers and liens created by or arising under this Agreement and the Pledge and Security Agreement. Such resignation shall take effect when a successor Trustee has been

appointed by Newco and has accepted the trusts herein provided. If a successor Trustee does not take office within 60 days after the retiring Trustee resigns, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(g) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to Newco Group. Thereupon, the resignation of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Agreement and all of the rights, powers and liens granted to the Trustee under the Pledge and Security Agreement. The successor Trustee shall mail a notice of its succession to Contributor and Parent. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee provided all sums owing to the retiring Trustee have been paid.

(h) Notwithstanding the replacement of the Trustee pursuant to this Section 13, the resigning Trustee shall continue to be entitled to the rights, immunities and benefits provided under Sections 12, 13, 14 and 24 hereof.

14. Trustee's Fees and Indemnification. All fees (as may from time to time be agreed in writing by the Trustee, Contributor and Parent) and reasonable expenses and disbursements of the Trustee for its services hereunder and under the Pledge and Security Agreement, shall be paid by Contributor and Parent. Newco Group, Contributor and Parent, jointly and severally, hereby agree to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence or wilful misconduct

on the part of the Trustee, including legal or other fees arising out of or in connection with its entering into this Agreement and the Pledge and Security Agreement and carrying out its duties hereunder or thereunder, including the costs and expenses of defending itself against any claim of liability in the premises or any action for interpleader. The Trustee shall be under no obligation to institute or defend any action, suit, or legal proceeding in connection with this Agreement or the Pledge and Security Agreement, unless first indemnified and held harmless to its satisfaction in accordance with the foregoing, except that the Trustee shall not be indemnified against any loss, liability or expense arising out of its bad faith, gross negligence or willful misconduct. Such indemnity shall survive the termination or discharge of this Agreement or resignation of the Trustee.

15. Inspection. All funds or other property held as part of the Trust Estate shall at all times be clearly identified on the Trustee's accounts as being held by the Trustee hereunder. Any party hereto may at any time during the Trustee's business hours (with reasonable notice) inspect any records or reports relating to the Trust Estate.

16. Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given (i) when received if personally delivered, (ii) when receipt is automatically acknowledged if transmitted by telecopy, electronic or digital transmission method, (iii) the day after it is sent, if sent for next day delivery to an address within the United States and Puerto Rico by recognized overnight delivery service (e.g. Federal Express), (iv) the third day after it is sent, if sent for next day delivery to any other address by recognized international delivery service, and (v) and upon receipt, if sent by certified or registered mail, return receipt requested. In each case notice shall be sent to:

(a) If to Contributor or the Representative:

SATELLITE COMPANY, LLC
c/o Fonovisa Centroamerica, S.A.
De Popa de Curridabat 25 Mts. Este
Edificio Galerias del Este
Local 8
San Jose, Costa Rica

with a copy to:

Fried, Frank, Harris, Shriver & Jacobson
One New York Plaza
New York, New York 10004
Attention: Joseph A. Stern, Esq.
Telephone: (212) 859-8000
Telecopy: (212) 859-4000

(b) If to Parent:

GRUPO TELEVISA, S.A.
Avenida Vasco de Quiroga # 2000
Colonia Santa Fe
Mexico, QF 01210

Attention: Emilio Romano
Telephone: 011-525-261-2414
Telecopy: 011-525-261-2487

with a copy to:

Fried, Frank, Harris, Shriver & Jacobson
One New York Plaza
New York, New York 10004
Attention: Joseph A. Stern, Esq.
Telephone: (212) 859-8000
Telecopy: (212) 859-4000

(c) If to Newco or Indemnitees' Agent:

PANAMSAT CORPORATION
1 Pickwick Plaza, Suite 270
Greenwich, Connecticut 06830
Attention: James W. Cuminale, Esq.
Telephone: (203) 622-6664
Telecopy: (203) 861-8684

with a copy to:

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, New York 10112
Attention: Dennis J. Friedman
Telephone: (212) 408-5200
Telecopy: (212) 541-5369

(d) If to HCI:

HUGHES COMMUNICATIONS, INC.
PO Box 9712
Long Beach, California 90810-9928
Attention: Jerald Farrell, President
Telephone: (310) 525-5010
Telecopy: (310) 525-5015

with a copy to:

Latham & Watkins
633 West Fifth Street, Suite 4000
Los Angeles, California 90071
Attention: Bruce R. Lederman, Esq.
Telephone: (213) 485-1234
Telecopy: (213) 891-8763

(e) If to the Trustee:

IBJ Schroder Bank & Trust Company
One State Street
New York, New York 10004
Attention: Corporate Trust Department
Telephone: (212) 858-1234
Telecopy: (212) 858-2952

17. Non-Exclusive Remedy. Newco Group, Contributor and Parent agree and acknowledge that the Trust Estate shall not be Newco Group's exclusive method of receiving indemnification from Contributor and Parent pursuant to Section 8.2 of the Stock Contribution and Exchange Agreement and Contributor and Parent shall be and remain in all respects personally liable for all Indemnification Obligations and each liability may be enforced by any lawful means.

18. Modification; Waiver. Subject to applicable law, this Agreement may be amended, modified or supplemented, with respect to any of the terms contained herein, only by written agreement of the parties and the rights, remedies, immunities and benefits created hereby or arising hereunder in favor of any person may be waived by it only by and instrument in writing signed by it. No such right, remedy, immunity or benefit shall be deemed waived by reason of such person's failure to act, oral statements or course of conduct, including any grant of a waiver on a different or prior occasion.

19. Interpretation. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the word "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". This Agreement shall not be construed for or against either party by reason of the authorship or alleged authorship of any provision hereof or by reason of the status of the respective parties.

20. Assignment. Except for assignments by a member of the Newco Group to any affiliate or Subsidiary of such member with respect of some or all of its rights under this Agreement (which assignment can be made without the written consent of Contributor or

Parent), neither this Agreement, nor any of the rights, interests or obligations hereunder, shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of Contributor, Parent and Newco Group. The Trustee shall not be bound by any assignment, unless it receives written notice thereof. No other party hereto may assign its obligations to the Trustee without the Trustee's written consent. Subject to the foregoing provisions of this Section 20, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

21. Governing Law. This Agreement shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the laws of the State of New York (without reference to the choice of law provisions).

22. Interest in Trust Estate. Neither Contributor nor Parent has any interest in the Trust Estate except only as to any property which has been released from the Trust Estate and delivered to Contributor or Parent as herein provided, effective upon such release and delivery.

23. Severability. Each party agrees that, should any court or other competent authority hold any provision of this Agreement or part hereof to be null, void or unenforceable, or order any party to take any action inconsistent herewith or not to take an action consistent herewith or required hereby, the validity, legality and enforceability of the remaining provisions and obligations contained or set forth herein shall not in any way be affected or impaired thereby. Upon any such holding that any provision of this Agreement is null, void or unenforceable, the parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated by this Agreement are consummated to the extent possible. The Trustee shall not be obligated to agree to any amendment that adversely affects its rights or obligations hereunder. Except as otherwise contemplated by this Agreement, to the extent that a party hereto took an action inconsistent herewith or failed to take action consistent herewith or required hereby pursuant to an order or judgment of a court or other competent authority, such party shall incur no liability unless such party did not in good faith seek to resist or object to the imposition or entering of such order or judgment; provided, however, that nothing in this Section 23 shall be deemed to limit or otherwise modify the Trustee's rights under Sections 13, 14 and 24 hereof, including Section 13(c).

24. Arbitration. Notwithstanding anything in any other Section of this Agreement to the contrary, in the event that there shall be a dispute among the parties arising out of or relating to this Agreement, the parties agree that such dispute shall be resolved by final and binding arbitration in Los Angeles, California, administered by Judicial Arbitration & Mediation Services, Inc. ("JAMS"), in accordance with JAMS' rules of practice then in effect or such other procedures as the parties may agree to prior to the Closing. Depositions may be taken and other discovery may be obtained during

such arbitration proceedings to the same extent as authorized in civil judicial proceedings. Any award issued as a result of such arbitration shall be final and binding between the parties thereto, and shall be enforceable by

any court having jurisdiction over the party against whom enforcement is sought. The fees and expenses of such arbitration (including reasonable attorneys' fees) or any action to enforce an arbitration award shall be paid by the party that does not prevail in such arbitration.

Notwithstanding anything in the preceding paragraph of this Section 24 to the contrary, the parties shall have the right to submit to a court, in accordance with the following provisions of this Section 24, (i) any claim asserted by the Trustee, in its personal capacity, for the payment of fees, expenses, disbursements or indemnification due to the Trustee under Section 14 hereof (or due under any indemnity given to the Trustee pursuant to Section 14 hereof), (ii) any claim asserted against the Trustee personally, seeking damages or other relief against the Trustee (and not for purposes of binding the Trust Estate) based on or relating to any alleged breach of any duty or other actionable conduct of the Trustee, and (iii) any claim asserted by or against the Trustee personally (and not for purposes of binding the Trust Estate) otherwise relating in any manner to the rights, immunities and benefits granted to the Trustee under Sections 12, 13 and 14 hereof; and, with respect to solely to such claims:

(a) No party shall be obligated or entitled to submit such claim to arbitration or be bound by any arbitrator's award that might in any manner relate to such claim;

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO SUCH CLAIM MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE JURISDICTION OF THOSE COURTS FOR PURPOSES OF ADJUDICATION OF ANY SUCH CLAIM. EACH PARTY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION FOR PURPOSES OF ADJUDICATION OF ANY SUCH CLAIM. SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS MAY BE MADE BY ANY MEANS PERMITTED BY NEW YORK LAW.

(c) EACH PARTY HERETO WAIVES ALL RIGHTS TO A TRIAL BY JURY OF ANY SUCH CLAIM AND AGREES THAT SUCH CLAIM SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH PARTY FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS HEREBY WAIVED AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT

OR THE PLEDGE AND SECURITY AGREEMENT OR ANY PROVISION HEREOF OR THEREOF, INSOFAR AS IT MAY CREATE A DEFENSE TO ANY

SUCH CLAIM. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE PLEDGE AND SECURITY AGREEMENT.

25. Remedies Cumulative. All rights and remedies of each party hereto are cumulative of each other and of every other right or remedy such party may otherwise have at law or in equity, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

26. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be considered one and the same instrument and shall become effective when executed and delivered by each of the parties.

27. Specimen Signature. Each person at any time appointed as Representative or Indemnitees' Agent shall present a specimen signature to the Trustee promptly upon appointment.

28. Release of Cash or Cash Equivalents in Connection with Initial Letters of Credit. Upon receipt by the Trustee of the Initial Letters of Credit, the Trustee shall release to the Contributor (i) cash or Cash Equivalents from Fund A in an amount equal to the amount available to be drawn under the Initial Letter of Credit in Fund A and (ii) cash or Cash Equivalents from Fund B in an amount equal to the amount available to be drawn under the Initial Letter of Credit in Fund B; provided that any such delivery of cash or Cash Equivalents shall be made against delivery by Contributor of a receipt for such cash or Cash Equivalents.

29. Contribution of Trust Estate. The parties hereto acknowledge that the Trust Estate created pursuant to this Agreement is a continuation of the "Trust Estate" as defined in the Original Trust Agreement.

[intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this

Collateral Trust Agreement as of the date first written above.

PANAMSAT CORPORATION, a Delaware corporation

By:_____
Name:
Title:

HUGHES COMMUNICATIONS, INC., a California corporation

By:_____
Name:
Title:

SATELLITE COMPANY, LLC, a Nevada limited liability company

By:_____
Name:
Title:

GRUPO TELEVISA, S.A., a corporation (Sociedad Anonima) organized under the laws of Mexico

By:_____
Name:
Title:

IBJ SCHRODER BANK & TRUST COMPANY, a New York banking corporation

By:_____
Name:
Title:

Exhibit 10.32

PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT (this "Agreement"), dated as of May 16, 1997, is entered into by SATELLITE COMPANY, LLC, a Nevada limited liability company, and GRUPO TELEVISA, S.A., a corporation (Sociedad Anonima) organized under the laws of Mexico (together, the "Debtors"), in favor of IBJ SCHRODER BANK & TRUST COMPANY, a New York banking corporation, as Trustee under the Collateral Trust Agreement described below ("Secured Party").

RECITALS

A. The Debtors and Magellan International, Inc., a Delaware corporation ("Newco"), and Hughes Communications, Inc., a California corporation ("HCI" and, together with Newco, the "Newco Group") are parties to a Stock Contribution and Exchange Agreement, dated as of September 20, 1996.

B. Pursuant to the Stock Contribution and Exchange Agreement, (i) the Debtors and Newco Group have entered into a Collateral Trust Agreement with Secured Party, as Trustee, dated as of May 16, 1997, under which Secured Party holds the Trust Estate therein described in trust as set forth therein (as from time to time amended, the "Collateral Trust Agreement"), and (ii) the Debtors are executing and delivering this Pledge and Security Agreement to Secured Party to hold as part of such Trust Estate.

AGREEMENT

In consideration of the foregoing and the mutual promises contained herein and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Debtors, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Collateral Trust Agreement Definitions. The following terms shall have the meanings assigned to them in the Collateral Trust Agreement:

Cash Equivalents
Letter of Credit
Newco Common Stock
Initial Trust Estate

SECTION 1.2 U.C.C. Definitions. Where applicable and except as otherwise expressly provided herein, terms used herein (whether or not capitalized) shall have the respective meanings assigned to them in the Uniform Commercial Code as in effect in the State of New York on the date of the Stock Contribution and Exchange Agreement (the "Code").

SECTION 1.3 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Agreement" means this Pledge and Security Agreement.

"Collateral" is defined in Section 2.1.

"Event of Default" means any of the following events: (i) a Debtor fails to pay any Secured Obligation when due, and such failure continues for 10 calendar days after either (A) it is acknowledged in writing by any Debtor or (B) such Secured Obligation is determined to be due and payable in arbitration proceedings conducted in accordance with Section 24 of the Collateral Trust Agreement or by order of a court of competent jurisdiction; (ii) any representation or warranty made by any Debtor in the Collateral Trust Agreement or this Agreement proves to have been inaccurate in any material respect when made, and such inaccuracy continues for 30 calendar days after written notice thereof is given to the Debtors by Secured Party or by Newco Group; (iii) any Debtor fails to perform or observe any term, covenant or agreement contained in the Collateral Trust Agreement or this Agreement, and such failure continues for 30 calendar days after either (A) it is acknowledged in writing by any Debtor or (B) such failure is determined to have occurred and such term, covenant or agreement is determined to be enforceable in arbitration proceedings conducted in accordance with Section 24 of the Collateral Trust Agreement or by order of a court of competent jurisdiction; (iv) any Debtor admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors; (v) any proceeding is instituted by or against any Debtor seeking an order for relief under the United States Bankruptcy Code or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property under any law relating to bankruptcy, insolvency, liquidation or reorganization or relief of debtors and either (A) any such relief in any such proceeding is sought or consented to by it or an order for any such relief is entered against it, or (B) any such proceeding instituted against it remains undismissed and unstayed for a period of 60 calendar days; (vi) any Debtor takes any corporate action to authorize any of the actions described in clause v

above; (vii) any provision of the Collateral Trust Agreement or this Agreement for any reason ceases to be valid and binding on any Debtor in any respect materially adverse to Secured Party or the holders of Secured Obligations, and a valid and binding reasonably equivalent substitute is not offered to Secured Party, to be held in trust as part of the Trust Estate, within 30 calendar days after written notice thereof is given to the Debtors by Secured Party or by Newco Group; (viii) any Debtor repudiates or purports to revoke or terminate, in any material respect, any of its obligations under the Collateral Trust Agreement or this Agreement, and such event continues for 10 calendar days after written notice thereof is given to the Debtors by Secured Party or by Newco Group; or (ix) the Collateral Trust Agreement and this Agreement for any reason do not create or cease to create a valid and perfected first priority security interest in any property described herein as part of the Collateral, and such event continues for 10 calendar days after written notice thereof is given to the Debtors by Secured Party or by Newco Group.

"Lien" means any mortgage, deed of trust, lien, pledge, charge, security interest, hypothecation, assignment, deposit arrangement or encumbrance of any kind in respect of any asset, whether or not filed, recorded or otherwise perfected or effective under applicable law, as well as the interest of a vendor or lessor under any conditional sale agreement, capital or finance lease or other title retention agreement relating to such asset.

"Proceeds" includes (i) any and all payments, dividends, cash, options, warrants, rights, instruments and other property of any type or nature at any time received, receivable or otherwise distributed, voluntarily or involuntarily, on account of, in respect of or in replacement, substitution or exchange for any item of Collateral or upon the collection, sale, or other disposition of any item of Collateral; (ii) any and all insurance or payments under any indemnity, warranty or guaranty now or hereafter payable in respect of any item of Collateral or any proceeds thereof or any loss relating thereto; (iii) any and all claims against any person or entity based on or in any respect relating to or arising from any item of Collateral; (iv) any and all "proceeds" of any Collateral, as the term "proceeds" is used in the Code; and (v) any and all property and interests in property acquired with or in exchange for any of the foregoing.

"Secured Obligations" means each and all present and future indemnities, liabilities and obligations of every type and description of any or all of the Debtors at any time arising under, pursuant to or in respect of (i) Article VIII of the Stock Contribution and Exchange Agreement, (ii) this Agreement, or (iii) the Collateral Trust Agreement (in each case whether now outstanding or hereafter arising or incurred, whether sole, joint, several, or joint and several and, in the case of each Debtor, whether owed by it or by any other Debtor) and all costs and expenses incurred by Secured Party in asserting, collecting, enforcing or protecting its security interest in any Collateral in any bankruptcy case or insolvency proceeding to which any Debtor may be party and all collection costs

and enforcement expenses incurred by Secured Party in retaking, holding, preparing for sale, selling or otherwise disposing of or realizing on any Collateral or otherwise exercising or enforcing any of its rights or remedies hereunder, together with Secured Party's reasonable attorneys' fees and disbursements and court costs related thereto.

"Secured Party" means the person identified as such in the preamble to this Agreement, acting as Trustee under the Collateral Trust Agreement, and any successor Trustee thereunder.

ARTICLE II
SECURITY INTEREST AND COLLATERAL

SECTION 2.1 Creation of Security Interest. As security for the due and punctual payment and performance of each and all of the Secured Obligations, each Debtor hereby grants Secured Party a security interest in all right, title and interest of such Debtor in, to, under or derived from the following property (collectively, the "Collateral"), in each case whether now owned or hereafter acquired by such Debtor and wherever located:

(a) NEWCO COMMON STOCK: 5,000,000 shares of Newco Common Stock and all other stock of Newco at any time delivered or transferred to or held by Secured Party as part of the Trust Estate;

(b) CASH, CASH EQUIVALENTS AND OTHER ASSETS OF THE TRUST ESTATE: All cash, Cash Equivalents and other property of every type and description now or at any time hereafter constituting part of the Trust Estate;

(c) INTEREST IN THE TRUST ESTATE OR UNDER THE TRUST AGREEMENT: All rights and interests of every type and description, whenever and however arising, in or to the Trust Estate or in, to or under the Collateral Trust Agreement; and

(d) PROCEEDS: All Proceeds, except Proceeds that have been released from the Trust Estate and delivered to Contributor pursuant to the Collateral Trust Agreement.

SECTION 2.2 Delivery of Instruments. All stock certificates, notes, bonds, debentures and other instruments constituting Collateral shall be delivered to and held by Secured Party, without any notice from or demand by Secured Party, in each case in suitable form for transfer by delivery or accompanied by duly executed instruments of

transfer or assignments in blank or with appropriate endorsements, in form and substance satisfactory to Secured Party.

SECTION 2.3 Further Assurances. Each Debtor will promptly (and in no event later than five days after request by Secured Party) execute and deliver, and use its reasonable and diligent best efforts to obtain from others, any and all instruments, certificated securities and documents (including, without limitation, assignments, transfer documents and transfer notices, financing statements and other lien notices), in form and substance satisfactory to Secured Party, and take all other actions which are necessary or, in the good faith judgment of Secured Party, desirable or appropriate to create, perfect, protect, or enforce Secured Party's security interests in the Collateral, to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral, to protect the Collateral against the rights, claims or interests of third persons, or to effect or to assure further the purposes and provisions of this Agreement, and the Debtors will pay all costs related thereto and all reasonable expenses incurred by Secured Party in connection therewith.

SECTION 2.4 Survival of Security Interest. Except as otherwise required by law, the security interest granted hereby shall, except as to property released from the Trust Estate and delivered to or for account of the Debtors by Secured Party pursuant to the Collateral Trust Agreement, (i) remain enforceable as security for any and all Secured Obligations, whether now outstanding or created or incurred at any future time, until all of the Secured Obligations have been indefeasibly paid, retired and discharged, and (ii) survive any sale, exchange or other disposition by a Debtor of its interest in any Collateral and remain enforceable against each transferee and subsequent owner of such interest (to the fullest extent permitted under applicable law), even if such sale, exchange or other disposition is permitted at the time under the Collateral Trust Agreement.

SECTION 2.5 Reinstatement. If at any time any payment on any Secured Obligation is set aside, avoided, or rescinded or must otherwise be restored or returned, this Agreement and the security interest created hereby shall remain in full force and effect and, if previously released or terminated, shall be automatically and fully reinstated, without any necessity for any act, consent or agreement of any Debtor, as fully as if such payment had never been made and as fully as if any such release or termination had never become effective.

ARTICLE III
DEBTORS' REPRESENTATIONS AND WARRANTIES

SECTION 3.1 Representations and Warranties. The Debtors represent and

warrant that:

(a) Schedule A completely and accurately describes the cash and Newco Common Stock delivered to Secured Party as part of the Initial Trust Estate pursuant to the Collateral Trust Agreement.

(b) Each Debtor's chief executive office is located at the address shown as the chief executive office on Schedule B hereto. No Debtor has any place of business within the United States. All tangible Collateral and all of each Debtor's records relating to any intangible Collateral owned by it are kept solely at such chief executive office.

(c) No Debtor does business, or at any time during the five years preceding the date of this Agreement has done business, within the United States.

(d) Each Debtor at all times is (or, as to any item of Collateral acquired after the date hereof, will be) the sole legal and beneficial owner of all Collateral reflected on its books and records as belonging to it and has exclusive possession and control thereof free and clear of any and all Liens, subject to the Collateral Trust Agreement and this Agreement and the interests, possession and control granted to Secured Party thereunder. No financing statement, notice of lien, mortgage, deed of trust or instrument similar in effect covering the Collateral, any portion thereof, or any proceeds thereof, exists or is on file in any public office, except as may have been filed in favor of Secured Party.

(e) All originals of all stock certificates, notes, bonds, debentures and other instruments constituting Collateral have been delivered to Secured Party with all necessary or appropriate endorsements.

(f) Except as set forth in Schedule C and except for the Code, no Debtor and no Collateral purported to be granted by it is subject to any requirement of law or contractual obligation which prohibits, restricts, or limits the execution, delivery or performance of this Agreement or the creation, perfection or enforcement of the security interest purported to be created hereby.

(g) Neither Debtor has a United States federal taxpayer identification number.

(h) Each Debtor is a corporation or limited liability company organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and is duly qualified to do business and in good standing in each jurisdiction where its material assets are located or its material operations are

conducted, except where the failure to be so qualified could not reasonably be expected to cause a change that would be material and adverse to such Debtor.

(i) Each Debtor has the corporate or partnership power to execute, deliver and perform its obligations under the Collateral Trust Agreement and this Agreement.

(j) The execution, delivery and performance by each Debtor of the Collateral Trust Agreement and this Agreement (i) have been duly authorized by all necessary action of its board of directors or governing authority, (ii) do not contravene its certificate or articles of incorporation or by-laws or its members agreement or other governing document, and (iii) do not and will not result in or require the creation of any Lien (other than pursuant to the Collateral Trust Agreement and this Agreement) upon any of its property or assets.

(k) No authorization or approval or other action by, and no notice to or filing with, any governmental officer, department, agency or authority is required for the due execution, delivery and performance by each Debtor of the Collateral Trust Agreement or this Agreement, except the filing of financing statements to perfect Secured Party's security interest which have been duly filed.

(l) The Collateral Trust Agreement and this Agreement are legal, valid and binding obligations of each Debtor, enforceable against each Debtor in accordance with their respective terms, subject to laws generally affecting the enforcement of creditors' rights.

(m) The execution, delivery and performance by each Debtor of the Collateral Trust Agreement and this Agreement (i) do and will comply with all applicable laws, (ii) do and will comply with, and do not and will not conflict with, constitute a breach of or give rise to any Lien, default, event of default or other adverse consequence under, any note, indenture, undertaking, agreement or other contractual obligation that is binding upon any Debtor or secured by or enforceable against any property of any Debtor.

(n) Secured Party holds an enforceable and perfected first Lien in the Collateral. No other Liens are outstanding against the Collateral.

ARTICLE IV
COVENANTS OF THE DEBTORS

SECTION 4.1 Covenants. Each Debtor covenants and agrees that so long as the security interest created hereby remains outstanding:

(a) Each Debtor will deliver to Secured Party each instrument and certificated security included in the Collateral as set forth in Section 2.3.

(b) No Debtor will (i) cause, permit or suffer any voluntary or involuntary change in its name, identity or corporate structure, or in the location of its chief executive office, or (ii) keep any tangible Collateral or any records relating to any Claim owned by it, or permit or suffer any such Collateral or records to be moved, to any other location unless (in each case) (x) Schedule B has first been appropriately supplemented with respect thereto, and (y) an appropriate financing statement has been filed in the proper office and in the proper form, and all other requisite actions have been taken, to perfect or continue the perfection (without loss of priority) of Secured Party's security interest in the Collateral.

(c) Each Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(d) No Debtor will encumber, sell, exchange or otherwise dispose of any item of Collateral or any interest therein, or permit or suffer any such item to be encumbered, sold, exchanged or otherwise disposed of, unless (i) such action is permitted at the time under the Collateral Trust Agreement and (ii) the Debtors make all payments on account of the Secured Obligations required to be made therefrom, or in exchange or substitution therefor, and each Debtor takes all other actions required to be taken in connection therewith, under the Collateral Trust Agreement.

(e) Secured Party is hereby authorized to file one or more financing statements or fixture filings, and continuations thereof and amendments thereto, relative to all or any part of the Collateral, without the signature of any Debtor where permitted by law. A copy of this Agreement may be filed as a financing statement wherever permitted by law.

(f) Secured Party may at any time (but shall not be obligated to) (i) perform any of the obligations of any Debtor under this Agreement if such Debtor fails to perform such obligation within 30 calendar days after written demand by Secured Party and (ii) make any payments and do any other acts Secured Party may deem necessary or desirable to protect its security interest in the Collateral, including, without limitation, the right to

pay, purchase, contest or compromise any Lien that attaches or is asserted against any Collateral and to appear in and defend any action or proceeding relating to the Collateral, and the Debtors will promptly reimburse Secured Party for all payments made by Secured Party in doing so, together with interest thereon at the judgment rate and all costs and expenses related thereto as set forth in Section 9.10.

ARTICLE V
VOTING RIGHTS, DIVIDENDS AND DISTRIBUTIONS

SECTION 5.1 Voting Rights. So long as no Event of Default has occurred and is continuing or would result from any exercise thereof, the Debtors shall have and may exercise all voting rights with respect to any and all Newco Common Stock held in the Trust Estate, except that the Debtors may not and will not act or vote in favor of any action that would be or cause an Event of Default or any event which, with the giving of notice or lapse of time (or both), would constitute an Event of Default. Upon the occurrence of an Event of Default, Secured Party may (but shall not be obligated to) suspend or terminate the Debtors' right to exercise voting rights with respect to any or all such Newco Common Stock, by giving written notice of such suspension or termination to the Debtors, and Secured Party shall thereupon have the sole right and power to exercise such voting rights.

SECTION 5.2 Dividends, Distributions and Payments. Secured Party shall be entitled to receive and hold as part of the Trust Estate, subject to the Collateral Trust Agreement, all dividends and distributions on the Newco Common Stock, all income from Cash Equivalents and all Proceeds.

ARTICLE VI
DEFAULTS AND REMEDIES

SECTION 6.1 Remedies. Upon and at any time after the occurrence of any Event of Default, and from time to time on each occasion when an Event of Default has occurred and is continuing, Secured Party may exercise and enforce each and all of the rights and remedies available to a secured party upon default under the Code or other applicable law and each and all of the following rights and remedies:

(a) Secured Party may notify any or all account debtors and obligors on any Collateral to make payment directly to Secured Party.

(b) Secured Party may take possession of all items of Collateral that are not then in its possession and require the person or entity in

possession thereof to deliver such Collateral to Secured Party at one or more locations designated by Secured Party and reasonably convenient to it and the Debtors.

(c) Secured Party may cause any or all Newco Common Stock and other instruments or investment securities constituting part of the Trust Estate to be transferred into Secured Party's name and exercise and

enforce any or all of the rights, interests, privileges and remedies of a holder against the issuer thereof, as freely and fully as if Secured Party were the absolute owner but as a secured party and as part of the Trust Estate.

(d) Secured Party may sell or otherwise dispose of any or all of the Collateral or any part thereof in one or more parcels and from time to time in any quantity or portion and on any number of occasions, at a public sale or in a private sale or transaction, on any exchange or market or at Secured Party's offices or at any other location, for cash, on credit or for future delivery, and may enter into all contracts necessary or appropriate in connection therewith, without any notice whatsoever unless required by law, subject to the following limitations:

(1) Secured Party may sell or otherwise dispose of Newco Common Stock held in the Trust Estate at any particular time only if the cash and the immediately realizable net liquidation value of Cash Equivalents and Letters of Credit then held in the Trust Estate are not sufficient to pay in full (i) all amounts which Secured Party is then required or has then been instructed to pay out from the Trust Estate pursuant to the Collateral Trust Agreement and (ii) all Secured Obligations which are then payable; and

(2) Secured Party shall not sell or otherwise dispose of shares of Newco Common Stock at any particular time in excess of a number of shares (determined on a rounded-up commercially reasonable regular lot basis) the proceeds of which would be sufficient, when added to the cash and the immediately realizable net liquidation value of Cash Equivalents and Letters of Credit then held in the Trust Estate, to pay in full (i) all amounts which Secured Party is then required or has then been instructed to pay out from the Trust Estate pursuant to the Collateral Trust Agreement , (ii) all amounts which Secured Party in good faith anticipates it will be required or instructed to pay out from the Trust Estate on account of Known Liabilities and pending Tax Claims pursuant to the Collateral Trust Agreement within the next 90 calendar days (and for such purpose Secured Party may rely conclusively on a certificate as to such amounts given to Secured Party by Newco Group), and (iii) all Secured Obligations which are then payable.

The Debtors agree that at least 10 calendar days' written notice to the Debtors of the time and place of any public sale or the time after which any private sale is to be made shall be commercially reasonable. The giving of notice of any such sale or other disposition shall not obligate Secured Party to proceed with the sale or

disposition, and any such sale or disposition may be postponed or adjourned from time to time, without further notice.

(e) Secured Party may, on a royalty-free basis, use and license use of any trademark, trade name, trade style, copyright, patent or technical knowledge or process owned, held or used by any Debtor in respect of any Collateral as to which any right or remedy of Secured Party is exercised or enforced.

In addition, but without expanding the duties or limiting the rights, powers and immunities of Secured Party under this Agreement or the Collateral Trust Agreement, each holder of any Secured Obligation may exercise and enforce such rights and remedies for the collection of such Secured Obligation as may be available to it by law or agreement. Such exercise or enforcement shall not impose any obligation or liability upon Secured Party.

SECTION 6.2 Remedies Cumulative. Secured Party may exercise and enforce each right and remedy available to it upon the occurrence of an Event of Default either before or concurrently with or after, and independently of, any exercise or enforcement of any other right or remedy of Secured Party or any holder of any Secured Obligation against any person, entity or property. All such rights and remedies shall be cumulative, and no one of them shall exclude or preclude any other.

SECTION 6.3 Surplus; Deficiency. Any surplus proceeds of any sale or other disposition of Collateral by Secured Party remaining after all the Secured Obligations are indefeasibly paid in full and discharged shall be paid over to the Debtors or to whomever may be lawfully entitled to receive such surplus or as a court of competent jurisdiction may direct, except that if any contingent, unliquidated or unmatured Secured Obligation then remains outstanding, such surplus proceeds may be retained by Secured Party and held as Collateral until such time as all outstanding Secured Obligations have been determined, liquidated and indefeasibly paid in full and discharged. The Debtors shall be and remain liable for any deficiency.

SECTION 6.4 Information Related to Collateral. If Secured Party determines to sell or otherwise dispose of any Collateral, the Debtors shall,

and shall cause any person controlled by any Debtor to, furnish to Secured Party all information Secured Party may request that pertains or could pertain to the value or condition of such Collateral or would or might facilitate its sale. Secured Party may provide such information to any potential purchaser of any or all of the Collateral, subject to such confidentiality terms as the Debtors may reasonably request in writing.

SECTION 6.5 Sale Exempt from Registration. Secured Party shall be entitled at any such sale, if it deems it advisable to do so, to restrict the prospective bidders or purchasers to persons who will provide assurances satisfactory to Secured Party that they may be offered and sold the Collateral to be sold without registration under the Securities Act of 1933, as amended (the "Securities Act"), or any other applicable state or federal statute, and upon the consummation of any such sale, Secured Party shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Secured Party may solicit offers to buy the Collateral, or any part of it, from a limited number of investors deemed by Secured Party, in its commercially reasonable judgment, to meet the requirements to purchase securities under Regulation D promulgated under the Securities Act (or any other regulation of similar import). If Secured Party solicits such offers from such investors, then the acceptance by Secured Party of the highest offer obtained therefrom shall be deemed to be a commercially reasonable method of disposition of the Collateral.

SECTION 6.6 Registration Rights. If Secured Party determines that registration of any securities constituting Collateral under the Securities Act or other applicable law is required or desirable in connection with any foreclosure sale, each Debtor will use its best efforts to assist and cooperate in all respects reasonably requested by Secured Party or Newco Group in causing such registration to become effective and to be kept effective for such time as may be reasonably necessary in the opinion of Secured Party, except that no Debtor shall be obligated under this Section 6.6 to exercise any registration rights that may be available to it with respect to Newco Common Stock.

ARTICLE VII
THE SECURED PARTY

SECTION 7.1 Collateral Trust Agreement Provisions. Secured Party is executing and delivering this Agreement, and accepting the security interests, rights, remedies, powers and benefits conferred upon Secured Party hereby, as Trustee under the Collateral Trust Agreement. The provisions of the Collateral Trust Agreement and all rights, powers, immunities and indemnities granted to the Trustee under the Collateral Trust Agreement shall apply in respect of such execution, delivery and acceptance and in respect of any and all actions taken or omitted by Secured Party under, in connection with or with respect to this

Agreement.

SECTION 7.2 No Liability. Secured Party makes no statement, promise, representation or warranty whatsoever, and shall have no liability whatsoever, to any holder of any Secured Obligations as to the authorization, execution, delivery, legality, enforceability or sufficiency of this Agreement or as to the creation, perfection, priority

or enforceability of any security interest granted hereunder or as to the existence, ownership, quality, condition, value or sufficiency of any Collateral or as to any other matter whatsoever.

SECTION 7.3 Holders Bound. Except where the consent of others may be required pursuant to the express provisions of the Collateral Trust Agreement, any modification, amendment, waiver, termination or discharge of any security interest, right, remedy, power or benefit conferred upon Secured Party hereby that is effectuated in a writing signed by Secured Party shall be binding upon all holders of Secured Obligations if it is authorized in the Collateral Trust Agreement or directed in writing by Newco Group.

SECTION 7.4 Duty of Care. Neither Secured Party nor any director, officer, employee, attorney or agent of Secured Party shall be obligated to care for the Collateral hereunder or to collect, enforce, vote, or protect the Collateral or any rights or interests of any Debtor related thereto or to preserve or enforce any rights which any Debtor or any other Person may have against any third party, except only that Secured Party shall exercise reasonable care in physically safekeeping any item of Collateral that was delivered into Secured Party's possession. Secured Party shall be deemed to have exercised such reasonable care if the Collateral is accorded treatment substantially equal to that which Secured Party accords to its own property or if it selects, with reasonable care, a custodian or agent to hold such collateral for Secured Party's account.

ARTICLE VIII
EXONERATION WAIVERS

SECTION 8.1 Rights and Interests not Prejudiced, Affected or Impaired. Neither the security interests granted hereby, nor the trusts and interests created under the Collateral Trust Agreement nor any power, privilege, right or remedy of Secured Party relating thereto, nor the beneficial interest of Newco Group and other holders of Secured Obligations therein and thereunder shall at any time in any way be prejudiced, affected or impaired by any act or failure to act on the part of any of the Debtors or by any act or failure to act on the part of Secured Party or Newco Group or any other holder of Senior Secured Obligations or by any breach or default by any of them in the performance or

observance of any promise, covenant or obligation enforceable by any Debtor, regardless of any knowledge thereof that Secured Party or Newco Group and any such other holder may have or otherwise be charged with.

(a) Without in any way limiting the generality of the foregoing, Secured Party, Newco Group and each other holder of any Secured Obligations may at any time and from time to time, without the consent of or notice to any

Debtor, without incurring any responsibility or liability to any Debtor and without in any manner prejudicing, affecting or impairing any such security interest, trust, interest, power, privilege, right or remedy or the obligations of the Debtors to Secured Party, Newco Group and the other holders of Secured Obligations:

(i) Make loans and advances to any one or more of the Debtors, or issue, guaranty or obtain letters of credit for account of any one or more of the Debtors or otherwise extend credit to any one or more of the Debtors, in any amount and without any limitation or restriction whatsoever, on any terms, whether pursuant to a commitment or as a discretionary advance and whether or not any default or event of default or failure of condition is then continuing;

(ii) Change the manner, place or terms of payment or extend the time of payment of, or renew or alter, compromise, accelerate, extend, refinance, release or discharge, any Secured Obligation or any other indebtedness or liability of any of the Debtors or any agreement, guaranty, lien or obligation of any of the Debtors or any other person or entity in any manner related thereto, or otherwise amend, supplement or change in any manner any Secured Obligation or any such indebtedness or liability or any such agreement, guaranty, lien or obligation;

(iii) In any manner modify, transform, change, refinance, replace, reclassify, subordinate or recharacterize any such indebtedness or liability;

(iv) Release or discharge any guaranty or any other lien, right, remedy or claim against any person or entity;

(v) Take or fail to take any collateral security for any Secured Obligation or take or fail to take any action which may be necessary or appropriate to ensure that any lien upon any property securing any Secured Obligation is duly enforceable or perfected or entitled to priority as against any other lien or to ensure that any proceeds of any property subject to any lien are applied to the payment of any Secured Obligation;

(vi) Release, discharge or permit the lapse of any or all liens upon any property at any time securing any Secured Obligation;

(vii) Exercise or enforce, in any manner, order or sequence, or fail to exercise or enforce, any right or remedy against any

one or more of the Debtors or in respect of the Collateral or the Trust Estate or any other collateral security or any other person, entity or property in respect of any Secured Obligation or lien securing any Secured Obligation or any right under this Agreement or the Collateral Trust Agreement; or

(viii) Sell, exchange, release, foreclose upon or otherwise deal with any property that may at any time be subject to any lien securing any Secured Obligation.

(b) No exercise, delay in exercising or failure to exercise any right arising under this Agreement or the Collateral Trust Agreement, no act or omission of Secured Party, Newco Group or any other holder of any Secured Obligation in respect of any or all of the Debtors or any other person or entity or the Collateral or the Trust Estate or any other collateral security for any Secured Obligation or any right arising under this Agreement or the Collateral Trust Agreement, no change, impairment, or suspension of any right or remedy of Secured Party, Newco Group or any other holder of any Secured Obligation, and no other act, failure to act, circumstance, occurrence or event which, but for this provision, would or could act as a release or exoneration of the obligations of any Debtor shall in any way affect, decrease, diminish or impair any of the obligations of the Debtors under this Agreement or give any Debtor or any other person or entity any recourse or defense against Secured Party, Newco Group or any other holder of Secured Obligations in respect of any security interest, trust, interest, power, privilege, right or remedy arising under this Agreement or the Collateral Trust Agreement.

ARTICLE IX
MISCELLANEOUS PROVISIONS

SECTION 9.1 Notices. All notices, requests, approvals, consents and other communications required or permitted to be made hereunder shall, except as otherwise provided, be given in the manner specified and to the addresses set forth in Section 16 of the Collateral Trust Agreement.

SECTION 9.2 Headings. The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation

of this Agreement or any provision hereof.

SECTION 9.3 Changes. This Agreement or any provision hereof may be changed, waived, or terminated only by a statement in writing signed by the party against

which such change, waiver or termination is sought to be enforced. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 9.4 Debtors Remain Liable. Each Debtor shall remain liable under all contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed. The exercise or enforcement by Secured Party of any of its rights and remedies under this Agreement or in respect of the Collateral shall not release any Debtor from any of its duties or obligations under any such contracts or agreements.Secured Party shall not be obligated to perform any such duties or obligations and shall not be liable for any breach thereof.

SECTION 9.5 No Waiver. No failure by Secured Party to exercise, or delay by Secured Party in exercising, any power, right or remedy under this Agreement shall operate as a waiver thereof. No waiver by Secured Party shall be effective unless given in a writing signed by it. No waiver so given shall operate as a waiver in respect of any other matter or in respect of the same matter on a future occasion. Acceptance of or acquiescence in a course of performance in respect of this Agreement shall not waive or affect the construction or interpretation of the terms of this Agreement even if the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

SECTION 9.6 Entire Agreement. This Agreement and the Collateral Trust Agreement are intended by the parties as a final expression of their agreement and a complete and exclusive statement of the terms and conditions related to the subject matter thereof.

SECTION 9.7 Severability. If any provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions hereof, or of such provision in any other application, shall not be in any way affected or impaired thereby and such other provisions and applications shall be enforceable to the fullest extent lawful.

SECTION 9.8 Power of Attorney. Each Debtor hereby appoints and constitutes Secured Party or any delegate, nominee or agent acting for Secured Party as such Debtor's attorney-in-fact with the power and authority (but not

the duty), in the name of such Debtor or in the name of Secured Party or such delegate, nominee or agent, to (i) execute, deliver and file such financing statements, agreements, deeds and writings as such Debtor is required to execute, deliver or file hereunder, (ii) endorse, collect or transfer any item of Collateral which such Debtor is required to endorse, collect or transfer hereunder or which Secured Party is permitted to endorse, collect or

transfer hereunder, (iii) make any payments or take any action under Section 2.3 or Section 4.1(f), (iv) take any other action required of such Debtor or permitted to Secured Party hereunder, and (v) take any action reasonably necessary or incidental to any of the foregoing. This power of attorney is coupled with an interest and is irrevocable as to the Debtors. Secured Party shall have no duty whatsoever to exercise any power herein granted it.

SECTION 9.9 Counterparts. This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute one and the same agreement.

SECTION 9.10 Costs and Expenses; Indemnification. The Debtors hereby agree (i) to pay or reimburse Secured Party for all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements and court costs) incurred in connection with or as a result of the exercise or enforcement by Secured Party of any right or remedy available to it or the protection or enforcement of Secured Party's interest in the Collateral in any bankruptcy case or insolvency proceeding and (ii) to indemnify Secured Party for, and defend and hold it harmless against, any loss, liability or expense incurred by it in connection with its entering into this Agreement or carrying out any of its duties or exercising any of its rights hereunder, on the terms and subject to the limitations set forth in Section 14 of the Collateral Trust Agreement.

SECTION 9.11 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL; LIMITATION OF LIABILITY; WAIVER OF BOND.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED UNDER THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE SECURITY INTERESTS HEREUNDER IN RESPECT OF ANY PARTICULAR COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HERETO CONSENTS, FOR

ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE JURISDICTION OF THOSE COURTS. EACH PARTY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY

OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS MAY BE MADE BY ANY MEANS PERMITTED BY NEW YORK LAW.

(c) WAIVER OF JURY TRIAL. EACH PARTY HERETO WAIVES ALL RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE COLLATERAL TRUST AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE, AND AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH PARTY FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS HEREBY WAIVED AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE COLLATERAL TRUST AGREEMENT OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE COLLATERAL TRUST AGREEMENT.

(d) LIMITATION OF LIABILITY. NO CLAIM MAY BE MADE BY THE DEBTORS AGAINST SECURED PARTY OR THE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS OR AGENTS OF SECURED PARTY FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM (WHETHER BASED UPON BREACH OF CONTRACT, TORT, BREACH OF STATUTORY DUTY OR ANY OTHER THEORY OF LIABILITY) ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND THE DEBTORS HEREBY WAIVE, RELEASE AND AGREE NOT TO SUE UPON ANY CLAIM FOR ANY SUCH DAMAGES, WHETHER OR NOT NOW ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN THEIR FAVOR.

(e) WAIVER OF BOND. THE DEBTORS WAIVE THE POSTING OF ANY BOND OTHERWISE REQUIRED OF SECURED PARTY IN CONNECTION WITH THE ENFORCEMENT OF ANY OF ITS REMEDIES HEREUNDER, INCLUDING, WITHOUT LIMITATION, ANY ORDER OR WRIT FOR REPLEVIN OR DELIVERY OF POSSESSION OF ANY COLLATERAL.

SECTION 9.12 Successors and Assigns. This Agreement is binding upon and enforceable against the Debtors and their respective successors and assigns. It

shall inure to the benefit of and may be enforced by Secured Party and its successors and assigns, for the benefit of Newco Group and each and every other person or entity which at any time holds or is entitled to enforce any of the Secured Obligations and each of their respective heirs, representatives, successors and assigns. Secured Party reserves the right to resign as Trustee under the Collateral Trust Agreement, in the manner and with the effect set forth in Section 13(f) and 13(g) thereof.

SECTION 9.13 Joint and Several Obligation. This Agreement and the security interest granted by each Debtor hereunder and all obligations of each Debtor hereunder shall be the joint and several obligation of each Debtor and may be freely enforced against each Debtor for the full amount of the Secured Obligations, without regard to whether enforcement is sought or available against any other Debtor.

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IN WITNESS WHEREOF, the parties have caused this Pledge and Security Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SATELLITE COMPANY, LLC,
a Nevada limited liability company

By:/s/Jorge Suarez Barbosa

Name: Jorge Suarez Barbosa
Title:

GRUPO TELEVISA, S.A.,
a corporation (Sociedad Anonima)
organized under the laws of Mexico

By:/s/Raul Lopez Martinez

Name: Raul Lopez Martinez
Title:

IBJ SCHRODER BANK & TRUST COMPANY
a corporation, as Trustee

By:/s/Signature Illegible

Title: Assistant Vice President

Index of Schedules

A	Description of the Collateral
B	Location of Chief Executive Office; Other Locations
C	Restrictions Section 3.1(f)

Exhibit 10.33

PANAMSAT CORPORATION
Long-Term Stock Incentive Plan
Established in 1997

ARTICLE I

GENERAL

1.01. Purpose.

The purposes of this Long-Term Stock Incentive Plan Established in 1997 (the "Plan") are to: (1) closely associate the interests of the employees, directors and independent contractors of PanAmSat Corporation and its subsidiaries (collectively referred to as the "Company") with the shareholders by reinforcing the relationship between participants' rewards and shareholder gains; (2) provide employees, directors and independent contractors with an equity ownership in the Company commensurate with Company performance, as reflected in increased shareholder value; (3) maintain competitive compensation levels; and (4) provide an incentive to management for continuous employment with the Company.

1.02. Definitions.

For the purpose of this Plan the following definitions shall apply:

(a) "Cause" means: (1) the intentional and continuing refusal of a Recipient to perform the duties or services for which the Recipient is compensated by the Company, (2) the Recipient is convicted of, pleads guilty to, or pleads no contest to, any criminal offense which, in the good faith determination of the Committee, will result, or has resulted, in material pecuniary harm to the Company or material harm to the reputation of the Company or (3) the Recipient engages in an illegal or fraudulent act or acts which, in the good faith determination of the Committee, will result or has resulted, in material pecuniary harm to the Company or material harm to the reputation of the Company.

(b) "Disability" means any time during which the Recipient is unable substantially to discharge the responsibilities for which he is employed or, if not an

employee, to render the services for which the individual receives

compensation from the Company by reason of physical illness or incapacity, whether arising out of sickness, accident or otherwise, and must be evidenced by the written determination of a qualified medical doctor acceptable to the Committee and the award Recipient (or in the event of the Recipient's incapacity to designate a doctor, the Recipient's legal representative), which determination shall specify the date on which the Disability commenced and that it has continued uninterrupted for at least 180 days.

(c) "Fair Market Value" as of any date and in respect of any share of Common Stock means the last trading price on such date or on the next business day, if such date is not a business day, of a share of Common Stock as reported by NASDAQ or the principal national securities exchange on which such shares are listed or admitted to trading provided that, if shares of Common Stock shall not have been traded on the NASDAQ or another principal national exchange for more than 10 days immediately preceding such date or if deemed appropriate by the Committee for any other reason, the fair market value of shares of Common Stock shall be as determined by the Committee in such other manner as it may deem appropriate. In no event shall the fair market value of any share of Common Stock be less than its par value.

(d) "Option" means a Nonqualified Stock Option or Incentive Stock Option.

(e) "Option Price" means the purchase price per share of Common Stock deliverable upon the exercise of a Nonqualified Stock Option or Incentive Stock Option.

(f) "Recipient" means any individual described in Section 1.04 hereof who has been granted an award of any type described in Section 1.05 hereof.

1.03. Administration.

(a) The Plan shall be administered by a committee of the Board of Directors of the Company (the "Committee") consisting of at least two persons. From and after the date (the "Registration Date") that the Company has a class of equity securities registered pursuant to Section 12 of the Securities and Exchange Act of 1934, as amended (the "Act"),

each such person shall be a "non-employee director" within the meaning of Rule 16(b)-3 under the Act and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

(b) Subject to the terms of the Plan, the Committee shall have the authority in its sole discretion and from time to time to:

(i) designate the employees or classes of employees and other service providers, including directors and independent contractors to participate in the Plan from among the class(es) specified in 1.04;

(ii) grant awards provided in the Plan in such form and amount as the Committee shall determine;

(iii) impose such limitations, restrictions and conditions upon any such award as the Committee shall deem appropriate (other than with respect to a Recipient's exercise rights expressly set forth in the Plan); and

(iv) interpret the Plan, adopt, amend and rescind rules and regulations relating to the Plan, and make all other determinations and take all other action necessary or advisable for the implementation and administration of the Plan.

(c) No member of the Committee shall be liable for any action, failure to act, determination or interpretation made in good faith with respect to the Plan or any transaction hereunder, except for liability arising from his or her own willful misfeasance, gross negligence or reckless disregard of his or her duties. The Company hereby agrees to indemnify each member of the Committee for all costs and expenses and, to the extent permitted by applicable law, any liability incurred in connection with defending against, responding to, negotiation for the settlement of or otherwise dealing with any claim, cause of action or dispute of any kind arising in connection with any actions in administering this Plan or in authorizing or denying authorization to any transaction hereunder.

1.04. Eligibility for Participation.

Participants in the Plan shall be selected by the Committee from among the executive officers, other employees, directors and independent contractors of the

Company who have the capability of making a substantial contribution to the success of the Company. In making this selection and in determining the form and amount of awards, the Committee may consider any factors it deems relevant, including without limitation the individual's functions, responsibilities, value of services to the Company and past and potential contributions to the Company's profitability and sound growth.

1.05. Types of Awards Under Plan.

Awards under the Plan may be in the form of any one or more of

the following:

(i) Nonqualified Stock Options, as described in Article II;

(ii) Incentive Stock Options, as described in Article III;

(iii) Alternate Appreciation Rights, as described in Article IV;

(iv) restricted stock, on such terms as the Committee may decide;

(v) performance units, on such terms as the Committee may decide; and

(vi) performance shares, on such terms as the Committee may decide.

1.06. Aggregate Limitation on Awards.

(a) Shares of stock which may be issued under the Plan shall be authorized and unissued or treasury shares of common stock of the Company, par value of $.01 per share, ("Common Stock"). The maximum number of shares of Common Stock which may be issued under the Plan shall be 7,456,140 shares. The maximum number of shares of Common Stock which may be issued to any Recipient under the Plan shall be 2,000,000.

(b) Any shares of Common Stock subject to a Nonqualified Stock Option or Incentive Stock Option which for any reason is terminated unexercised or expires shall again be available for issuance under the Plan.

(c) During the period that any awards remain outstanding under the Plan, the Committee may make good faith adjustments with respect to the number of shares of Common Stock attributable to such awards for purposes of calculating the maximum number of shares of Common Stock available for the granting of future awards under the Plan.

1.07 Effect of Death, Disability, Retirement or Other Terminations of Employment on Recipients.

(a) Death or Disability of a Recipient: Upon the death or Disability of the Recipient during his employment with the Company (or, in the case of a non-employee, his performance of services for the Company), the Recipient may exercise any award which was exercisable on the date of death or Disability within one year of the termination due to death or Disability. After such one-year period, the award shall terminate. In the case of death, the award may be exercised by the Recipient's estate or by a person who acquires the right

to exercise such award by bequest or inheritance or by reason of the death of the Recipient. In the case of Disability, the award may be exercised by the Recipient (or, if the participant is not capable, by his guardian or legal representative).

(b) Retirement of a Recipient or Termination of a Recipient Without Cause: Upon the termination of the employment of the Recipient by reason of retirement (or, in the case of a non-employee, upon the termination of services by reason of retirement) or upon the termination of the employment (or, in the case of a non-employee, the termination of services) of the Recipient by the Company without Cause, the Recipient may exercise any award which was exercisable on the date of termination of employment (or, in the case of a non-employee, the termination of services) within three months from the date of such termination of employment (or, in the case of a non-employee, the termination of services). After such three-month period, the award shall terminate.

(c) Termination for Other Reasons: Except as provided in paragraphs (a) and (b) above, upon the termination of the employment (or, in the case of a non-employee, termination of services) of the Recipient, all awards granted to the Recipient shall terminate.

1.08. Effective Date and Term of Plan.

(a) The Plan shall become effective on the date it is adopted by the Committee, subject only to the approval by the affirmative vote of the holders of a majority of the Common Stock.

(b) No awards shall be made under the Plan after the tenth anniversary of the effective date of the Plan described in (a) above; provided, however, that the Plan and all awards made under the Plan prior to such date shall remain in effect until such awards have been satisfied or terminated in accordance with the Plan and the terms of such awards.

ARTICLE II

NONQUALIFIED STOCK OPTIONS

2.01. Award of Nonqualified Stock Options.

The Committee may from time to time, and subject to the provisions of the Plan and such other terms and conditions as the Committee may prescribe, grant to any participant in the Plan one or more options to purchase for cash or shares of Common Stock the number of shares of Common Stock ("Nonqualified Stock Options") allotted by the Committee. The date a Nonqualified Stock Option is granted shall mean the date selected by the

Committee as of which the Committee allots a specific number of shares to a participant pursuant to the Plan.

2.02. Nonqualified Stock Option Agreements.

The grant of a Nonqualified Stock Option shall be pursuant to a written Nonqualified Stock Option Agreement, executed by the Company and the holder of a Nonqualified Stock Option (the "optionee") in such form as the Committee may from time to time determine.

2.03. Nonqualified Stock Option Price.

The Option Price per share of Common Stock deliverable upon the exercise of a Nonqualified Stock Option shall be 100% of the Fair Market Value of a share of Common Stock on the date the Nonqualified Stock Option is granted.

2.04. Manner of Payment.

Each Nonqualified Stock Option Agreement shall set forth the procedure governing the exercise of the Nonqualified Stock Option granted thereunder, and shall provide that, upon such exercise in respect of any shares of Common Stock subject thereto, the optionee shall pay to the Company, in full, the Option price for such shares and the applicable withholding taxes with (a) cash, (b) previously owned Common Stock or (c) a combination of cash and previously owned Common Stock. In addition, each Nonqualified Stock Option Agreement shall permit the optionee to pay the Option Price and any related withholding taxes through a cashless exercise program established by the Company or the Committee with a broker.

2.05. Manner of Delivery and Optionee Rights.

As soon as practicable after receipt of payment and applicable withholding taxes in connection with the exercise of a Nonqualified Stock Option, the Company shall deliver to the optionee a certificate or certificates for shares of Common Stock. The optionee shall become a shareholder of the Company with respect to Common Stock represented by share certificates so issued and as such shall be fully entitled to receive dividends, to vote and to exercise all other rights of a shareholder.

2.06. Effect of Exercise.

The exercise of any Nonqualified Stock Option shall cancel that number of related Alternate Rights, if any, which is equal to the number of shares of Common Stock purchased pursuant to said Option.

ARTICLE III

INCENTIVE STOCK OPTIONS

3.01. Award of Incentive Stock Options.

The Committee may from time to time and subject to the provisions of the Plan and such other terms and conditions as the Committee may prescribe, grant to any Plan participant who is an employee meeting the requirements of Section 422 of the Internal Revenue Code one or more Incentive Stock Options (intended to qualify as such under the provisions of section 422 of the Code ("Incentive Stock Options")) to purchase for cash or shares of Common Stock the number of shares of Common Stock allotted by the Committee. The date an Incentive Stock Option is granted shall mean the date selected by the Committee as of which the Committee allots a specific number of shares to a participant pursuant to the Plan.

3.02. Incentive Stock Option Agreements.

The grant of an Incentive Stock Option shall be pursuant to a written Incentive Stock Option Agreement, executed by the Company and the holder of an Incentive Stock Option in such form as the Committee may from time to time determine.

3.03. Incentive Stock Option Price.

The Option Price per share of Common Stock deliverable upon the exercise of an Incentive Stock Option shall be 100% (110% in the case of a 10% shareholder, as provided by Section 422(b)(6) of the Code (a "Ten Percent Stockholder")) of the Fair Market Value of a share of Common Stock on the date the Incentive Stock Option is granted.

3.04. Maximum Amount of Incentive Stock Option Grant.

To the extent that the aggregate Fair Market Value (determined on the date the Option is granted) of Common Stock subject to an Incentive Stock Option granted to an optionee by the Committee (or by the Company or any of its parent or subsidiary corporations under any other plans) which are exercisable for the first time during any calendar year exceeds $100,000, the portion of the Incentive Stock Option exceeding this $100,000 limitation shall be treated as a Nonqualified Stock Option.

3.05. Applicability of Stock Options Sections.

Sections 2.04, Manner of Payment; 2.05, Manner of Delivery and Optionee Rights; and 2.06, Effect of Exercise, applicable to Nonqualified Stock Options, shall apply mutatis mutandis to Incentive Stock Options. Said Sections are incorporated by reference in this Article III as if fully set forth herein and as if the word "Incentive" were substituted for the word "Nonqualified."

ARTICLE IV

ALTERNATE APPRECIATION RIGHTS

4.01. Award of Alternate Rights.

Concurrently with the award of any Nonqualified Stock Option or Incentive Stock Option to purchase one or more shares of Common Stock, the Committee may, subject to the provisions of the Plan and such other terms and conditions as the Committee may prescribe, award to the optionee with respect to each share of Common Stock, a related alternate appreciation right ("Alternate Right"), permitting the optionee to be paid the appreciation on the shares underlying the Option in lieu of exercising the Option.

4.02. Alternate Rights Agreement.

Alternate Rights shall be pursuant to written agreements in such form as the Committee may from time to time determine.

4.03. Exercise.

An optionee who has been granted Alternate Rights may, from time to time, in lieu of the exercise of an equal number of Options, elect to exercise one or more Alternate Rights and thereby become entitled to receive from the Company payment, in Common Stock (and cash, in the case of fractional shares), for the number of shares of Common Stock determined pursuant to Sections 4.04 and 4.05. Unless otherwise set forth herein, Alternate Rights shall be exercisable only to the same extent and subject to the same conditions as the Options related thereto are exercisable, as provided in this Plan. The Committee may, in its discretion, prescribe additional conditions to the exercise of any Alternate Rights.

4.04. Amount of Payment.

The amount of payment to which an optionee shall be entitled upon the exercise of each Alternate Right shall be equal to 100% of the amount, if any, by which the Fair Market Value of a share or shares of Common Stock related to said Alternate Right on the exercise date exceeds the Option price related to said Alternate Right.

4.05. Form of Payment.

The number of shares (and fractional shares) to be paid shall be determined by dividing the amount of payment determined pursuant to Section 4.04 by the Fair Market Value of a share of Common Stock on the exercise date of such Alternate Rights. As soon as practicable after exercise and payment to the Company of applicable withholding taxes, the Company shall deliver to the optionee a certificate or certificates for such shares of Common Stock.

ARTICLE V

MISCELLANEOUS

5.01. General Restriction.

Each award under the Plan shall be subject to the requirement that, if at any time the Committee shall determine that (i) the listing, registration or qualification of the shares of Common Stock subject or related thereto upon any securities exchange or under any state or Federal law, or (ii) the consent or approval of any government regulatory body, or (iii) an agreement by the grantee of an award with respect to the disposition of shares of Common Stock, is necessary or desirable as a condition of, or in connection with, the granting of such award or the issue or purchase of shares of Common Stock thereunder, the Committee may elect, in its sole discretion, not to consummate the award in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free of any conditions not acceptable to the Committee.

5.02. Non-Assignability.

No award under the Plan shall be assignable or transferable by the Recipient thereof, except by will or by the laws of descent and distribution, unless the Committee

shall elect to permit such an assignment or transfer in its sole discretion. During the life of the Recipient, such award shall be exercisable only by such person or by such person's guardian or legal representative.

5.03. Withholding Taxes.

Whenever the Company proposes or is required to issue or transfer shares of Common Stock or other property under the Plan, the Company shall require the grantee to remit to the Company an amount sufficient to satisfy any Federal, state and/or local withholding tax requirements relating to such issue or transfer prior to the delivery of any certificate or certificates for such shares or such other property. Alternatively, in the discretion of the

Committee, the Company may issue or transfer such shares of Common Stock net of the number of shares sufficient to satisfy the withholding tax requirements. For withholding tax purposes, the shares of Common Stock shall be valued on the date the withholding obligation is incurred.

5.04. Right to Terminate Employment.

Nothing in the Plan or in any agreement entered into pursuant to the Plan shall: (i) confer upon any participant the right to continue in the employment of the Company (ii) affect any right which the Company may have to terminate the employment of such participant, or (iii) in the case of a service provider, confer on them the right to continue to provide services to the Company.

5.05. Non-Uniform Determinations.

The Committee's determinations under the Plan (including without limitation determinations of the persons to receive awards, the form, amount and timing of such awards, the terms and provisions of such awards and the agreements evidencing same) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, awards under the Plan, whether or not such persons are similarly situated.

5.06. Rights as a Shareholder.

The Recipient shall have no rights as a shareholder with respect thereto unless and until certificates for shares of Common Stock are issued to him.

5.07. Leaves of Absence.

The Committee shall be entitled to make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence taken by the Recipient of any award. Without limiting the generality of the foregoing, the Committee shall be entitled to determine (i) whether or not any such leave of absence shall constitute a termination of employment, or the termination of an arrangement to provide services, within the meaning of the Plan and (ii) the impact, if any, of any such leave of absence on awards under the Plan theretofore made to any Recipient who takes such leave of absence.

5.08. Newly Eligible Employees.

The Committee shall be entitled to make such rules, regulations, determinations and awards as it deems appropriate in respect of any employee or service provider who becomes eligible to participate in the Plan or any portion thereof after the commencement of an award or incentive period.

5.09. Adjustments.

In any event of any change in the outstanding Common Stock by reason of a stock dividend or distribution, recapitalization, merger, consolidation, split-up, combination, exchange of shares or the like, the Committee may appropriately adjust the number of shares of Common Stock which may be issued under the Plan, the maximum number of shares in respect of which options or other awards may be granted to any individual during the term of the Plan, the number of shares of Common Stock subject to Options theretofore granted under the Plan, the Option price of Options theretofore granted under the Plan, and any and all other matters deemed appropriate by the Committee.

5.10. Amendment of the Plan.

(a) The Committee may, without further action by the shareholders and without receiving further consideration from the participants, amend this Plan or condition or modify awards under this Plan in response to changes in securities or other laws or rules, regulations or regulatory interpretations thereof applicable to this Plan or to comply with stock exchange rules or requirements.

(b) The Committee may at any time and from time to time terminate or modify or amend the Plan in any respect, except that, from and after the Registration Date, the Committee may not (i) increase the maximum number of shares of Common Stock which may be issued under the Plan (other than increases pursuant to Section 5.09), (ii) extend the period during which any award may be granted or exercised, or (iii) extend the term of the Plan, without shareholder approval. The termination or any modification or amendment of the Plan shall not, without the consent of a participant, adversely affect his or her rights under an award previously granted to him or her.

ARTICLE VI

NON-EXCLUSIVITY OF THE PLAN

The adoption of the Plan by the Board shall not be construed as amending, modifying or rescinding any previously approved incentive arrangement or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

Exhibit 10.34

PanAmSat Corporation

Annual Incentive Plan

Effective Date: January 1, 1997

Section 1: Purpose of the Plan

The purposes of the PanAmSat Corporation Annual Incentive Plan (Plan) are (1) to motivate and reward a greater degree of excellence and teamwork among the employees of PanAmSat, Inc. (PanAmSat) by providing incentive compensation award opportunities, (2) to provide attractive and competitive total cash compensation opportunities for exceptional corporate, organizational unit, and individual performance, (3) to reinforce the communication of PanAmSat's mission, objectives and goals, and (4) to enhance PanAmSat's ability to attract, retain, and motivate the highest caliber employees.

The purposes of the Plan shall be carried out by the payment to eligible participants of annual incentive cash awards, subject to the terms and conditions of the Plan and (with certain limitations described below) the discretion of the Compensation Committee of the Board of Directors (Committee).

The Plan also is intended to secure the full deductibility of incentive awards payable to the Company's Chief Executive Officer (CEO) and four highest compensated executive officers whose compensation is required to be reported in the Company's proxy statement (Covered Employees). All compensation payable under this Plan is intended to qualify as "performance-based compensation" as described in ss.162(m) of the Internal Revenue Code of 1986, as amended (Code).

Section 2: Effective Date, Term, and Plan Year

The Plan, as adopted by the Board of Directors (Board), is effective as of January 1, 1997 and will continue in effect (as amended from time to time) until, and should terminate on December 31, 2001.

The Plan Year shall be the Company's fiscal year, running from January 1 to December 31. The initial Plan Year will commence on January 1, 1997.

The performance period with respect to which awards may be payable under the Plan shall generally be the Plan Year, provided that the Committee shall have the authority and discretion to designate different performance periods under the Plan.

Section 3: Administration

The Committee shall have full power and authority to administer and interpret the provisions of the Plan and to adopt such rules, regulations, agreements, guidelines, and instruments for the administration of the Plan and for the conduct of its business as the Committee deems advisable. This includes, without limitation, the authority to determine all matters relating to awards made under the Plan, including selection of award recipients and the terms, conditions, limitations, and restrictions applicable to any award.

Except with respect to the matters which under ss.162(m) of the Code are required to be determined in the sole and absolute discretion of the Committee, the Committee shall have the power to delegate to any officer or employee of the Company the authority to administer and interpret the procedural aspects of the Plan, subject to the Plan's terms, including adopting and enforcing rules to decide procedural and administrative issues.

The Committee shall consist of two or more directors of the Company, all of whom shall be persons who qualify as "outside directors" as defined in ss.162(m) of the Code. The Committee may rely on opinions, reports or statements of officers or employees of the Company and of Company counsel (inside or retained), public accountants, and other professional or expert advisors.

The Committee reserves the right to amend or terminate the Plan in whole or in part at any time, including without limitation the terms of the performance criteria specified in the Plan, subject to the approval of the Board. Unless otherwise prohibited by applicable law, any amendment required to conform the Plan to the requirements of ss.162(m) of the Code may be made by the Committee in its sole discretion. No amendment may be made to the class of individuals who are eligible to participate in the Plan, the performance criteria specified in the Plan, or the maximum bonus payable to any participant.

No member of the Committee shall be liable for any action taken or omitted to be taken or for any determination made by him or her in good faith with respect to the Plan, and the Company shall indemnify and hold harmless each member of the Committee against any cost, expense, or liability arising out of any act or omission in connection with the administration or interpretation of the Plan, unless arising out of such person's own fraud or bad faith.

The place of administration of the Plan shall be the State of Connecticut, and the validity, construction, interpretation, administration, and effect of the Plan and the rules, regulations, and rights relating to the Plan shall be determined in accordance with the laws of the State of Connecticut.

Section 4: Eligibility

An individual shall be eligible to be a participant in the Plan if he or she satisfies the following criteria:

o There exists a legal and bona fide relationship of employer and employee between PanAmSat and the individual, and

o The individual is recommended by the CEO, and considered and approved by the Committee for participation in the Plan.

The determination of eligibility and participation in the Plan shall be made annually. Eligibility for or participation in the Plan in any given year shall not entitle any employee to be eligible for or to participate in the Plan in any other year.

Section 5: Performance Criteria and Evaluation

The Plan provides a target bonus for all participants that is tied to pre-established corporate financial performance measures and goals designed to promote shareholder value creation. Performance measures and goals may include, without limitation, one or more of the performance measures listed below, as defined by the Committee. Multiple performance measures may be used on an alternative or cumulative basis for awards.
Performance measures and their relative weight may vary by employee group.

Within the first ninety (90) days of each Plan Year (except the initial Plan Year), the Committee will approve or establish in writing one or more performance goals or measures, a specific target objective or objectives with respect to such performance goals or measures, and an objective formula or method for computing the amount of incentive compensation payable to each participant under the Plan if the goals are attained. In the initial Plan Year, the Committee's approval or establishment of the foregoing shall occur on or before June 1, 1997. For any performance cycle that is less than 12 months, the performance measures and objectives will be established before 25% of the relevant performance period has elapsed. The maximum amount of compensation payable during any performance period is $1 million for any participant in the plan.

Performance measures shall include any of the following:

Group A		Group B
o Earnings before interest, taxes, depreciation, and amortization	o Cash value added	o Expense management
o Return on investment	o Economic value added	o Customer satisfaction
o Return on net assets	o Earnings before	o Quality

	interest and taxes	
o Return on invested capital	o Profit before taxes	o Human resources management
o Return on equity	o Net operating profit after taxes	
o Backlog -- value of leases under contract before operation	o Profit margin	
o Cash-flow return on investment	o Revenue growth	

Applicable measures (and goals with respect to each measure) for each performance period will be established by the Committee within 90 days after the beginning of the performance period (except for the initial Plan Year). The performance measures may be used alone, or in combination, and/or weighted as the Committee deems appropriate. However, measures from Group B can only be used in combination with measures from Group A.

Measurement of all performance goals, measures, and awards shall be objectively determinable, although the Committee may exercise its discretion in making awards under this Plan to the extent that such discretion is not inconsistent with the requirements of Code Section 162(m).

Section 6: Determination of Incentive Awards

As soon as practicable after the end of the Plan Year, the Committee shall certify in writing the extent to which the Company and the participants have achieved the performance goals and standards for the Plan year, including the specific target objective(s) and the satisfaction of any other material terms of the incentive awards, and the Committee shall calculate the amount of each participant's incentive award for the relevant period.

The Committee shall have no discretion to increase the amount of any participant's incentive award as so determined, but may reduce the amount of or completely eliminate such incentive award if it determines in its absolute and sole discretion that such a reduction or elimination is appropriate in order to reflect the participant's performance or unanticipated factors.

Section 7: Payment of Awards

Approved incentive awards shall be payable by the Company in cash to each participant, or to his or her estate in the case of death, as soon as practicable after the end of each performance period and after the Committee has certified in writing that the specified performance goals were achieved.

An incentive award that would be payable but for the fact that the participant was not employed by the Company on the last day of the performance period shall be prorated, or not paid, in accordance with rules and regulations adopted by the Committee for the administration of the Plan. In the event that a participant's employment with the Company terminates voluntarily or for cause, no portion of any target award will be paid. If termination is involuntary or on account of death, disability, or retirement, a pro rata award shall be paid within a reasonable period of time after the end of the fiscal year in which the termination occurs.

If it is determined that a portion of any award under this Plan would not be deductible by the Company on account of Section 162(m) of the Code, if paid when it would otherwise become payable, payment of the nondeductible portion of the award shall be deferred until the first year(s) in which the payment will be deductible by the Company.

Section 8: Miscellaneous

Unsecured Obligation -- A participant shall have no interest in any fund or specified asset of the Company. No trust fund shall be created in connection with the Plan or any award, and there shall be no required funding of amounts that may become payable under the Plan. Any amounts that are or may be set aside under the provisions of this Plan shall continue for all purposes to be part of the general assets of the Company, and no person or entity other than the Company shall, by virtue of the provisions of this Plan, have any interest in such assets. No right to receive payments from the Company pursuant to this Plan shall be greater than the right of any unsecured creditor of the Company.

Non-assignability -- No right or interest in the Plan or to an award is assignable, transferable, or subject to any lien or encumbrance, either directly or indirectly, by operation of law or otherwise, including levy, garnishment, attachment, pledge, or bankruptcy.

No Right to Continued Employment -- Participation in the Plan does not guarantee or create any right to continued employment by the Company and the Company reserves the right to dismiss any participant at any time. Participation in any one performance cycle does not guarantee participation in any other performance cycle.

Tax Withholding -- All awards to be paid under the Plan shall be subject to all applicable withholding taxes, including federal and state income taxes and employment taxes. The Company will withhold such taxes in accordance with applicable tax regulations.

Binding on Successors -- The obligations of the Company under this Plan shall be binding upon any organization that shall succeed to all or substantially all of the Company's assets; the term "Company" whenever used in this Plan shall mean and include such organization after the succession.

Change-in-Control -- In the event that the Company has a change-in-control, as that term is defined below, all participants in the Plan shall be entitled to receive a pro rata incentive award, calculated by multiplying the target incentive amount for each participant by a fraction, the numerator of which is the number of days in the performance period that preceded the change-in-control and the denominator of which is 365.

A "Change of Control of the Company" shall be deemed to have occurred if any of the following has occurred:

A. Individuals who, as of the date hereof, constitute the entire Board of Directors of the Company ("Incumbent Directors") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election, by the

Company's shareholders, was approved by a vote of at least a majority of the then Incumbent Directors, also shall be an Incumbent Director;

B. The shareholders of the Company shall approve (i) any merger, consolidation or recapitalization of the Company or any sale, lease, or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company (each of the foregoing being an "Acquisition Transaction") where the shareholders of the Company immediately prior to such Acquisition Transaction would not immediately after such Acquisition Transaction beneficially own, directly or indirectly, shares representing in the aggregate more than 80 percent of (a) the then outstanding common stock of the corporation surviving or resulting from such merger, consolidation or recapitalization or acquiring such assets of the company, as the case may be (the "Surviving Corporation"), (or of its ultimate parent corporation, if any), and (b) the Combined Voting Power (as defined below) of the then outstanding Voting Securities (as defined below) of the Surviving Corporation (or of its ultimate parent corporation, if any), or (ii) any plan or proposal for the liquidation or dissolution of the Company; or

C. Any Person (as defined below) shall become the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of the Company representing in the aggregate 20 percent or more of the then outstanding shares of common stock of the Company ("Common Shares"); provided, however, that notwithstanding the foregoing, a Change of Control of the Company shall not be deemed to have occurred for purposes of this Subparagraph C solely as the result of:

(1) An acquisition of securities by the Company which, by reducing the number of Common Shares or other Voting Securities outstanding, increases (i) the proportionate number of Common Shares beneficially owned by any Person to 20 percent or more of the Common Shares then outstanding;

(2) An acquisition of securities directly from the Company except that this paragraph shall not apply to any conversion of a security that was not acquired directly from the Company.

Definition of Terms -- Each term or phrase used in the Plan that is not defined in the Plan shall have the same meaning as under the PanAmSat Corporation Long-Term Stock Incentive Plan Established in 1997.

Exhibit 10.35

INTELLECTUAL PROPERTY CROSS LICENSE AGREEMENT

This INTELLECTUAL PROPERTY CROSS LICENSE AGREEMENT (this "Agreement") is made as of the 16th day of May, 1997 by and between Magellan International, Inc. ("Magellan") and Hughes Electronics Corporation ("Hughes").

Recitals

WHEREAS, under an Agreement and Plan of Reorganization (the "Reorganization Agreement") dated September 20, 1996, Hughes Communications Inc. agreed to contribute certain intellectual property assets of its Galaxy Business (as defined in the Reorganization Agreement) to Magellan;

WHEREAS, pursuant to an Assurance Agreement entered into on even date with the Reorganization Agreement, Hughes and Magellan agreed to cross-license certain intellectual property rights;

WHEREAS, this agreement is entered into by the parties on the Closing Date (as defined in the Reorganization Agreement);

NOW, THEREFORE, for good and valuable consideration, the parties hereto agree as follows:

DEFINITIONS

1.1 "HE Licensed Intellectual Property" means all domestic, foreign, common law, registered and pending applications for patents, copyrights, trade secrets, know-how, confidential information, computer programs (including source code), documentation, engineering and technical drawings, processes, methodologies, and technology (excluding any intellectual property owned and developed by the Galaxy Business which was transferred to Magellan) of Hughes and its Affiliates (as defined in the Reorganization Agreement) that was used in the Galaxy Business on or before Closing but not conveyed to Magellan pursuant to the Reorganization Agreement.

1.2 "Galaxy Licensed Intellectual Property" means all Magellan owned domestic, foreign, common law, registered and pending applications for patents, copyrights, trade secrets, know-how, confidential information, computer programs (including source code), documentation, engineering and technical drawings,

processes, methodologies, and technology that were conveyed to Magellan pursuant to Section 1.1 of the Reorganization Agreement.

LICENSES

2.1 Hughes and its Subsidiaries hereby grant Magellan and its successors a nonexclusive, royalty-free, perpetual license to use any HE Licensed Intellectual Property that was used in the Galaxy Business on or before the Closing Date. Hughes and its Subsidiaries further grant Magellan and its successors the right to sublicense the HE Licensed Intellectual Property solely to their customers in connection with the use of products or services purchased from Magellan or its successors.

2.2 Magellan hereby grants to Hughes and its Subsidiaries (as defined in the Reorganization Agreement) and their successors a non-exclusive, royalty-free, perpetual license to use any Galaxy Licensed Intellectual Property that was used in the business of Hughes or any of its Subsidiaries on or before the Closing Date. Magellan further grants Hughes and its Subsidiaries and their successors the right to sublicense such Galaxy Licensed Intellectual Property solely to their customers in connection with the use of products or services purchased from Hughes or its Subsidiaries or their successors.

ASSIGNMENT

3.1 In the event that Magellan transfers its business, or a portion of its business, to a third party, Magellan may assign its rights under this Agreement to such third party only to the extent that HE Licensed Intellectual Property is used in the business being transferred by Magellan.

3.2 In the event that Hughes or one of its Subsidiaries transfers its business, or a portion of its business, to a third party, Hughes may assign its rights under this Agreement to such third party only to the extent that Magellan Licensed Intellectual Property is used in the business being transferred by Hughes or its Subsidiary.

3.3 Except as provided for in Sections 3.1 and 3.2, neither party may assign any of its rights under this Agreement without the prior written consent of the other party.

DISCLAIMERS

4.1 HUGHES AND ITS SUBSIDIARIES EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS OR

IMPLIED, IN CONNECTION WITH THE HE LICENSED INTELLECTUAL PROPERTY AND THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND AGAINST PATENT, COPYRIGHT, SEMICONDUCTOR MASK WORK OR TRADEMARK INFRINGEMENT.

4.2 MAGELLAN AND ITS SUBSIDIARIES EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE GALAXY LICENSED INTELLECTUAL PROPERTY AND THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND AGAINST PATENT, COPYRIGHT, SEMICONDUCTOR MASK WORK OR TRADEMARK INFRINGEMENT.

4.3 Hughes and its Subsidiaries and Affiliates shall have no liability arising directly or indirectly from the use by Magellan and its Subsidiaries of the HE Licensed Intellectual Property.

4.4 Magellan and its Subsidiaries and Affiliates shall have no liability arising directly or indirectly from the use by Hughes and its Subsidiaries of the Galaxy Licensed Intellectual Property.

4.5 Hughes shall indemnify, defend and hold harmless Magellan from all actions, claims, liabilities and expenses, including reasonable attorneys' fees and disbursements, arising out of or in connection with Hughes' use of the Galaxy Licensed Intellectual Property.

4.6 Magellan shall indemnify, defend and hold harmless Hughes from all actions, claims, liabilities and expenses, including reasonable attorneys' fees and disbursements, arising out of or in connection with Magellan's use of the HE Licensed Intellectual Property.

GENERAL PROVISIONS

5.1 This Agreement is deemed to be executed and delivered within the State of California and shall be construed, interpreted and applied in accordance with the laws of the State of California.

5.2 This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter of this Agreement and merges and supersedes all prior discussions between them relative to such subject matter, and none of the parties shall be bound by any conditions, definitions, warranties or representations other than as expressly provided in this agreement or as duly set forth or subsequent to the date hereof in writing and signed by a proper and duly authorized officer of the party to be bound thereby.

5.3 This Agreement inures to the benefit of and is binding upon each party and their respective Subsidiaries and Affiliates.

5.4 All notices, requests, approvals, consents and other communications required or permitted under this Agreement shall be in writing and shall be sent by telecopy to the telecopy number specified below. A copy of any such notice shall also be sent by registered express air mail on the date such notice is transmitted by telecopy to the address specified below:

In the case of Magellan to:

PanAmSat Corporation
One Pickwick Plaza
Greenwich, Connecticut 06830
Attention James W. Cuminale
Senior Vice President and General Counsel
Telephone (203) 622-6664
Telecopy (203) 662-9163

In the case of Hughes to:

Hughes Electronics Corporation
7200 Hughes Terrace
Los Angeles, California 90045
Attention: General Patent Counsel
Telephone: (310) 568-6972
Telecopy: (310) 645-3411

Either party may change its address or telecopy number for notification purposes by giving the other party notice of the new address or telecopy number and the date upon which it will become effective.

5.5 This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one single agreement between Hughes and Magellan.

5.6 The article and section headings are for reference and convenience only and shall not be considered in the interpretation of this Agreement.

5.7 Unless otherwise specified in this Agreement, all consents, approvals, acceptance or similar actions to be given by either party under this Agreement shall be in writing and shall not be unreasonably withheld or delayed and each party shall make only reasonable requests under this Agreement.

5.8 If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, then the remaining provisions of this Agreement will remain in full force and effect.

5.9 No delay or omission by either party to exercise any right or power it has under this Agreement shall impair or be construed as a waiver of such right or power. A waiver by any party of any breach or covenant shall not be construed to be a waiver of any succeeding breach or any other covenant. All waivers must be in writing and signed by the party waiving its rights.

5.10 In the event of a conflict between this Agreement and any amendment the terms of such amendment shall prevail.

5.11 No amendment to, or change, waiver or discharge of, any provision of this Agreement shall be valid unless in writing and signed by an authorized representative of the party against which such amendment, change, waiver or discharge is sought to be enforced.

5.12 The terms of Section 4.1, Section 4.2, Section 4.5, Section 4.6, Section 5.1 and this Section 5.12 shall survive the expiration or termination of this Agreement for any reason.

5.13 This Agreement shall be binding on each party and their respective successors.

IN WITNESS WHEREOF, the parties have caused two (2) copies of this agreement to be executed by their duly authorized officers as of the date first specified above.

HUGHES ELECTRONICS CORPORATION

By:/s/Charles H. Noski

Charles H. Noski
Vice Chairman and Chief Financial Officer

MAGELLAN INTERNATIONAL,
INC., soon to be known as
PANAMSAT CORPORATION

By:/s/Kenneth N. Heintz

Kenneth N. Heintz
Treasurer

Exhibit 10.36

LEVERAGED LEASE GUARANTY INDEMNIFICATION AGREEMENT

This LEVERAGED LEASE GUARANTY INDEMNIFICATION AGREEMENT (this "Agreement") is made as of the 16th day of May, 1997 by and between Magellan International, Inc. ("Magellan") and Hughes Electronics Corporation (formerly known as GM Hughes Electronics Corporation) ("HE").

RECITALS

A. Hughes Communications Galaxy, Inc. ("HCG"), Hughes Communications Satellite Services, Inc. ("HCSS") and certain other indirect subsidiaries of HE previously entered into arrangements whereby HCG sold the Galaxy VII, SBS 6 and Galaxy III-R communications satellites to various parties and is leasing them back from such parties pursuant to lease agreements related to such satellites (the "Sale Leaseback Transactions").

B. As part of the Sale Leaseback Transactions, HE guaranteed certain payment and performance obligations under the agreements relating to the Sale Leaseback Transactions.

C. Under an Agreement and Plan of Reorganization (the "Reorganization Agreement"), dated September 20, 1996, by and among Hughes Communications, Inc. ("HCI"), HCG, HCSS, Hughes Communications Services, Inc., Hughes Communications Carrier Services, Inc., Hughes Communications Japan, Inc., PanAmSat Corporation and Magellan International, Inc., HCI and certain of its subsidiaries agreed to contribute to Magellan certain assets and obligations of the Galaxy Business (as defined in the Reorganization Agreement), including all of their rights and obligations in connection with the Sale Leaseback Transactions.

D. Pursuant to an Assurance Agreement entered into on even date with the Reorganization Agreement, HE agreed to continue to guarantee the leveraged leases of transponders in connection with the Sale Leaseback Transactions.

E. As a condition to consummation of the transactions contemplated by the Reorganization Agreement, Magellan has agreed to enter into this Agreement.

AGREEMENT

In consideration of the foregoing and the mutual promises contained in the Reorganization Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I
INDEMNIFICATION

1.1 Indemnification.

(a) Magellan agrees to perform any obligation, commitment or undertaking of HE (the "Indemnified Party") required by any third party arising out of, resulting from or in connection with, any of the Sale Leaseback Transactions, and Magellan further agrees to indemnify, defend and hold harmless the Indemnified Party against any losses, claims, costs, expenses (including reasonable legal expenses), damages or liabilities, joint or several, arising out of, incurred as a result of or in connection with any such obligation, commitment or undertaking.

(b) Promptly after an Indemnified Party becomes aware that a claim for indemnification under this Section 1.1 has arisen, the Indemnified Party shall notify Magellan in writing of such claim, accompanied by a written statement of the facts of which the Indemnified Party then is aware constituting the basis for such claim (in reasonable detail). Failure by any Indemnified Party to so notify Magellan shall not relieve Magellan of any liability hereunder except to the extent that such failure prejudices Magellan. The Indemnified Party shall not pay or settle any claim that is the subject of indemnification during this notice period without the prior written consent of Magellan.

(c) Within 30 days of receiving the notice required by Section 1.1(b) Magellan may elect to pay, object to, compromise or defend such claim by providing the Indemnified Party with written notice of such election, which notice acknowledges Magellan's obligation to provide indemnification hereunder. If Magellan so elects and if Magellan is financially capable (based on Magellan's most recent financial statements) of satisfying when due the amount to which the claim for indemnification relates, then (i) the Indemnified Party shall not pay any third-party claim that is the subject of indemnification or enter into any settlement or other compromise with respect to such claim without the prior written consent of Magellan and (ii) Magellan shall have the right, in its sole discretion, to take control of the settlement, defense, investigation and any other actions with respect to such claim and to employ and engage attorneys of its own choice reasonably acceptable to HE to handle and defend the same, at Magellan's cost, risk and expense. Magellan shall not settle any third-party claim that is the subject of indemnification without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld; provided, however, that Magellan may settle a claim without the Indemnified Party's consent if such settlement (i) makes no admission or acknowledgment of liability or culpability with respect to such Indemnified Party, (ii) includes a complete release of the Indemnified Party and (iii) does not require the Indemnified Party to make any payment or forego or take any action. The Indemnified Party shall cooperate in all reasonable respects with

Magellan and its attorneys in the investigation, trial and defense of any lawsuit or action with respect to such claim and any appeal arising therefrom (including the filing in the Indemnified Party's name of appropriate cross-claims and counterclaims), provided that Magellan shall pay all of HE's out-of-pocket expenses of providing such cooperation. The Indemnified Party also may participate in any investigation, trial and defense of such lawsuit or action controlled by Magellan and any appeal arising therefrom; provided that, if and to the extent that the Indemnified Party determines in its reasonable judgment based on advice of legal counsel that an actual or potential material conflict of interest exists where it is advisable for the Indemnified Party to be represented by separate counsel and the Indemnified Party informs Magellan that it desires to be represented by separate counsel, the Indemnified Party shall have the right to control its own defense of such claim and the reasonable fees and expenses of such separate counsel shall be borne by Magellan.

(d) If, after receipt of a claim notice pursuant to Section 1.1(b), Magellan does not undertake to defend any such claim, the Indemnified Party may, but shall have no obligation to, at Magellan's expense, contest any lawsuit or action with respect to such claim and Magellan shall be bound by the result obtained with respect thereto by the Indemnified Party (including, without limitation, the settlement thereof without the consent of Magellan).

(e) Should the Indemnified Party receive any refund, in whole or in part, with respect to any claim paid by Magellan hereunder, it shall promptly pay the amount refunded (but not an amount in excess of the amount Magellan or any of its (or any other person's) insurers has paid in respect of such claim) over to Magellan.

ARTICLE II
GENERAL PROVISIONS

2.1 Governing Law. This Agreement is deemed to be executed and delivered within the State of New York and shall be construed, interpreted and applied in accordance with the laws of the State of New York.

2.2 Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter of this Agreement and merges and supersedes all prior discussions between them relative to such subject matter, and none of the parties shall be bound by any conditions, definitions, warranties or representations other than as expressly provided in this agreement or as duly set forth subsequent to the date hereof in writing and signed by a proper and duly authorized officer of the party to be bound thereby.

2.3 Binding Effect. This Agreement inures to the benefit of and is binding upon each party and their respective subsidiaries, affiliates, successors and assigns.

2.4 Notices. All notices, requests, approvals, consents and other communications required or permitted under this Agreement shall be in writing

and shall be sent by telecopy to the telecopy number specified below. A copy of any such notice shall also be sent by registered express air mail or nationally recognized overnight delivery service on the date such notice is transmitted by telecopy to the address specified below:

In the case of Magellan to:

PanAmSat Corporation
One Pickwick Plaza
Greenwich, Connecticut 06830
Attention: James W. Cuminale, Esq.
Senior Vice President and General Counsel
Telephone (203) 622-6664
Telecopy (203) 662-9163

In the case of HE to:

Hughes Electronics Corporation
7200 Hughes Terrace
Los Angeles, California 90045
Attention: Robert Hall, Esq.
Telephone: (310) 568-7272
Telecopy: (310) 568-7834

Either party may change its address or telecopy number for notification purposes by giving the other party notice of the new address or telecopy number and the date upon which it will become effective.

2.5 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one single agreement between HE and Magellan.

2.6 Section Headings. The article and section headings are for reference and convenience only and shall not be considered in the interpretation of this Agreement.

2.7 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, then the remaining provisions of this Agreement will remain in full force and effect.

2.8 Waivers. No delay or omission by either party to exercise any right or power it has under this Agreement shall impair or be construed as a waiver of such right or power. A waiver by any party of any breach or covenant shall not be construed to be a waiver of any succeeding breach or any other covenant. All waivers must be in writing and signed by the party waiving its rights.

2.9 Conflicts. In the event of a conflict between this Agreement and any amendment the terms of such amendment shall prevail.

2.10 Amendment. No amendment to, or change, waiver or discharge of, any provision of this Agreement shall be valid unless in writing and signed by an authorized representative of the party against which such amendment, change, waiver or discharge is sought to be enforced.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have caused this Leveraged Lease Guaranty Indemnification Agreement to be executed by their duly authorized officers as of the date first specified above.

MAGELLAN INTERNATIONAL, INC.

By: /s/Kenneth N. Heintz

Kenneth N. Heintz
Treasurer

HUGHES ELECTRONICS CORPORATION

By: /s/Charles H. Noski

Charles H. Noski
Vice Chairman and Chief Financial Officer

Exhibit 10.37

Information contained herein, marked with [***], is being filed pursuant to a request for confidential treatment.

FIXED PRICE CONTRACT

BETWEEN

HUGHES COMMUNICATIONS GALAXY, INC.

AND

HUGHES SPACE & COMMUNICATIONS COMPANY

FOR

GALAXY XI HS702

SPACECRAFT, RELATED SERVICES AND DOCUMENTATION

CONTRACT No. 96-HCG-002

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THIS CONTRACT is entered into on the 7th day of May, 1997, by and between HUGHES COMMUNICATIONS GALAXY, INC. (herein called "Buyer" or "HCG"), a California corporation having a place of business at 1500 Hughes Way, Long Beach, California 90810 and HUGHES SPACE AND COMMUNICATIONS COMPANY (herein called "Contractor," "Seller" or "HSC"), a Delaware corporation having a place of business at 909 North Sepulveda Boulevard, El Segundo, California 90245.

WITNESSETH:

WHEREAS, HCG desires to purchase, and Contractor desires to provide communications Spacecraft, Documentation, and Related Services as hereinafter specified, and the Parties desire to define the terms and conditions under which the same shall be furnished,

NOW, THEREFORE, the Parties hereto agree as follows:

ARTICLE 1. EXHIBITS AND INCORPORATIONS

The following documents are hereby incorporated and made a part of this Contract with the same force and effect as though set forth herein:

1.1 Exhibit A - Galaxy XI Statement of Work - executed on April 30, 1997.

1.2 Exhibit B - Galaxy XI Spacecraft Specification - executed on

December 19, 1996.

1.3 Exhibit C - Galaxy XI Spacecraft Integration Test Plan - executed on April 30, 1997.

1.4 Exhibit D - Galaxy XI Product Assurance Plan - executed on April 30, 1997.

1.5 Exhibit E - Certain Documentation - executed on April 30, 1997.

1.6 Exhibit F - Certain Software and/or Documentation - executed on April 30, 1997.

ARTICLE 2. ORDER OF PRECEDENCE

In the event of any conflict or inconsistency among the provisions of this document and the exhibits attached and incorporated into this Contract, such conflict or inconsistency shall be resolved by giving precedence to this document, and then to the attached and incorporated exhibits in the order listed in Article 1 herein, entitled "Exhibits and Incorporations."

ARTICLE 3. SPACECRAFT, DOCUMENTATION AND RELATED SERVICES ("DELIVERABLES")

HCG shall purchase from Contractor and Contractor shall sell and furnish the following:

3.1 Contractor shall provide the necessary personnel, material, services and facilities to design, fabricate, test and deliver as required and perform work in accordance with the requirements of Exhibits A, B, C and D hereto, one (1) HS702 type Spacecraft for Galaxy Flight XI (hereinafter referred to as "Spacecraft"), Documentation and Related Services (as defined in Article 4).

3.2 All materials and services specified in Exhibit A, entitled "Galaxy XI Statement of Work," shall meet the requirements of Exhibit B, entitled "Galaxy XI Spacecraft Specification."

3.3 If Contractor has not made delivery [***] or if, prior to the Launch Date, [***] Buyer at its election may:

[***]

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

Any such election shall be made by Buyer in writing. In either case (a) or (b) above, [***]

3.4 [***] in accordance with: (i) current directives and instructions in the Hughes Spacecraft Operators Handbook, utilized at either Buyer's Operations Control Center (OCC) or Contractor's Mission Control Center (MCC); and (ii) any other Documentation utilized, including that Documentation which takes into consideration the unique or special characteristics of the contracted Spacecraft. [***] Contractor has responsibility and liability for the Mission Control Center. Buyer has responsibility and liability for the Operations Control Center and its associated ground station(s).

3.5 The Spacecraft, Documentation and Related Services described above shall be delivered to HCG at the indicated locations on the dates set forth in Article 4 entitled, "Deliverables and Schedule" herein.

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ARTICLE 4. DELIVERABLES AND SCHEDULE

4.1 The following deliverables to be furnished under this Contract shall be furnished at the designated location(s) on or before the dates specified below:

<TABLE>
<CAPTION>

Deliverable(s)	Date of Delivery or Performance	Integration Delivery Location and Performance Place
<S>	<C>	<C>
1. One Spacecraft ("Spacecraft")	Forty-five (45) days prior to Launch(1)	o Sea Launch, L.P. Facilities, Port of Long Beach, California (the "Integration Facility")
2. Launch Support, Mission Operations and In-Orbit Testing ("Related Services")	In Accordance with Exhibit A	o Sea Launch, L.P. Facilities, Port of Long Beach, California (the "Integration Facility") then vicinity of Kiritimati, "Christmas Islands", (the "Launch Site") o Filmore, California

			o Castle Rock, Colorado o El Segundo, California
3.	Documentation ("Documentation")	In Accordance with Exhibit A	1500 Hughes Way Long Beach, California

</TABLE>

1 Launch Period is 01 June - 01 September 1998

4.2 The Contractor will arrange transportation required for Items 1, 2 and 3 above. With respect to Deliverable Items 1 and 2, liability is allocated as follows:

The Launch Vehicle Provider for this Galaxy XI Launch is Sea Launch, L.P. The Galaxy XI Spacecraft will be mated with the Sea Launch Zenit Vehicle (the "Vehicle") at the Sea Launch, L.P. facilities, Port of Long Beach (the "Integration Facility"). Under the Amended and Restated Launch Services Agreement dated 17 January 1997 by and between Hughes Space and Communications International, Inc. and Hughes Communications Galaxy , Inc., which allocates one (1) Sea Launch Limited Partnership Sea Launch Service to Buyer, the mated Spacecraft, associated equipment and HSC personnel necessary to assist in the monitoring and control of the Spacecraft will be transported by the Sea

Launch, L.P. Command Ship (the "Ship") from the Integration Facility to the Launch Site in the vicinity of the Christmas Islands (the "Launch Site"). HSC may also utilize the Ship at Sea Launch L.P.'s expense for the transportation of other related HSC personnel when accommodations are available and such accommodations do not interfere with other Sea Launch, L.P. commitments for the Galaxy XI Launch.

4.2.1 If the Spacecraft fails to conform to the warranty provisions set forth in Article 15 and: (i) the mated Spacecraft requires testing, maintenance, replacement and/or corrective actions at the Launch Site or (ii) return to the Integration Facility and/or the El Segundo Plantsite is necessary to accomplish such actions, HSC shall have responsibility and liability as follows:

4.2.1.1 If Spacecraft warranty actions can be performed at the Launch Site, HSC shall be responsible and liable for [***] to the warranty provisions of this Contract.

4.2.1.2 If return of the Spacecraft to the Integration Facility and/or Plantsite is necessary for such warranty actions, HSC shall be

liable to Buyer in [***]

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

[***]

4.3 [***] shall be responsible for obtaining and maintaining: (i) all U.S. Government export licenses to enable export of the Spacecraft, related test and support equipment to the Launch Site and (ii) all authorizations required for the performance of this Contract.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

ARTICLE 5. PRICE

5.1 The total price (the "Contract Price") for Contractor to provide the Spacecraft, Documentation and Related Services as defined in Article 3 herein is [***]

5.2 Buyer shall pay Contractor the Contract Price stated in Paragraph 5.1 above in accordance with Article 6, Paragraphs 6.2 and 6.3 of this Contract.

5.3 Notwithstanding the foregoing, in the event that any Exhibit F Certain Software and/or Documentation is delayed beyond the delivery date (the "Liquidated Damages Date") identified in this Exhibit, Buyer unless it otherwise agrees, and so notifies Contractor, is excused from its duty to remit to Contractor [***] required by Paragraph 6.3 upon timely delivery of all Exhibit F Software and/or Documentation. Thereafter, the Contract Price shall mean [***] Buyer and Contractor agree that this Liquidated Damages sum is a reasonable pre-estimate of actual loss and free of any penalty. Contractor's maximum liability under this Paragraph is [***].

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ARTICLE 6. PAYMENTS

6.1 Pursuant to the terms set forth in this Article 6, and subject to HCG's rights, defenses and remedies as expressly stated in this Agreement, HCG shall pay to Contractor the Contract Price

as stated in Article 5 herein for the Spacecraft, Documentation, and Related Services under this Contract.

6.2 Invoices shall be prepared and submitted by Contractor in a form reasonably acceptable to Buyer. Payments to Contractor shall be made in accordance with the payment plan specified in subparagraph 6.3 below:

[***]

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6.4 Payment Schedule Revision: The payment plan established in Paragraph 6.3 above is based upon a launch period between 01 June - 01 September 1998. If the Launch Period established in accordance with Article 7, Paragraph 7.1.2 is later than September 1998, the payment plan in Paragraph 6.3 of this Article shall be revised by mutual agreement of the Parties to reflect the established Launch Period.

6.5 HSC shall not be obligated to deliver the Spacecraft to the Launch Site if there are any outstanding Delinquent Payments owed by HCG to HSC under this contract one month prior to shipment of the Spacecraft from the HSC facility. "Delinquent Payments" are defined as those payments not received by HSC within thirty (30) days of the dates due as defined in Paragraph 6.5.2 below. Once HCG has paid HSC for any "Delinquent Payments" and any interest accrued in accordance with Paragraph 6.7 below, HSC shall use its reasonable best efforts to ship the Spacecraft to the Launch Site so as to enable launch on the scheduled Launch Date and in any event to make shipment as soon as practicable and no later than sixteen (16) weeks after payment by HCG of such Delinquent Payments. HCG will be responsible for and will pay to HSC any reasonable costs and [***] profit on such costs that HSC may incur as a result of a delay in delivery due to HCG's Delinquent Payments. Notwithstanding the foregoing, this Section 6.5 shall not relieve Contractor of its obligation to deliver the Spacecraft, and no "Delinquent Payment" shall be deemed to have occurred, due to any non-payment by HCG on account of an alleged breach by Contractor or other dispute as to such payment. In such event, HCG shall, within thirty (30) days of the date such payment is due, pay the full amount of such payment into an interest-bearing escrow account to be established at Bank of America, Concord, California. Upon settlement of the dispute as to such payment and alleged breach in accordance with Article 32, the Party entitled to the amount in escrow shall receive such amount together with all accrued interest thereon and the other Party shall pay all costs and fees associated with the escrow of such amount.

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6.6 Invoice

6.6.1 Invoices submitted to HCG for payment shall contain a cross-reference to the Contract number and the date specified in the Paragraph 6.3 Payment Plan. Contractor shall submit one (1) original invoice in each instance to:

Hughes Communications Galaxy, Inc.
P.O. Box 9712
Bldg. A01/4B462
Los Angeles, CA 90810-9928
Fax: (310) 525-5140
Attention: Accounts Payable - Tony Walden

6.6.2 Invoice amounts, as specified in Paragraph 6.3, provide for billings to be submitted by the 15th day of each month and shall be paid by HCG within thirty (30) days upon receipt of the invoice by HCG.

6.7 Late Payments

In the event of a failure by the Buyer or the Contractor to make a payment required pursuant to this Contract, the delinquent Party shall pay interest at the rate of [***] on the overdue amount for the number of days that the payment is overdue, commencing on the date payment is due and terminating on the date the overdue amount is paid in full. Notwithstanding the foregoing, this Section 6.7 shall not apply to any payment made into escrow in accordance with Section 28.4.

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ARTICLE 7. SPACECRAFT LAUNCH DATE

7.1 This Contract is written on the basis that one (1) Spacecraft supplied hereunder will be Launched on a Sea Launch (Zenit) vehicle within the Launch Period set forth below and within which a slot, date and window shall be established in accordance with Paragraphs 7.1.1, 7.1.2, and 7.1.3 below:

Spacecraft	Launch Vehicle	Launch Period
Galaxy XI	Sea Launch (Zenit)	01 June-01 September 1998

7.1.1 Launch Slot Definition. A thirty (30) day period of time within a Launch Period during which the Launch will occur. The Launch Slot within the Launch Period shall be established by the Parties not later than one (1) year prior to the first day of the applicable Launch Period and once established, shall become an express term of this Contract.

7.1.2 Launch Date Definition. The calendar date within the Launch Slot during which a Launch will occur. The Launch Date within the Launch Slot shall be established by the Parties no later than six (6) months prior to the first day of the applicable Launch Slot and once established, shall become an express term of this Contract.

7.1.3 Launch Window Definition. A daily period of time within the Launch Date during which the Launch can occur and meet mission requirements. The Launch Window shall be established by the Parties no later than forty-five (45) days prior to the Launch Date and once established, shall become an express term of this Contract.

7.2 The Contract Price set forth in Paragraph 5.1 includes Contractor furnished launch support services, post launch support services, in-orbit test support services, and post title transfer monitoring and command of the Spacecraft if Buyer invokes the remedial provisions of Article 3, Paragraph 3.3. The Contract Price set forth in Paragraph 5.1 assumes the launch of the Spacecraft on a Sea Launch vehicle within forty-five (45) calendar days after delivery of the Spacecraft to the Port of Long Beach, California (Integration Facility).

7.3 No less than sixteen (16) weeks prior to the launch date, Buyer shall order Contractor by notice in writing to commence launch campaign preparations including, but not limited to, reserving transportation of the Spacecraft and related equipment for shipment to the Sea Launch L.P. Integration Facility.

7.4 If the Spacecraft launch date defined in Paragraph 7.1 is postponed for any reason other than the sole fault of Contractor, excluding any postponement due to an Excusable Delay as defined in Article 12, the Parties shall negotiate in good faith to determine an equitable adjustment to the price and affected terms of this Contract, if any. If the cost of supplies or materials made obsolete or excess as a result of a such postponement is included in the equitable adjustment, HCG shall have the right to prescribe the manner of disposition of such supplies or materials. Costs included in the equitable adjustment shall include but not be limited to: support personnel standby; extra travel expenses; transport termination or rescheduling fees; a profit rate of [***].

7.5 Notwithstanding the foregoing, if the Spacecraft Launch Date defined in Paragraph 7.1 is postponed by either Party due to an Excusable Delay, as defined in Paragraph 12.1 herein, the

terms of Article 12 herein shall govern such postponement.

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ARTICLE 8. BUYER-FURNISHED ITEMS

8.1 The following facilities, equipment, and services shall be furnished by HCG at no cost to Contractor, in a timely manner, so as to enable Contractor to perform the work herein in accordance with the Spacecraft Launch Dates as described in Article 7 of this Contract.

1) Facilities (buildings, power, phones and data lines) and enumerated services: (i) transportation of the Spacecraft, Contractor related test equipment and personnel within the Launch Site and between the Integration Facility (Port of Long Beach) and the Launch Site (vicinity of Christmas Islands) unless Article 4, Paragraph 4.2.1 conditions apply (ii) storage of the Spacecraft and related test equipment for all force majeure events and/or launch vehicle delays (iii) fueling (iv) photographs and (v) interface hardware at the Launch Site.

2) Reservation and procurement of the launch services and associated services.

Contractor will provide preliminary requirements of Item 1 above to Buyer no later than 6 months after EDC to assist Buyer's compliance with this Article. Prior to Buyer's execution of a Launch Services Contract with the Launch Services provider, Contractor will be allowed to review the list of basic and optional service which Buyer shall procure.

In the event that the Buyer-Furnished Items set forth above are not suitable for the intended purpose or are not provided in a timely manner, excluding any excusable delay as defined in Article 12 herein, then HCG shall be liable to Contractor for all applicable costs which shall include but not be limited to: procurement or rental of suitable substitutes for such Buyer Furnished Items at no higher than market prices; with title and possession of all such procured items reverting to Buyer after Contractor's use under this Agreement; support personnel standby; extra travel expenses; transport termination or rescheduling fees; and installation/de-installation of communication links to the Launch Site and a profit rate of [***].

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8.2 Contractor shall maintain a system to ensure the adequate control and protection of HCG's Property. For the purposes of this Article, HCG Property shall be defined as any item which HCG provides to the Contractor or directs Contractor to

maintain in storage or an inventory account under this Contract. Upon receipt of notification from HCG, the Contractor shall complete and return within fifteen (15) working days a Property System Certification describing the system that will be used to control HCG's Property. Additionally, HCG's representative may, at its option and at no additional cost to HCG, conduct surveillance at a reasonable time of the Contractor's Property Control System as HCG deems necessary to assure compliance with the terms and conditions of this Article.

8.3 Contractor shall, commencing with its receipt and during its custody or the use of any HCG's Property, accomplish the following:

A. Establish and maintain inventory records and make such records available for review upon HCG's request;

B. Provide the necessary precautions to guard against damage from handling and deterioration during storage;

C. Perform periodic inspection to assure adequacy of storage conditions; and

D. Ensure that HCG's Property is used only for performing this Contract, unless otherwise provided in this Article or approved by the cognizant contracting officer.

8.4 Contractor shall not modify, add-on, or replace any HCG Property without HCG's prior written authorization. Contractor shall immediately report to HCG's contract representative the loss of any HCG Property or any such property found damaged, malfunctioning, or otherwise unsuitable for use. The Contractor shall determine and report the probable cause and necessity for withholding such property from use.

8.5 Upon termination or completion of this Contract, and upon request by HCG, the Contractor shall perform a physical inventory, adequate for accountability and disposition purposes, of all HCG's Property applicable

to such terminated or completed agreement and shall cause its subcontractors and suppliers at every tier to do likewise.

ARTICLE 9. INSPECTION AND ACCEPTANCE

9.1 Inspection of all Hardware, documentation and Contractor's services provided hereunder shall take place in accordance with the terms of Article 10, entitled "Access to Work in Process," herein.

9.2 Preliminary Acceptance of the Spacecraft shall occur when all in-plant tests required to be performed by Contractor for the Hardware have been completed and the Contractor has demonstrated at the pre-ship review that the Hardware meets the requirements of this Contract, at which time HCG shall

accept the Hardware on a Preliminary basis in writing within five (5) business days subject to completion of Launch Integration Facility and/or Launch Site tests specified in Exhibit C, Galaxy XI Spacecraft Integration Test Plan. If the Hardware is unacceptable, Contractor shall promptly and at its expense, rectify the unsatisfactory Hardware and resubmit the Hardware for acceptance by HCG as provided above. In either case, the Hardware shall be deemed accepted upon failure of HCG to notify Contractor in writing within the above five (5) business days that it is accepted, rejected or that in HCG's opinion further corrective action must be taken by the Contractor.

9.3 Final Acceptance of the Spacecraft shall occur upon the earliest of i) the completion of In-orbit Testing in accordance with Exhibit A, ii) fifty (50) days after Intentional Ignition (as defined in Article 15, Paragraph 15.2 of this Contract) or iii) immediately before a Partial Failure, Total Failure or Total Constructive Failure (as each such term is defined in the applicable Hughes Communications Galaxy Launch Insurance Contract or successor contract), which occurs at or after Intentional Ignition. HCG shall have access to Launch Integration Facility and/or Launch Site test results during the launch campaign in accordance with the provisions of Article 10, Paragraph 10.1 "Access to Work in Process."

9.4 With respect to deliverable Hardware which HCG orders Contractor to store, the Hardware shall be stored at a location to be negotiated and Final Acceptance shall occur at the end of the [***] warranty period as set forth in Article 15 herein, entitled "Spacecraft Warranty," or such other event mutually agreed upon between the Parties.

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ARTICLE 10. ACCESS TO WORK IN PROCESS

10.1 Contractor shall afford HCG access to work in progress being performed at Contractor's plants and at the Launch Integration Facility and/or Launch Site pursuant to this Contract, including technical data, documentation, and hardware, at reasonable times during the period of Contract performance, provided such access does not unreasonably interfere with such work or require the disclosure of Contractor's proprietary information to third Parties and subject to (i) HSC's Security Procedures and (ii) U.S. or Foreign Government Regulations.

10.2 To the extent that the Contractor's major subcontracts permit, Contractor shall afford HCG access to work being performed pursuant to this Contract in subcontractor's plants in the company of Contractor's representatives.

Contractor shall exert reasonable effort in subcontracting to obtain permission for HCG access to those major subcontractors' plants. Major subcontracts are defined as those subcontracts in excess of [***].

10.3 HCG shall have the right to witness on a non-interference basis all system and subsystem tests scheduled by Contractor in connection with the performance of work under this Contract. If the system or subsystem tests are performed by a subcontractor of HSC, HSC shall take all reasonable steps to secure HCG's access to the subcontractor's facility or facilities. HCG's right to witness testing shall be on a non-interference basis with the subcontractor's activities and subject to (i) any subcontractor security procedures and (ii) U.S. or Foreign Government Regulations.

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ARTICLE 11. TERMINATION FOR DEFAULT; LIMITATION OF LIABILITY

11.1 Subject to provisions of Article 3 entitled "Spacecraft, Documentation and Related Services," Article 5 entitled "Price" and Article 12 entitled "Excusable Delays," Buyer may issue a written notice of default to Contractor if: (i) Contractor fails [***] as confirmed in writing by the Contractor's and Buyer's Senior Executives and such failure may result in a delay in delivery of more than [***]; or (ii) the delivery of the Spacecraft or Contractor's performance of any material obligation under the Contract has been delayed due to the primary fault of the Contractor for more than [***]. Subsequent to the issuance of said notice, the Buyer may terminate this Contract and thereafter elect remedies as identified in Paragraph 11.2 below.

11.2 If Buyer terminates this Contract, in whole or in part, as provided in Paragraph 11.1 herein, Buyer, at its sole option, shall either: (i) take title to all deliverable hardware, all hardware in process which ultimately would have been deliverable by Contractor and all drawings and data produced by Contractor, the cost of which has been charged or becomes chargeable to any work terminated plus all reasonable reprocurement costs up to a maximum amount of: (a) [***] in the event of a termination of this Contract solely with respect to Documentation and/or Related Services or (b) [***] with respect to a termination of the entire Contract or (ii) receive a refund of all payments submitted to Contractor by the Buyer for performance of this Contract for the portion terminated by Buyer, and Contractor shall retain title and possession to all terminated Hardware which ultimately would have been deliverable by Contractor. Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this Article.

11.3 Notwithstanding the other provisions of this Article, there will be no termination for default after Intentional Ignition of the Launch Vehicle.

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11.4 If, after termination of this Contract under the provisions of this Article, it is determined for any reason that Contractor was not in default under the provisions of this Article, or that the default was excusable under the provision of Article 12 entitled "Excusable Delays," then the Contractor shall be entitled to be paid for its actual reasonable costs plus [***] profit, less amounts previously paid by the Buyer and upon making payment in full, the Buyer shall take title to all tangible work in process inventories generated under the Contract. For purposes of this Paragraph 11.4, Contractor's "actual reasonable costs" shall mean all costs expended by Contractor for all work done under this Contract up to the date of termination, settlements with subcontractors for work performed prior to termination, and Contractor's reasonable costs related to termination which would otherwise not have been incurred.

11.5 Except as otherwise provided in the Contract, the rights and remedies of the Parties provided in this Article shall be in lieu of any other rights and remedies provided by law or in equity in the event Contractor or Buyer fails to meet its obligations under this Contract. Buyer shall have no other rights or remedies for late delivery of the Spacecraft, Documentation and Related Services under this Contract except for those rights and remedies expressly provided for in this Contract.

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ARTICLE 12. EXCUSABLE DELAYS

12.1 If either Party or a subcontractor of either Party is delayed by act of God, or of the public enemy, fire, flood, earthquake, epidemic, quarantine restriction, strike, walkout, freight embargo, or any other event which is beyond their control or does not arise from the acts or omissions of either Party or its respective subcontractors, said delay shall constitute an excusable delay ("Force Majeure Events"). In the event of an excusable delay, there shall be an equitable adjustment to the time of delivery and/or performance stated in this Contract. The affected Party shall give notice in writing to the other Party within 10 working days that an excusable delay condition exists after learning of such delay. Such notification shall include the cause of the excusable delay, the expected length of the excusable delay, and alternate plans to mitigate the effect of the excusable delay.

12.2 If the affected Party, as defined in Paragraph 12.1 above, requests or experiences, on a cumulative basis, excusable delay(s) greater than [***], the Parties shall enter into good faith negotiations to develop a mutual course of action and/or an equitable adjustment to the affected terms of this Agreement.

12.3 Notwithstanding the foregoing, if the Launch Date defined in Paragraph 7.1 herein is delayed due to a Force Majeure event affecting either Party or a subcontractor thereof at any point in time after the shipment of the Spacecraft to the Launch Site has occurred, HCG shall reimburse Contractor for all reasonable expenses incurred as a result, including without limitation expenses for: support personnel standby; extra travel expenses; transport termination or rescheduling fees; and installation/de-installation of communication links to the Launch Site.

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ARTICLE 13. AMENDMENTS

The terms and provisions of this Contract shall not be amended or modified without specific written provision to that effect, signed by the Authorized Representative(s) of both Parties. These Authorized Representative(s) are identified in Article 26, "Notices and Authorized Representative(s)." No oral statement of any person shall in any manner or degree modify or otherwise affect the terms and provisions of this Contract.

ARTICLE 14. TITLE AND RISK OF LOSS

14.1 Title and risk of loss or damage in respect of all items to be delivered under this Contract shall pass from Contractor to HCG as follows:

14.1.1 Risk of loss of the Spacecraft and title shall pass from Contractor to HCG upon the earliest of: (i) the completion of In-orbit Testing in accordance with Exhibit A, (ii) fifty (50) days after Intentional Ignition (as defined in Article 15, Paragraph 15.2 of this contract) or (iii) immediately before a Partial Failure, Total Failure or Total Constructive Failure (as each such term is defined in the applicable Hughes Communications Galaxy Launch Insurance Contract or successor contract) which occurs at or after Intentional Ignition.

14.1.2 In respect to the Spacecraft which HCG directs Contractor to store, title and risk of loss shall remain with the Contractor until Final Acceptance as specified in

Article 9.4 herein.

14.1.3 Notwithstanding Paragraph 14.1.2 above, upon removal of the Spacecraft from storage, the Contractor shall not assume risk of loss relative to a Battery which HCG directs Contractor to replace after the five-year storage period which disqualifies the battery for a 15-year mission. In that event, Article 29 herein entitled "Effects of Storage on Batteries," shall apply.

14.1.4 "Risk of Loss" for purposes of this Article 14 is limited to the responsibility and liability for a Partial Failure, Total Failure or Total Constructive Failure (as each such term is as defined in the applicable Hughes Communications Galaxy Launch Insurance Contract or successor contract). Responsibility and liability for the Spacecraft prior to intentional ignition is with the Contractor.

14.2 In the event of damage to or destruction of Hardware when Contractor shall have risk of loss, Contractor shall repair or replace (at Contractor's option) said Hardware. The Buyer shall participate in the decision to repair or replace said Hardware and the provisions of Article 15 shall apply.

14.3 Insurance Provided By Contractor. The Contractor shall, at its own expense, provide and maintain the following insurance:

14.3.1 "All Risk" Insurance

(i) The Policy for "All Risks" insurance shall insure the Contractor and name Buyer as additional insured and Loss Payee as their interest may appear.

(ii) The insurance shall cover the Spacecraft while in or about the Contractor's and subcontractors' plants, while at other premises which may be used or operated by the Contractor for construction or storage purposes, while in transit, or while at the Designated Launch Site until Intentional Ignition, or while Spacecraft is stored by the Contractor at HCG's direction until Final Acceptance as specified in Article 9.4.

(iii) Such insurance shall be sufficient to cover the full replacement value or selling price of the Spacecraft and may be issued with deductibles, for which losses shall be borne by the Contractor.

(iv) This "All Risk" insurance shall be in force from the time of the Effective Date of this Contract and shall continue in effect until

Contractor's liabilities have expired at intentional ignition.

14.3.2 Third Party Liability Insurance

(i) The Policy(s) for Third Party Liability insurance shall be written on forms the Buyer may review and shall include Buyer as additional insured.

(ii) This Third Party Liability insurance shall be in force from the time of the Effective Date of this Contract and shall continue in effect until Contractor's liabilities have expired at intentional ignition.

(iii) The Policy(s) may be issued with deductibles, for which losses shall be borne by the Contractor.

14.4 General Insurance Requirements

(i) The Contractor shall, upon request, provide to the Buyer certificates of the Insurance Policy(s) issued by an agent of the Contractor's Insurer(s) for coverage which the Contractor is required to provide pursuant to the provisions of these Articles.

(ii) All Policies of insurance to be provided and maintained pursuant to these Articles shall require the insurer(s) or its authorized agent(s) to give each insured not less than thirty (30) days prior written notice in the event of cancellation or any proposed material change in such policies, except for ten (10) days prior written notice in the event of cancellation due to non-payment of premium.

(iii) The Contractor may also acquire and maintain, at its own expense, other insurance for amounts and perils, and upon such terms, conditions and deductibles as it may deem advisable or necessary to cover any loss or damage to persons or property that may occur as a result of the performance of this Contract.

ARTICLE 15. SPACECRAFT WARRANTY

15.1 Contractor warrants that the Spacecraft, upon successful completion of Spacecraft in plant Tests pursuant to Article 9 herein, shall be free from any defects in material or workmanship and shall conform to the applicable specifications and drawings, as evidenced by the acceptance criteria in

Exhibits A-D herein.

15.2 This warranty shall start from the date of Preliminary Acceptance of the Spacecraft as stated in Article 9 herein, entitled "Inspection and Acceptance," and continue for a period of [***], or until the Intentional Ignition (defined herein as the "Intentional Ignition of any rocket motor on the first stage of the launch vehicle") of the applicable launch vehicle, whichever is earlier. [***] ("Warranty Time Period"). Contractor shall not be liable in Contract or in Tort for any incidental, special, contingent, or consequential damages.

15.3 HCG shall have the right at any time during the Warranty Time Period to reject any goods not conforming to this warranty and require that Contractor, at its expense, correct or replace (at Contractor's option) such goods with conforming goods. If any time during the Warranty Time Period Contractor fails to correct or replace such defective goods and fails to initiate reasonable efforts to correct or replace such defective goods within a reasonable period after written notification and authorization from HCG, HCG may then, by contract or otherwise, correct or replace such defective goods and equitably adjust the price.

15.4 Except as otherwise expressly agreed upon in this Contract, Contractor shall have no liability, or responsibility in Contract or in Tort with respect to the Spacecraft after Intentional Ignition (as defined in Paragraph 15.2) of the launch vehicle.

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15.5 THE ABOVE WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING FITNESS FOR PARTICULAR PURPOSE OR MERCHANTABILITY AND THE REMEDY PROVIDED HEREIN IS THE SOLE REMEDY FOR FAILURE BY CONTRACTOR TO FURNISH THE SPACECRAFT THAT IS FREE FROM MATERIAL DEFECTS IN MATERIAL OR WORKMANSHIP AS SET FORTH IN PARAGRAPH 15.1 ABOVE. ALL OTHER WARRANTIES OR CONDITIONS IMPLIED BY ANY OTHER STATUTORY ENACTMENT OR RULE OF LAW WHATSOEVER ARE EXPRESSLY EXCLUDED AND DISCLAIMED. CONTRACTOR AND ITS SUBCONTRACTORS SHALL HAVE NO LIABILITY IN CONTRACT OR IN TORT (INCLUDING NEGLIGENCE) OR IN ANY OTHER MANNER WHATSOEVER FOR THE SPACECRAFT AFTER INTENTIONAL IGNITION OTHER THAN AS EXPRESSLY PROVIDED IN THIS CONTRACT.

15.6 Any limitations on warranties, liability or requests for indemnification from liability for the malfunction of delivered items which are imposed upon the Contractor by its various equipment suppliers shall be passed on directly to Buyer provided, however, nothing therein shall decrease or invalidate the rights of the Buyer during, or the length of, the Warranty Time Period as stated in this Article.

ARTICLE 16. INDEMNIFICATION

16.1 Each Party shall indemnify and hold the other and/or all its officers, agents, servants, subsidiaries, affiliates, parent companies and employees, or any of them, harmless from any liability or expense in connection herewith on account of damage to property (excepting other Spacecraft in flight) and injuries, including death, to all persons including but not limited to employees of the Parties, and their subcontractors, and of all other persons performing any part of the work hereunder, arising from any occurrence caused by an negligent act or omission of the indemnifying Party or its subcontractors, or any of them in connection with the work to be performed by such Party under this Contract. The indemnifying Party shall have the right, but not the obligation, to participate in any legal or other proceedings concerning claims for which it is indemnifying under this Article 16 and to direct the defense of such claims. However, with respect to such legal or other proceedings, the indemnifying Party shall pay all expenses (including attorneys fees incurred by the indemnified Party in connection with such legal or other proceedings) and satisfy all judgments, costs or other awards which may be incurred by or rendered against the indemnified Party. The indemnifying Party shall not settle any such claim, legal or other proceeding without first giving thirty (30) days prior written notice of the Terms and Conditions of such settlement and obtaining the consent of the indemnified Party, which consent shall not be unreasonably withheld or delayed.

16.2 Notwithstanding the foregoing, neither the Contractor nor its subcontractors shall have any liability in Contract or in Tort, for damages to or caused by the Spacecraft after Intentional Ignition (as defined in Paragraph 15.2), and Buyer shall obtain waivers of subrogation rights from Buyer's insurers against Contractor, and affiliates and subcontractors of Contractor.

ARTICLE 17. SPACECRAFT NOT LAUNCHED WITHIN SIX MONTHS AFTER ACCEPTANCE

17.1 If the Spacecraft is not launched within six (6) months after its Preliminary Acceptance per Article 9, entitled "Inspection and Acceptance," and is subsequently ordered to be launched within [***] following its Preliminary Acceptance, it is agreed that such Spacecraft shall be returned at Contractor's option at Contractor's expense, to Contractor's facility for inspection and refurbishment. Any inspection and refurbishment undertaken by Contractor to meet the requirements of Article 15 entitled, "Spacecraft Warranty," shall be at Contractor's expense, including Spacecraft transit insurance.

17.2 If the Spacecraft is not launched within six (6) months after its Preliminary Acceptance and is subsequently ordered to be launched later than [***] following its Preliminary Acceptance, it is agreed that such Spacecraft shall be returned, at HCG's expense, to Contractor's facility for inspection and refurbishment. An equitable adjustment to Contract price for such inspection and refurbishment, to include a [***] profit component shall be negotiated by the Parties unless the fact that the launch is scheduled for later than [***] is due to Contractor's negligent acts or omissions.

17.3 If the Spacecraft is returned to Contractor's facility for inspection and refurbishment per the terms of Paragraph 17.2 above, all charges to return such Spacecraft to the Launch Site shall be borne by HCG.

17.4 If the Spacecraft has not been launched within [***] after its preliminary Acceptance, neither Party shall be further obligated to the other with respect to such Spacecraft. Disposition of such Spacecraft shall be at the option of HCG with costs of such disposition to be borne by HCG.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

ARTICLE 18. PATENT/COPYRIGHT INDEMNITY

18.1 Contractor shall indemnify and hold HCG harmless against any liability or expense as a result of claims, actions, or proceedings against HCG alleging the infringement of any trademarks, United States Copyright or mask work, United States Letters Patent, any other intellectual property rights, by any article fabricated by Contractor and delivered to HCG pursuant to this Contract as set forth below.

18.2 Contractor agrees to defend at its own expense any claim, action, proceeding or request for royalty payments or any claim for equitable relief or damages against HCG, its officers, employees, agents, or subsidiaries based on an allegation that the manufacture of any item under this Contract or the use, lease, or sale thereof infringes any United States Letters Patent trademark, United States Copyright or mask work or any other intellectual property right, and to pay any royalties and other costs related to the settlement of such claim, action, proceeding or request and to pay the costs and damages, including reasonable attorney's fees finally awarded as the result of any claim, action or proceeding based on such request, provided that Contractor is given prompt written notice of such request or claim by HCG and given authority and such assistance and information as is available to HCG for resisting such request or for the defense of such claim, action or proceeding. Any such assistance or information which is furnished by HCG at the written request of Contractor is to be at Contractor's expense.

18.3 In the event that, as a result of any such claim, action, proceeding or request: a) prior to delivery, the manufacture of any item is enjoined; or b) after delivery, the use, lease or sale thereof is enjoined, Contractor agrees to utilize its best effort to either: (1) negotiate a license or other agreement with plaintiff so that such item is no longer infringing; or (2) modify such item suitably or substitute a suitable item therefore, which modified or substituted item is not subject to such injunction, and to extend the provisions of this Article thereto. In the event that neither of the foregoing alternatives is suitably accomplished by Contractor, Contractor shall be

liable to HCG for HCG's additional costs and damages arising as a result of such injunction; provided however, that in no event shall Contractor's entire liability under this Article exceed [***]. The existence of one or more claims, actions, proceedings or lawsuits shall not extend such amount.

18.4 The foregoing indemnity shall not apply to any infringement resulting from a modification or addition, by other than Contractor, to an item after delivery.

18.5 If the infringement results from the compliance by Contractor with the Buyer's directed designs, specifications or instructions, the Buyer will defend or settle, at its expense, any such suit against the Contractor.

18.6 The foregoing constitutes the Parties' entire obligation with respect to claims for infringement.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

ARTICLE 19. RIGHTS IN INVENTIONS

19.1 As used in this Contract, "Program Invention" shall mean any invention, discovery or improvement conceived of and first reduced to practice in the performance of Work under this Contract. Information relating to Inventions shall be treated as proprietary information in accordance with the provisions of this Contract. Rights to inventions conceived solely by Contractor or its employees shall vest completely with Contractor.

19.2 Contractor shall be the owner of all Program Inventions invented solely by Contractor. Contractor grants Buyer a royalty-free, nonexclusive license in Program Inventions to use Program Inventions solely for the purposes of maintenance and operation of the Spacecraft and delivered Equipment. Contractor agrees that it will not revoke such

license if Buyer is in compliance with the terms of the license.

19.3.1 In the case of joint Inventions, that is, inventions conceived jointly by one or more employees of both Parties hereto, each Party shall have an equal, undivided one-half interest in and to such joint Inventions, as well as in and to patent applications and patents thereon in all countries.

19.3.2 In the case of such joint Inventions, Contractor shall have the first right of election to file patent applications in any country, and Buyer shall have a second right of election. Each Party in turn shall make its election at the earliest practicable time, and shall notify the other Party of its decision.

19.3.3 The expenses for preparing, filing and securing each joint Invention patent application, and for issuance of the respective patent shall be borne by the Party which prepares and files the application. The other Party shall furnish the filing Party with all documents or other assistance that may be necessary for the filing and prosecution of each application. Where such joint Invention application for patent is filed by either Party in a

country which requires the payment of taxes, annuities, maintenance fees or other charges on a pending application or on an issued patent, the Party which files the application shall, prior to filing, request the other Party to indicate whether it will agree to pay one-half of such taxes, annuities, maintenance fees or other charges. If within sixty (60) days of receiving such request, the non-filing Party fails to assume in writing the obligation to pay its proportionate share of such taxes, annuities, maintenance fees or other charges, or if either Party subsequently fails to continue such payments within sixty (60) days of demand, it shall forthwith relinquish to the other Party, providing that said other Party continues such payments, its interest in such application and patent and the Invention disclosed therein, subject, however, to retention of a paid-up, non-exclusive, non-assignable license in favor of the relinquishing Party, its parent, and any subsidiary thereof to make, use, lease and sell apparatus and/or methods under said application and patent.

19.4 Each owner of a jointly-owned patent application or patent resulting therefrom shall, provided that it shall have fulfilled its obligation, if any, to pay its share of taxes, annuities, maintenance fees and other charges on such pending application or patent, have the right to grant non-exclusive licenses thereunder and to retain any consideration that it may receive therefor without obligation to account therefor to the other Party. In

connection therewith, each of the Parties hereby consents to the granting of such non-exclusive licenses by the other Party and also agrees not to assert any claim with respect to the licensed application or patent against any licensee of the other Party thereunder during the term of any such license.

19.5 No sale or lease hereunder shall convey any license by implication, estoppel or otherwise, under any proprietary or patent rights of Contractor, to practice any process with such product or part, or, for the combination of such product or part with any other product or part.

ARTICLE 20. INTELLECTUAL PROPERTY RIGHTS

Except as provided in Article 19, neither Party shall acquire any rights with respect to any patent, trademark, trade secret, or any other intellectual property developed or used by the other Party in the performance of this Contract.

ARTICLE 21. FURNISHED DATA AND INFORMATION, DISCLOSURE AND USE

Proprietary Information shall mean any data and information received by one Party from the other Party, which is identified as proprietary in accordance with either of the following methods: (i) if in writing, it shall be marked by the disclosing Party with an appropriate proprietary legend, or (ii) if disclosed orally, it shall be presented by the disclosing Party as Proprietary at the time of disclosure and shall be confirmed by the disclosing Party as Proprietary Information in writing within fifteen (15) days of its initial oral disclosure.

21.1 The receiving Party agrees to protect such data and information with the same degree of care which the receiving Party uses to protect its own confidential data and information;

21.2 The receiving Party shall not disclose or have disclosed to third Parties, in any manner or form, or otherwise publish such data and information so long as it remains proprietary without the explicit authorization of the other Party;

21.3 The receiving Party agrees that it shall use such data and information solely in connection with the performance of work under this Contract, unless otherwise explicitly authorized by or on behalf of the other Party with the designation of specific data and information and use;

21.4 The foregoing obligations with regard to such data and information shall exist unless and until such time as:

21.4.1 Such data and information are to the receiving Party or otherwise publicly available prior to its receipt by the receiving Party without the default of the receiving Party; or

21.4.2 Such data and information have been lawfully disclosed to the receiving Party by a third Party which has the right to disclose such data; or

21.4.3 Such data and information are shown by written record to have been independently developed by the receiving Party; or

21.4.4 Such data and information are otherwise available in the public domain without breach of this Contract by the receiving Party; or

21.4.5 Such data and information are disclosed by or with the permission of the disclosing Party to a Third Party without restriction; or

21.4.6 Such data and information are released for disclosure in writing by or with the permission of the disclosing Party.

21.5 Providing HCG shall obtain from its customer(s), a nondisclosure agreement at least as restrictive as this Article 21 and furnishes a copy thereof to Contractor, HCG may disclose any proprietary information to its customer(s) which shall be necessary for HCG and its affiliates to meet its contractual commitments with its customer(s).

21.6 Any copyrighted material belonging to a Party to this Contract may be copied by the other Party as necessary to enable the receiving Party to perform its obligations under this Contract, provided always that the copyright legend is retained on the material.

ARTICLE 22. PUBLIC RELEASE OF INFORMATION

Neither Party shall issue news releases, articles, brochures, advertisements, prepared speeches, and other information releases concerning the work performed or to be performed under this Contract by Contractor or its subcontractors, or any employee or consultant of either, without first obtaining the prior written approval of the other Party concerning the content and timing of such release which approval shall not be unreasonably withheld. The initiating Party shall provide such releases to the other Party for review within a reasonable time

prior to the desired release date.

ARTICLE 23. TAXES

23.1 The price which shall be paid by HCG for the Spacecraft, Documentation and Related Services provided under this Contract does not include any state or local sales or use taxes, or fees or other taxes against real or personal property, however designated, which may be levied or assessed against Contractor. With respect to such taxes, HCG shall either furnish Contractor with an appropriate exemption certificate applicable thereto or pay Contractor, upon timely presentation of invoices therefor, such amounts thereof as Contractor may by law be required to collect or pay. HCG shall be responsible for the payment of all personal property taxes, if any, with regard to goods which are levied upon subsequent to the date of delivery to HCG. HCG shall be responsible for any inventory taxes, state taxes or any other taxes that are assessed to Contractor as a result of storage of the Spacecraft in accordance with Article 31. HSC shall be relieved of responsibility for any taxes and/or port fees associated with the Sea Launch Zenit Vehicle except as provided by Article 4 , Paragraph 4.2.1.2 of this Contract.

23.2 In the event Contractor in the performance of this Contract is required to pay customs, import duties, value-added or sales taxes, commercial card fees, port fees, harbor maintenance tax, other charges, or taxes, or fees, (collectively, "Assessments") however designated (except for (i) any Assessment based on Contractor's income and (ii) any Assessment incurred as a result of or associated with Contractor's manufacture of the Spacecraft), then HCG will reimburse Contractor for such Assessments within thirty (30) days of written notification by Contractor of payment; provided, however that, Contractor shall use its reasonable best efforts to obtain waivers, exemptions and/or relief from such Assessments when practicable, and HCG shall not be required to pay any Assessment to the extent any such waiver, exemption or relief is pending or has been obtained. Notification shall then be supported by an invoice and attachment(s) evidencing such payment having been made by Contractor.

ARTICLE 24. GOVERNING LAW

This Contract shall be deemed made in the State of California and shall be construed in accordance with the laws of the State of California.

ARTICLE 25. TITLES

Titles given to the Articles herein are inserted only for convenience and are in no way to be construed as part of this Contract or as a limitation of the scope of the particular article to which the title refers.

ARTICLE 26. NOTICES AND AUTHORIZED REPRESENTATIVES

Any notice or request required or desired to be given or made hereunder shall be in writing and shall be effective if delivered in person or sent by mail or by facsimile as indicated below:

1. Hughes Communications Galaxy Inc.
P.O. Box 9712
Bldg. A01, M/S 4A467
Long Beach, California 90810-9928

Attention: TBD, Contracts Manager
cc: TBD, Director, Systems Engineering & Technology

Authorized Representative(s): [TBD]

2. Hughes Space and Communications Company
Post Office Box 92919, Airport Station
Bldg. S41, M/S A374
Los Angeles, California 90009

Attention: Samuel C. Tricoli, Contracts Manager
cc: Arthur W. Ackerman, Jr., Program Manager

Authorized Representative(s): [TBD]

ARTICLE 27. INTEGRATION

This document, with Exhibits, constitutes the entire understanding between the Parties with respect to the subject matter of this Agreement and supersedes all previous oral and/or written negotiations, commitments, and understandings of the Parties.

ARTICLE 28. CHANGES

28.1 Any changes requested by Contractor during the performance of this Contract, within the general scope of this Contract, which will add or delete Work, stop Work, affect the design of the Spacecraft, change the method of shipment or packing, or the place or time of delivery, or will affect any other requirement of this Contract, shall be submitted in writing ("Change Proposal") to Buyer sixty (60) days prior to the proposed effective date of the change. If such Contractor requested change causes an increase or decrease in the total price or other terms of this Contract, Contractor shall submit a proposal to Buyer detailing the impact of such change.

28.2 Buyer shall notify Contractor in writing within thirty (30) days after receipt of the requested change and price adjustment, if any, whether or not it agrees with and accepts such Change Proposal. If Buyer agrees with and accepts the Contractor requested Change Proposal, Contractor shall proceed with the performance of the Contract as changed, or in the case of a Stop Work Order, suspend the performance of this Contract, and an amendment to the Contract reflecting the Change Proposal shall be incorporated into the Contract. If Buyer does not agree with the Contractor requested Change Proposal, the Parties shall attempt to reach agreement on such Change Proposal. If the Parties are unable to agree on the requested change and price adjustment, then the Parties shall proceed with the performance of this Agreement, as unchanged. In the event the Parties are able to reach agreement on the change, but not on the price adjustment component, then the Parties shall elevate such dispute to the Senior Executives of the respective companies for resolution. If resolution can not be achieved within a reasonable period of time under the circumstances, Buyer may make a qualified acceptance of the Change Proposal, accepting all matters other than price, and issue of price shall be submitted for resolution by arbitration in accordance with the provisions of Paragraph 32.2 hereof. Pending such resolution of the price issue, the Parties shall perform their obligations under the Contract, or in the case of a Stop Work Order, suspend their obligations, as if the Change Proposal had been accepted; provided, however, that Buyer shall pay any disputed amount of the price adjustment

into an escrow account in accordance with Paragraph 28.4 hereof on the date such amount would have been due and payable had the Change Proposal been accepted, or if the Change Proposal could result in a downward adjustment in the Contract Price in excess of the amount remaining to be paid by the Buyer, Contractor shall deposit the disputed amount of such excess into an escrow account in accordance with Paragraph 28.4 hereof. The final change price adjustment achieved either by the Parties, or through an arbitration award shall be paid in accordance with the payment plan agreed by the Parties or, if applicable, by the Arbitrator.

28.3 Buyer may submit to Contractor in writing (a "Change Order Request") detailing any changes requested by Buyer during the

performance of this Contract, within the general scope of the Contract, which will add or delete Work, stop Work, affect the design of the Spacecraft, change the method of shipment or packing, or the place or time of delivery, or will affect any other requirement of this Contract. Contractor shall respond to such Change Order Request in writing to Buyer within thirty (30) days after such request. If Contractor determines that the change requested by Buyer is feasible and can be made at no additional cost and with no associated delays, then Contractor shall so notify, Buyer and Contractor shall commence implementing such change. If the Contractor determines otherwise, then, Contractor shall submit to Buyer, a proposal detailing the impact of such change and the price adjustment, if any, (the "Change Order Offer"). Buyer shall notify Contractor in writing, within thirty (30) days after receipt of Contractor's Change Order Offer, whether or not it agrees with and accepts Contractor's Change Order Offer. If Buyer agrees with and accepts Contractor's Change Order Offer, Contractor shall immediately proceed with the performance of this Contract as changed, or in the case of a Stop Work Order, suspend the performance of this Contract, and an amendment to the Contract reflecting such change shall be incorporated into the Contract. If Buyer does not agree with the Contractor's Change Order Offer, the Parties shall attempt to reach agreement on such Change Order Offer. In the event the Parties are able to reach agreement on the change, but not on the price adjustment component, then the Parties shall elevate such dispute to the Senior Executives of the respective companies for resolution. If resolution can not be achieved within a reasonable period of time under

the circumstances, Buyer may make a qualified acceptance of the Change Order Offer, accepting all matters other than price, and the issue of price shall be submitted for resolution by arbitration in accordance with the provisions of Paragraph 32.2 hereof. Pending such resolution of the price issue, the Parties shall perform their obligations under the Contract, or in the case of a Stop Work Order, suspend their obligations, as if the Change Order Offer had been accepted; provided however, that the Buyer shall pay any disputed amount of the price adjustment into an escrow account in accordance with Paragraph 28.4 hereof on the date such amount would have been due and payable had the Change Order Offer been accepted, or if the Change Order Request could result in a downward adjustment in the Contract Price in excess of the amount remaining to be paid by Buyer, Contractor shall deposit the disputed amount of such excess into an escrow account in accordance with Paragraph 28.4 hereof. The dispute shall then be resolved by arbitration under the provisions of Article 32, entitled "Disputes." The final change price adjustment achieved either by the Parties, or through an arbitration award shall be paid in accordance with the payment plan agreed by the Parties or, if applicable, by the Arbitrator.

28.4 Escrow Provisions - Disputed Amounts

Disputed amounts with respect to any change under this Article 28 shall be paid into an interest bearing escrow account to be established at Bank of America, Concord, California. Upon settlement of the dispute as to such payment and alleged breach in accordance with Article 32, the Party entitled to

the amount or part thereof in escrow, shall receive such amount together with all accrued interest thereon and the other Party shall pay all costs and fees associated with the escrow of said amount. The placement of disputed amounts into an escrow account shall not relieve either Party of its remaining obligations under this contract.

ARTICLE 29. EFFECTS OF STORAGE ON BATTERIES

For Spacecraft batteries to provide the required minimum fifteen (15) years of in-orbit services per Exhibit B, Galaxy XI Spacecraft Specification, it is understood that launch must occur within three (3) years from the date of activation of the first battery cell. In the event Buyer directs Contractor to store any deliverable Spacecraft and the period of such storage causes a launch later than three (3) years from the date of activation of that Spacecraft's first battery cell, and HCG upon its election to either: (i) install replacement batteries or (ii) recondition batteries, so directs Contractor, HCG shall pay Contractor its costs plus a [***] profit rate. In either case (i) or (ii), the batteries shall meet a fifteen (15) year in-orbit service requirement.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

ARTICLE 30. INTER-PARTY WAIVER OF LIABILITY

30.1 Prior to the time HCG and the Contractor enter the premises at the Launch Site, they each agree that they will not make a claim against each other for an event that occurs at the Launch Site premises involving damage to, loss of, or loss of use of their property or the property of others in their possession, caused by the fault or negligence of the other Party to this Contract, or otherwise caused by any defect in any product manufactured or sold by the other Party to this Contract. Such claims are waived and each Party will bear its own losses. HCG will include a comparable clause in each of its contracts with vendors, subcontractors or customers for services or benefits expected as a result of the launch or orbiting of this Galaxy Spacecraft. Such comparable clause shall include a requirement to flow the clause down to lower-tier contractors.

30.2 Notwithstanding any other provisions of this Contract, prior to the time any Party, associated with the Galaxy XI launch activities at the Launch Site, shall enter the premises at the Launch Site, such Parties shall be required to sign an Inter-Party Waiver of Liability consistent with that between HCG and the Contractor as incorporated herein under Paragraph 30.1 of this provision or other similar agreement as may be required by the launch agency. Each Party shall have the

responsibility to assure that all the Parties associated with the launch of Galaxy XI Spacecraft (for which they have control or privity of Contract with hereunder) have executed said Inter-Party Waiver of Liability.

ARTICLE 31. SPACECRAFT STORAGE

31.1 Buyer may, at its option, order Contractor to store, in accordance with the provisions of Exhibit B Galaxy X Spacecraft Specification, the deliverable Spacecraft (including separate storage of Batteries, if needed) for a period of up to two (2) years from the date of their delivery to Buyer. HCG shall provide written notice to the Contractor not later than six (6) months prior to the scheduled delivery of said Spacecraft. Contractor's price for providing storage shall be provided to Buyer in accordance with Article 29, "Changes," (and such price shall be deemed a "Change Proposal" for purposes of Article 29) within 30 days after receipt of Buyer's notice to store such Spacecraft and Contractor shall provide storage facilities. If such storage facilities are unavailable, Contractor and Buyer shall hold discussions to determine a mutually agreed storage arrangement.

31.2 Six (6) months prior to a stored Spacecraft's scheduled launch date, Buyer shall, by notice in writing, order the Contractor to remove said Spacecraft from storage and ship it to a Launch Site designated by Buyer. The cost for storage and additional transportation costs exceeding that required to transport the Spacecraft to the Port of Long Beach (Integration Facility) point specified herein, shall be borne by Buyer. These will be in addition to any charges which become the obligation of the Buyer per Article 17 herein entitled "Spacecraft Not Launched Within Six Months After Acceptance."

ARTICLE 32. DISPUTES

32.1 Disputes

32.1.1 In the event any dispute arises between the Contractor and the Buyer relating to this Contract, either Party may give written notice to the other of its objections and reasons therefore. The Contractor and Buyer shall consult in an effort to reach a mutual agreement to resolve such dispute. In the event a mutual agreement cannot be reached within fifteen (15) days after receipt of this notice, the respective positions of the Parties shall be forwarded to Contractor and Buyer's respective Executive Offices for discussions and

they shall attempt to reach a mutual agreement to resolve such dispute within another fifteen (15) day period.

32.2 Arbitration of Disputes

32.2.1 Grounds for Arbitration and Notice Requirement. Any dispute, disagreement, controversy or claim arising out of or relating to this Contract or the interpretation thereof or any arrangements relating thereto, or the validity or enforceability thereof, or contemplated therein or the breach, termination or invalidity thereof which is not settled to the mutual satisfaction of the Parties in accordance with Paragraph 32.1 above, then it shall be settled exclusively and finally by binding arbitration, after written notice by either Party. Arbitration of such disputes in accordance with this Article 32 shall be the Parties' exclusive remedy.

32.2.2 Administration and Rules. Arbitration proceedings in connection with the Agreement shall be administered by the American Arbitration Association in accordance with its then in effect Commercial Arbitration Rules, together with any relevant supplemental rules including but not limited to its Supplementary Procedures for Large, Complex Disputes, as modified by the terms and conditions of the Agreement. With respect to the

selection of arbitrators, arbitration proceedings in connection with this Agreement shall be conducted before a panel of three (3) arbitrators. Within fifteen (15) days after the commencement of arbitration, each Party shall select from a list of qualified persons one person to serve as an arbitrator on the panel, and within ten (10) days of their selection, the two arbitrators shall select a third arbitrator who is listed as an active member of the American Arbitration Association at the time that arbitration proceedings commence. If the two arbitrators selected by the respective Parties are unable or fail to agree upon the third arbitrator in the allotted time, then the third arbitrator shall be selected by the American Arbitration Association.

32.2.3 Place of Arbitration. The place of arbitration shall be in Los Angeles, California, U.S.A.

32.2.4 Discovery. The arbitrators shall have the discretion to order a pre-hearing exchange of information by the Parties, including without limitation, production of requested documents, exchange of summaries of testimony of proposed witnesses, and examination by deposition of the Parties.

32.2.5 Award and Judgment. The arbitrators shall have no

authority to award punitive damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement. Subject to the foregoing, the Parties agree that the judgment of the arbitrators shall be final and binding upon the Parties and that the judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

32.2.6 Confidentiality. No Party or arbitrator may disclose the existence, content, or results of any arbitration proceedings in connections with this Agreement without prior written consent of all Parties to the arbitration proceeding.

32.2.7 Fee and Expenses. All fees and expenses of any arbitration proceedings in connection with this Agreement shall be borne by the losing Party. However, each Party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of evidence.

32.2.8 Performance. Contractor and Seller shall continue with performance under this Agreement during any disagreement, negotiation, or arbitration.

ARTICLE 33. ASSIGNMENT

33.1 Neither Party shall assign, or transfer this Contract or any of its rights, duties or obligations thereunder to any person or entity, in whole or part without the prior written consent of the other Party except that either Party may assign or transfer any of its rights, duties or obligations under this Contract, either in whole or in part, to its parent company, subsidiary or affiliate(1) in which the assigning Party has a controlling interest thereof. In addition, notwithstanding anything in this Article 33 to the contrary, the consent of Contractor shall not be required for, and Paragraph 33.2 shall not apply to, any assignment of this Contract from HCG to Magellan International, Inc. (which currently contemplates changing its name to PanAmSat Corporation), or an affiliate thereof, in connection with the consummation of the transactions contemplated by that certain Agreement and Plan of Reorganization dated as of September 20, 1996 by and among Buyer, Magellan International, Inc., Pan Am Sat Corporation and certain affiliates of Buyer.

Neither Party shall unreasonably withhold consent to any assignment or transfer providing that the requesting Party can demonstrate to the other Party's satisfaction that:

(1) its successor or assignee possesses the financial resources to fulfill the obligations of this Contract; and

(2) any such assignment or transfer shall not jeopardize any data rights or competitive position, or violate laws related to

export or technology transfer, or otherwise increase the other Party's risks or obligations.

If the requesting Party cannot so demonstrate, both Parties agree to negotiate in good faith suitable modifications and new provisions to this Contract which would mitigate the above risks and/or bring this Contract into conformance with applicable laws.

(1) Affiliate: An "affiliate" of, or a person "affiliated" with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

33.2 The Parties agree that in the event that the ownership or control of HCG or HSC is changed, the Parties reserve the right to negotiate in good faith suitable modifications and new provisions to this Contract which would mitigate any additional risks, financial or otherwise, which may be brought about by such change in ownership or control.

33.3 This Contract shall be binding upon the Parties hereto and their successors and permitted assigns.

ARTICLE 34. LIMITATION OF LIABILITY

34.1 The Parties to this Contract expressly recognize that commercial space ventures involve substantial risks and recognize the commercial need to define, apportion and limit contractually such risks associated with this commercial space venture. The payments and other remedies expressly set forth in this Contract fully reflect the Parties' negotiations, intentions and bargained-for allocation of such risks associated with commercial space ventures.

34.2 In no event shall the Parties be liable for any direct, indirect, incidental, special, contingent or consequential damages (including, but not limited to, lost revenues or profits), except as expressly provided for in this Agreement. This Article shall survive the expiration or termination of this Contract for whatever cause.

ARTICLE 35. EFFECTIVE DATE OF CONTRACT

The effective date of this Contract No. 96-HCG-002 shall be 7th, May 1997.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract No. 96-HCG-002 to become effective upon the date specified in this Article 35,

herein entitled, "Effective Date of Contract."

HUGHES SPACE & COMMUNICATIONS COMPANY

SIGNATURE: /s/ Arthur W. Ackerman Jr.

NAME: ARTHUR W. ACKERMAN JR.

TITLE: GALAXY XI PROGRAM MANAGER

DATE: 5/7/97

HUGHES COMMUNICATIONS GALAXY, INC.

SIGNATURE: /s/ Faye Deborah Siskel

NAME: Faye Deborah Siskel

TITLE: Hughes Communications Galaxy, Inc. Contracts

DATE: May 7, 1997

Exhibit 10.38

Information contained herein, marked with [***], is being filed pursuant to a request for confidential treatment.

FIXED PRICE CONTRACT

BETWEEN

HUGHES COMMUNICATIONS GALAXY, INC.

AND

HUGHES SPACE & COMMUNICATIONS COMPANY

FOR

GALAXY XIII/XIV HS702

SPACECRAFT, RELATED SERVICES AND DOCUMENTATION

CONTRACT No. 97-HCG-001

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THIS CONTRACT is entered into on the 15th day of May, 1997, by and between HUGHES COMMUNICATIONS GALAXY, INC. (herein called "Buyer" or "HCG"), a California corporation having a place of business at 1500 Hughes Way, Long Beach, California 90810 and HUGHES SPACE AND COMMUNICATIONS COMPANY (herein called "Contractor," "Seller" or "HSC"), a Delaware corporation having a place of business at 909 North Sepulveda Boulevard, El Segundo, California 90245.

WITNESSETH:

WHEREAS, HCG desires to purchase, and Contractor desires to provide communications Spacecraft, Documentation, and Related Services as hereinafter specified, and the Parties desire to define the terms and conditions under which the same shall be furnished,

NOW, THEREFORE, the Parties hereto agree as follows:

ARTICLE 1. EXHIBITS AND INCORPORATIONS

The following documents are hereby incorporated and made a part of this Contract with the same force and effect as though set forth herein:

1.1 Exhibit A - Galaxy XIII/XIV Statement of Work - dated TBD.

1.2 Exhibit B - Galaxy XIII/XIV Spacecraft Specification - dated TBD.

1.3 Exhibit C - Galaxy XIII/XIV Spacecraft Integration Test Plan - dated TBD.

1.4 Exhibit D - Galaxy XIII/XIV Product Assurance Plan - dated TBD.

1.5 Exhibit E - Certain Documentation - dated TBD.

1.6 Exhibit F - Maximum Termination Liability - dated TBD.

1.7 Exhibit G - Replacement Satellite Payment Plan - dated TBD.

ARTICLE 2. ORDER OF PRECEDENCE

In the event of any conflict or inconsistency among the provisions of this document and the exhibits attached and incorporated into this Contract, such conflict or inconsistency shall be resolved by giving precedence to this document, and then to the attached and incorporated exhibits in the order listed in Article 1 herein, entitled "Exhibits and Incorporations."

ARTICLE 3. SPACECRAFT, DOCUMENTATION AND RELATED SERVICES ("DELIVERABLES")

HCG shall purchase from Contractor and Contractor shall sell and furnish the following:

3.1 Contractor shall provide the necessary personnel, material,

services and facilities to design, fabricate, test and deliver as required and perform work in accordance with the requirements of Exhibits A, B, C and D hereto (all to be completed pursuant to Paragraph 3.2), two (2) HS702 type Spacecrafts for Galaxy XIII and Galaxy XIV (hereinafter referred to as "Spacecraft" Documentation and Related Services (as defined in Article 4).

3.2 The Parties agree and acknowledge as follows:

(i) Buyer and Contractor had previously discussed entering into an agreement for the construction of two (2) identical Spacecraft with Ku-Band (FSS) and Ka-Band payloads (the "Ku/Ka-Band Spacecraft") at an aggregate price of [***].

(ii) Buyer and Contractor agree and acknowledge that Buyer desires two non-identical Spacecraft which shall include Ku-Band (FSS) and C-Band payloads. Buyer and Contractor agree to work together to complete the designs and prices for such Galaxy XIII and Galaxy XIV Spacecraft (which may differ from that currently contemplated) and all other TBD items specified in the Contract within sixty (60)days following the signing of this Contract. As the design configuration and specifications for each of Galaxy XIII and Galaxy XIV are completed, technical exhibits to the Contract shall be completed accordingly.

(iii) The Contract Price for each such Spacecraft and any Optional or Replacement Spacecraft shall be mutually agreed by the Parties and shall be based upon the sum of: (a) a good faith estimate of Contractor's costs under Contractor's established accounting practices that are fairly attributable to the applicable Spacecraft, delivery to the applicable launch base, and

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necessary launch support services as fairly determined at the time such Spacecraft's design is determined; plus (b) a profit component of [***] of such estimated costs. Such determination shall be made without regard to the aggregate price of [***] for the two (2) Ku/Ka-Band Spacecraft. Buyer may request to have an independent audit performed of Contractor's estimated costs. Such audit shall be at the expense of Buyer unless such audit shows Contractor to have overstated its estimated costs (in which event Contractor shall bear the audit expense).

(iv) To the extent Contractor has incurred costs for items which will not be incorporated into the Galaxy XIII and Galaxy XIV Spacecraft, then: (a) in addition to the Contract Price for the Galaxy XIII and Galaxy XIV Spacecraft, Buyer shall be required to pay such costs plus a [***] component; and (b) the provisions of Paragraph 14.2 and 14.4 shall apply with respect to the disposition of tangible work in process that is not to be incorporated into such Spacecraft.

(v) As of May 12, 1997, Contractor's good faith estimate of Buyer's maximum termination liability for the Ka-Band element of the Ku/Ka-Band Spacecraft is [***]. At Buyer's request, Contractor shall: (a) within seven (7) days of the signing of this Contract, provide a definitive statement of such Ka-Band costs; and (b) within thirty (30) days of the signing of this Contract, provide a detailed accounting of all of Contractor's expenditures and

commitments on the Ku/Ka-Band Spacecraft to date.

(vi) If the aggregate Contract Price for the Galaxy XIII and Galaxy XIV Spacecraft determined in accordance with clause (iii) above is [***], then [***].

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(vii) Until and unless the Parties reach agreement under clauses (ii) and (iii) above, Buyer's termination liability shall not exceed [***] Until such agreement is reached, Contractor shall use reasonable efforts to focus any continuing work on generic items that could be used for different designs and, if this Contract is terminated, for other projects; provided, however, that before Contractor reaches its decision as to what work it will continue, Contractor will invite Buyer to participate in the decision process and allow Buyer an opportunity to offer its observations and recommendations for Contractor's consideration. At such time that Contractor determines in good faith that the exposure of ongoing work will exceed the liability cap stated above, Contractor may on two (2) business days notice to Buyer stop work, pending resolution of design and price issues for the Spacecraft.

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3.3 All materials and services specified in Exhibit A, entitled "Galaxy XIII/XIV Statement of Work," shall meet the requirements of Exhibit B, entitled "Galaxy XIII/XIV Spacecraft Specification" as such Exhibits are completed in accordance with Paragraph 3.2.

3.4 If Contractor has not made delivery [***] or if, prior to the Launch Date, [***] Buyer at its election may:

[***]

Any such election shall be made by Buyer in writing. In either case (a) or (b) above, [***].

3.5 [***]in accordance with: (i) current directives and instructions in the Hughes Spacecraft Operators Handbook, utilized at either Buyer's Operations Control Center (OCC) or Contractor's Mission Control Center (MCC); and (ii) any other Documentation utilized, including that Documentation which takes into consideration the unique or special characteristics of the contracted Spacecraft. [***] Contractor has responsibility and liability for the Mission

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Control Center. Buyer has responsibility and liability for the Operations Control Center and its associated ground station(s).

3.6 Spacecraft, Documentation and Related Services described above shall be delivered to HCG at the indicated locations on the dates set forth in Article 4 entitled, "Deliverables and Schedule" herein.

ARTICLE 4. DELIVERABLES AND SCHEDULE

4.1 The following deliverables to be furnished under this Contract shall be furnished at the designated location(s) on or before the dates specified below:

<TABLE>
<CAPTION>

	Deliverable(s)	Date of Delivery or Performance	Location of Delivery and Performance
<S>		<C>	<C>
1A.	One Galaxy XIII Spacecraft ("Spacecraft XIII")	Twenty-four (24) months from determination of new design (in accordance with Paragraph 3.2)(1)	o Delivery Site to be determined pursuant to Paragraph 4.2.
1B.	One Galaxy XIV Spacecraft ("Spacecraft XIV")	Twenty-four (24) months from determination of new design (in accordance with Paragraph 3.2)(1)	o Delivery Site to be determined pursuant to Paragraph 4.2.
2A.	Launch Support, Mission Operations and In-Orbit Testing for Galaxy XIII ("Related Services")	In Accordance with Exhibit A	o Performance Site to be determined pursuant to Paragraph 4.2. o Filmore, California o Castle Rock, Colorado o El Segundo, California
2B.	Launch Support, Mission Operations and In-Orbit Testing for Galaxy XIV ("Related Services")	In Accordance with Exhibit A	o Performance Site to be determined pursuant to Paragraph 4.2. o Filmore, California o Castle Rock, Colorado o El Segundo, California

3A.	Documentation for Galaxy XIII ("Documentation")	In Accordance with Exhibit A	1500 Hughes Way Long Beach, California
3B.	Documentation for Galaxy XIV ("Documentation")	In Accordance with Exhibit A	1500 Hughes Way Long Beach, California

</TABLE>

(1) Delivery date is to the integration facility.

4.2 Designation of Launch Vehicle.

4.2.1 The designation of each Spacecraft's Launch Site shall be made by Buyer on such Spacecraft's "Delivery Site Designation Date", which date shall occur at least 12 months prior to the scheduled Delivery Date for such Spacecraft (and if such Launch Site differs from that upon which the Contract Price was determined under Paragraph 3.2, then the Contract Price shall be adjusted to account for any differences in costs between the requirements related to such Launch Sites).If, subsequent to such Delivery Site Designation Date, Buyer requests a change in the Launch Site or Approved Storage Facility for such Spacecraft, such request shall be dealt with as a Change Order Request of Buyer under Article 29 (the "Subsequent Delivery Site Change").

4.2.2 Buyer shall pay the costs of delivering the Spacecraft to the Delivery Site, which costs are included in the Contract Price.

4.3 The Contractor will arrange transportation required for Items 1A and 1B, 2A and 2B, and 3A and 3B above. With respect to Deliverable Items 1A and 1B and 2A and 2B, in the event that a Sea Launch Vehicle is used with respect to either Spacecraft, the following allocation of transportation duties for such Spacecraft shall apply:

Such Spacecraft will be mated with a Sea Launch Zenit Vehicle (the "Vehicle") at the Sea Launch, L.P. facilities, Port of Long Beach (the "Integration Facility"). The Parties contemplate that such mated Spacecraft, associated equipment and HSC personnel necessary to assist in the monitoring and control of such Spacecraft will be transported by Sea Launch, L.P. Command Ship (the "Ship") at the expense of Sea Launch, L.P. from the Integration Facility to the Launch Site in the vicinity of the Christmas Islands (the "Launch Site"). HSC may also utilize the Ship at Sea Launch L.P.'s expense for the transportation of other related HSC personnel when accommodations are available and such accommodations do not interfere with other Sea Launch, L.P. commitments for the launch of such Spacecraft.

4.3.1 If such Spacecraft fails to conform to the warranty provisions set forth in Article 15 and: (i) such mated Spacecraft requires testing, maintenance, replacement and/or corrective actions at the Launch Site or (ii) return to the Integration Facility and/or the El Segundo Plant Site is necessary to accomplish such actions, HSC shall have responsibility and liability as follows:

4.3.1.1 If Spacecraft warranty actions can be performed at the Launch Site, HSC shall be responsible and liable for [***] to the warranty provisions of this Contract.

4.3.1.2 If return of the Spacecraft to the Integration Facility and/or Plant Site is necessary for such warranty actions, HSC shall be liable to Buyer in [***]

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[***]

4.4 [***] shall be responsible for obtaining and maintaining: (i) all U.S. Government export licenses to enable export of each Spacecraft, related test and support equipment to the Launch Site and (ii) all authorizations required for the performance of this Contract.

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ARTICLE 5. PRICE

5.1 The total price (the "Contract Price") for Contractor to provide Spacecraft, Documentation and Related Services as defined in Article 3 herein shall be determined for each Spacecraft in accordance with Paragraph 3.2.

5.2 Buyer shall pay Contractor the Contract Price stated in Paragraph 5.1 above in accordance with Article 6, Paragraphs 6.2 and 6.3 of this Contract.

ARTICLE 6. PAYMENTS

6.1 Pursuant to the terms set forth in this Article 6, and subject to

HCG's rights, defenses and remedies as expressly stated in this Agreement, HCG shall pay to Contractor the Contract Price as stated in Article 5 herein for the applicable Spacecraft, Documentation, and Related Services under this Contract.

6.2 Invoices shall be prepared and submitted by Contractor for each Spacecraft in a form reasonably acceptable to Buyer. Payments to Contractor for each Spacecraft shall be made as follows:

(i) [***] of the Contract Price shall be payable in accordance with the payment plan to be established under Paragraph 6.3; and

(ii) [***] of the Contract Price shall be payable as "Incentives Obligations" in accordance with Paragraph 6.4.

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6.3 Payment Plans: The Parties shall establish a payment plan for each Spacecraft at the time that the Contract Price for such Spacecraft is determined in accordance with Paragraph 3.2

[***]

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[***]

6.4 Incentives Obligations.

6.4.1 The following definitions are applicable to this Section 6.4:

6.4.1.1 "Specified Operation Lifetime" means fifteen (15) years

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6.4.1.2 "Successfully Operating Payload". The Spacecraft shall be equipped with one or more Payloads, as specified in Exhibit B upon definition of all Final Specifications. Each

Payload shall be deemed to be Successfully Operating if at least that number of Transponders that is one more than one-half of the total number of Transponders within such Payload are Successfully Operating Transponders (as defined below).

6.4.1.3 "Successfully Operating Transponder". A Successfully Operating Transponder is a Transponder which meets either or both of the following two criteria:

(a) The Transponder meets or exceeds the performance specifications set forth in Exhibit B. For the avoidance of doubt, if the Spacecraft is placed into inclined orbit, then the Transponders shall be deemed not to meet the criteria stated in this Paragraph 6.4.1.3(a) at such time as the Spacecraft would have ceased to have a Useful Commercial Life, (as mutually determined by the Parties) had it not been placed in such an orbit.

(b) The Transponder, while not meeting or exceeding the performance specifications, provides Buyer with no material loss in its commercial value.

A Transponder shall also be deemed to be a Successfully Operating Transponder if it meets the performance specifications through use of any redundant or spare equipment.

6.4.1.4 "Useful Commercial Life". The Useful Commercial Life of a Spacecraft means the period beginning on the Commencement Date and ending on the earlier to occur of (i) the date on which there is just sufficient fuel remaining on board the Spacecraft only to eject the Spacecraft from its geostationary orbital location or (ii) the date on which at least

one-half of the Transponders on each Payload are not Successfully Operating Transponders.

6.4.1.5 "Successfully Injected Spacecraft". The Launched Spacecraft shall be deemed to be a Successfully Injected Spacecraft if:

(a) The transfer orbit/spacecraft attitude meets the following required criteria:

(1) Perigee altitude error is less than or equal to +/-3 sigma;

(2) Apogee Altitude error is less than or equal to +/-3 sigma;

(3) Inclination error is less than or equal to +/-3 sigma;

(4) Argument of perigee error is less than or equal to +/-3 sigma; and

(5) The Spacecraft has been separated with attitude rate errors of less than or equal to +/-3 sigma and

(b) The Spacecraft has not suffered physical damage which resulted from Launch Vehicle malfunction.

The calculated amount of Useful Commercial Life (the "Calculated Operational Lifetime") shall be mutually determined by Buyer and Contractor, based on standard engineering practices, using measured actuals of the Spacecraft, existing at the time of the operational hand-off of the Spacecraft to Contractor from the Launch Vehicle provider. If the attained transfer orbit/Spacecraft attitude does not meet the criteria stated in this Section, but the Calculated Operational Lifetime is greater than or equal to the Specified Operational Lifetime for the Spacecraft, then the Spacecraft shall be deemed to have been a Successfully Injected

Spacecraft, If, on the other hand, the attained transfer orbit/Spacecraft attitude does not meet the criteria stated above, and the Calculated Operational Lifetime is less than the Specified Operational Lifetime, then the Spacecraft shall be deemed not be a Successfully Injected Spacecraft. If Buyer and Contractor cannot agree on the Calculated Operational Lifetime, then the Parties shall resolve such disagreement in acceptance with the dispute resolution procedures set forth in Article 33. During such dispute resolution procedure, Buyer shall commence all payments under Section 6.4.2 to Contractor based on Contractor's calculation of such Calculated Operational Lifetime, except only the disputed amount(s) which shall be paid by Buyer in escrow as set forth in Section 29.4, and the prevailing party shall be entitled to interest as provided therein.

6.4.1.6 "Incentives Interest Rate". The Incentives Interest Rate shall be the lesser of (i) the prime rate of Chase Manhattan, New York, as calculated on the first business day of each month for which interest is calculated plus [***] or (ii) [***].

6.4.1.7 "Commencement Date". The Commencement Date shall be the date on which Buyer receives written certification from Contractor that, based upon the results of completed in-orbit performance tests, at least one Payload is a Successfully Operating Payload.

6.4.2 Buyer shall pay to Contractor the Incentives Obligations and the Change Order Profit Component (if applicable), as follows:

6.4.2.1 Incentives Obligations and Change Order Profit

Component. Subject to Section 6.4.2.3 through 6.4.2.6, Buyer shall be obligated to pay to

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Contractor the Incentives Obligation and any Change Order Profit Component (if applicable), as follows: Buyer shall pay Contractor an equal monthly payment that, when calculated on a net present value basis to the Commencement Date using the Incentives Interest Rate, equals the total amount of Incentives Obligations plus Change Order Profit Component due hereunder. For example, if the Galaxy XIII Spacecraft is a Successfully Injected Spacecraft and on the Commencement Date all Transponders on the Spacecraft are and continue to be Successfully Operating Transponders for fifteen (15) years, assuming the maximum [***] for the entire period, the monthly Incentives Obligations payment would be [TBD] (the "Nominal Payment"). If the Incentives Interest Rate is less than [***] for any given month, the Incentives Obligations payment will be less than the Nominal Payment. In such circumstances, the amount of each month's payment will be calculated on a net present value basis to the date of the last month's payment using the remaining unpaid principal as the new principal, the Incentives Interest Rate, and a term equal to the number of months remaining in the Incentives period. The Parties shall agree in writing upon an appropriate allocation of the portion of the Incentive Obligations which shall be payable for each Payload on the Spacecraft. The Incentives Obligations, identified above, shall be payable in 180 equal and consecutive monthly installments over a fifteen (15) year life of the Spacecraft, except as may be adjusted as set forth herein. Except as provided in Paragraph 6.4.4, the first installment of each Incentives Obligations shall be paid on the Spacecraft's Commencement Date. A sample schedule matrix showing Incentives

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Obligations payments for fifteen years, assuming fully successful operation, and with

varying hypothetical interests rates will be attached to this Agreement as Schedule 6.4.2.1.

The foregoing notwithstanding:

(a) If the Spacecraft is not a Successfully Injected Spacecraft pursuant to Section 6.4.1.4 but is successfully placed into its on-station orbit by Hughes during the "Transfer Period" (defined as the period from separation of the Launch Vehicle through on-station acquisition), then, subject to Section 6.4.2.3, Buyer shall pay the Incentives Obligations for the Spacecraft in equal and consecutive monthly installments over a period of the Spacecraft's On Station Operational Lifetime (defined at Section 6.4.2.1(b)).

(b) If the Spacecraft is Successfully Injected, but is not successfully placed into its on-station orbit by Contractor during the Transfer Period, then the total amount of the Incentives Obligations for the Spacecraft shall be multiplied by a percentile equal to (i) the On-Station Operational Lifetime divided by (ii) the Calculated Operational Lifetime, which percentile shall, in no event, be greater than one. Subject to Section 6.4.2.3, Buyer shall pay such Incentives Obligations for the Spacecraft in equal and consecutive monthly installments over a period of the Spacecraft's On-Station Operational Lifetime. The "On Station Operational Lifetime" shall be mutually determined by Buyer and Contractor, based on standard engineering practices, using measured actuals of the Spacecraft, existing at the end of the Transfer Period. However, should the Spacecraft continue to operate successfully beyond the On-Station Operational Lifetime, Contractor will continue to earn Incentives

Obligations at the same monthly rate up to the Specified Operational Lifetime.

(c) Finally, if the Spacecraft is not a Successfully Injected Spacecraft and, in addition, is not successfully placed into its on-station orbit during the Transfer Period, then the total amount of the Incentives Obligations shall be multiplied by the sum of (A)(i) the Specified Operational Lifetime, plus (ii) the On-Station Operational Lifetime, minus (iii) the Calculated Operational Lifetime, divided by (B) the Specified Operational Lifetime, which percentile shall, in no event, be greater than one. Subject to Section 6.4.2.3, Buyer shall pay such Incentives Obligations for the Spacecraft in equal and consecutive monthly installments over a period of the Spacecraft's On-Station Operational Lifetime.

For purposes of any provision of this Contract, if the Incentives Obligations or related payment periods are to be recalculated, the monthly installments due shall be recalculated to reflect the imputed interest element that is reflected in the payment plans specified above.

6.4.2.2 Notwithstanding the foregoing, if at any time Buyer continues to utilize for revenue-producing purposes any Transponder that is not a Successfully Operating Transponder, then Buyer shall pay a pro rated amount of the Incentives Obligation attributable to such Transponder that is proportionate to the partial benefit that Buyer derives from such Transponder (the "Incentive Payment"), all as mutually agreed upon by the Parties in good faith.

6.4.2.3 Except for any Change Order Profit Component (which is non-contingent), payment of any Incentives Obligation shall be contingent upon the Transponders being Successfully Operating Transponders, as set forth herein, on the applicable Payload and shall be pro-rated, therefore, on a

Transponder equivalent-by-Transponder equivalent basis over the duration of the applicable term of such Obligation; provided, however, that beginning on the date, if any, that any one or more of the Payloads are no longer a Successfully Operating Payload, as and when ascertained pursuant to in Section 6.4.2.4 (the "Degraded Payload"), then Buyer's then-remaining Incentives Obligations for such Payload(s) (exclusive of any Change Order Profit Component, as applicable) shall be deemed extinguished.

6.4.2.4 Whether any Transponder is not Successfully Operating shall be mutually determined by Buyer and Contractor, based on relevant technical data, reports and analyses, and each Party will make available the other review upon reasonable request all data used in making such determination. If Contractor disagrees with such determination, then the Parties shall resolve such disagreement in accordance with the dispute resolution procedure set forth in Article 33.

6.4.2.5 If the Spacecraft has not been, or is not being, Properly Operated by the Buyer, and any Transponders thereof are not Successfully Operating Transponders, then the Transponders of the Spacecraft which were Successfully Operating prior to such improper operation of the Spacecraft shall be deemed to be Successfully Operating Transponders for purposes of Contractor's entitlement to

payment of any applicable Incentives Obligations for such period as such Transponders would have reasonably been predicted to continue to be Successfully Operating had the Spacecraft and transponder thereon been Properly Operated by Buyer; provided, however, that if the failure is the result of a defect in the deliverable software or if Buyer demonstrates that the failure of any Transponder to be Successfully Operating was not caused primarily, directly or indirectly, by any act or omission of Buyer, its agents, Subcontractors, Consultants

or representatives of any kind, then the foregoing provision shall not apply with respect to such Transponder.

6.4.2.6 Buyer may prepay any portion of the Incentives Obligations or the Change Order Profit Component pursuant to the schedule matrix attached as Exhibit 6.4.2.1. Any remaining Incentives Obligations so prepaid shall be subject to refund by Contractor to Buyer, in any instance and to the extent that Buyer's obligation to make such payments is relieved pursuant to this Article 6, as outlined in the last sentence of Section 6.4.4.1 hereof.

6.4.3 "Spacecraft Retirement Payment". At any time following the Spacecraft's Delivery, Buyer may, at its option, cease to utilize the Spacecraft for any purpose; provided, however, that if Buyer does cease using the Spacecraft (or if the Spacecraft is rendered a total loss by virtue of Buyer's failure to Properly Operate the Spacecraft), then, upon the exercise date of such option or the declaration of the Spacecraft as a total loss as applicable, all remaining Incentives Obligations payments for any Transponder (and any Change Order Profit Component, if applicable) (subject to the provisions of Section 6.4.2.3 through 6.4.2.5) shall become immediately due and payable, all relative to the Spacecraft; and Buyer shall pay to Contractor such amounts, in immediately available funds, along with the outstanding balance of principal and accrued interest on any other outstanding payment obligations with respect to the Spacecraft, if any, as of such date. In determining the amount of principal and interest due, present value analysis discounted at the Incentives Interest Rate per annum shall be done for any scheduled payment stream previously created by the Parties hereunder. Notwithstanding the foregoing, Buyer shall have the right to cease using the Spacecraft and remove it from its orbital location at any time following the expiration of the Spacecraft's Useful Commercial Life, without payment of such Spacecraft Retirement Payment.

6.4.4 Incentive Obligations and Launch Delay

6.4.4.1 If the Spacecraft has not been launched by the 121st day after Delivery of the Spacecraft, then, except as set forth in Paragraph 6.4.4.2, the first of the equal and consecutive monthly installment payments for Incentive Obligations on the Spacecraft shall be due and payable and the fifteen year period shall be deemed to have begun for purposes of this Paragraph 6.4 and such payments shall commence (the "Pre-Launch Incentive Payments"). If upon the Commencement Date or at any time thereafter, any Transponder ceases to be a successfully Operating Transponder or a Payload becomes a Degraded Payload, then Contractor shall deliver to Buyer a refund (without interest) of that portion of the Pre-Launch Incentive Payment attributable to such Transponder or Payload, taking into account the amount of such time such Transponder or Payload met the performance specifications, and Buyer's subsequent Incentives Obligations shall be reduced thereafter on a pro rata basis; provided, if applicable, Buyer shall receive a credit to the extent of any Pre-Launch Incentive Payments, to be applied as an offset against Buyer's consecutive monthly installment payments for the Incentives Obligations otherwise due and payable for the months immediately following the Commencement Date.

6.4.4.2 Subject to the second sentence below, if on or before the 121st day following the Satellite's Delivery Date, the Satellite has not been Launched, then the first of the equal and consecutive monthly installments payments for the Incentives Obligations on the Spacecraft shall be due and payable on the earlier to occur of the Spacecraft's Commencement Date or the 241st following such Spacecraft's Date of Delivery (except that interest on such Incentives Obligations shall begin to accrue on the

121st day following the Delivery Date, as such date may be modified herein). If, however, the Spacecraft has not been Launched due primarily to (1) Contractor's Fault after Delivery or (2) Contractor's failure to timely meet the Spacecraft's scheduled Delivery Date (where such failure in Delivery is not caused by a Buyer's Delay) (or a combination of clauses (1) and (2) immediately above) then the first of the equal and consecutive monthly installments of the Incentives Obligations on the Spacecraft shall be due and payable on, and interest shall not accrue until, the Causation Date. If upon Spacecraft

Commencement, or at any time thereafter, any Transponder on the Spacecraft (which has been subject to a Launch delay under this Paragraph 6.5.4.2) ceases to be a Successfully Operating Transponder or a Payload becomes a Degraded Payload, then Contractor shall deliver to Buyer a refund (without interest) of that portion of the Pre-Launch Incentives Payments attributable to such Transponder or Payload, taking into account the amount of time such Transponder or Payload met the performance specifications, and Buyer's subsequent Incentives Obligation for the affected Payload on the Spacecraft shall be reduced thereafter on a pro rata basis; provided, however, that Buyer shall receive a credit to the extent of any Pre-Launch Incentive Payments, such credit to be applied as an offset against Buyer's consecutive monthly installment payments for the Incentives Obligations otherwise due and payable for the months immediately following the Commencement Date.

6.4.4.3 If, for any reason other than primarily Contractor's Fault, the Spacecraft has not been Launched within 24 months following the Spacecraft's Delivery Date, then the full amount of the Incentives Obligations (and any Change Order Profit Component, if applicable)

(including principal and accrued interest, if any) shall become immediately due and payable upon the last day of such 24th month. If, however, the Spacecraft is subsequently Launched within 54 months of the Delivery Date and any Transponder of the Spacecraft ceases to be a Successfully Operating Transponder or a Payload becomes a Degraded Payload, then Buyer shall be entitled to a proportionate refund (without interest) for any Incentives Obligations (and any Change Order Profit, if applicable) paid for such Transponder or Payload, taking into account the amount of time such Transponder or Payload met the performance specifications. If, for any reason, the Satellite has not been Launched prior to the third anniversary of the Delivery Date (the "Third Anniversary"), then Buyer shall have an option (the "LOPS/MOPS Option"), exercisable in writing received by Contractor on or before the Third Anniversary, to extend its right to utilize the Related Services for the Satellite to the fifth anniversary of the Delivery Date (the "Extension Period"). If Buyer does not timely exercise the LOPS/MOPS Option, then Contractor shall credit any unused portion of the Baseline Launch Costs for the Spacecraft against any due and unpaid payment obligations of Customer under this Contract (the "LOPS/MOPS Refund"). If Buyer timely exercises the LOPS/MOPS Option, then the price associated with the Related Services

(pursuant to Paragraph 6.3) for the Spacecraft during the Extension Period, shall be increased by a [***] beginning on the Third Anniversary. Buyer shall be obligated to pay such Escalation Amount within 30 days of receipt of invoice from Contractor. In any case, Contractor's obligation to provide such services shall terminate on the date which is fifty-four (54) months (or as early as thirty-six (36) months) from the Delivery Date for the

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Spacecraft. If Contractor's obligation to provide Launch and Mission Operations Services is terminated under the immediately preceding sentence, then Buyer shall receive a LOPS/MOPS Credit or LOPS/MOPS Refund, as applicable.

6.4.4.4 If, for any reason, other than Contractor's Fault, a Launch delay occurs between the time of Launch and the Commencement Date (or if no Commencement occurs), then the full amount of the Incentives Obligations (and any Change Order Profit Component, if applicable) (the "Recoverable Amount(s)") shall become immediately due and payable upon the date of such Launch delay. Contractor shall be entitled to obtain payment of such Recoverable Amounts from the proceeds of the launch insurance obtained by Buyer and shall be entitled to a priority in obtaining such proceeds over Buyer and all other parties or claims; provided, however, that nothing herein shall relieve Buyer of its obligations to pay to Contractor all such Recoverable Amounts, as set forth herein. During the six (6) months immediately following such Launch delay, Buyer shall use best reasonable efforts to obtain the proceeds of its launch insurance to pay Contractor the Recoverable Amounts, hereunder. Provided further, however, that if Contractor does not receive all such Recoverable Amounts from the proceeds of Buyer's launch insurance within such six (6) month period, then Buyer shall be obligated immediately to compensate Contractor for, and Contractor may also look to Buyer directly for satisfaction of, all such Recoverable Amounts.

6.5 HSC shall not be obligated to deliver a Spacecraft to the Launch Site if there are any outstanding Delinquent Payments owed by HCG to HSC with respect to such Spacecraft under this contract one month prior to shipment of such Spacecraft from the HSC facility. "Delinquent Payments" are

defined as those payments not received by HSC within thirty (30) days of the dates due as defined in Paragraphs 6.2.1 and 6.2.2 above. Once HCG has paid HSC for any "Delinquent Payments" and any interest accrued in accordance with Paragraph 6.10 below, HSC shall use its reasonable best efforts to ship such Spacecraft to the Launch Site so as to enable launch on the scheduled Launch Date and in any event to make shipment as soon as practicable and no later than sixteen (16) weeks after payment by HCG of such Delinquent Payments. HCG will be responsible for and will pay to HSC any reasonable costs and [***] profit on such costs that HSC may incur as a result of a delay in delivery due to HCG's Delinquent Payments. Notwithstanding the foregoing, this Section 6.6 shall not relieve Contractor of its obligation to deliver a Spacecraft, and no "Delinquent Payment" shall be deemed to have occurred, due to any non-payment by HCG on account of an alleged breach by Contractor or other dispute as to such payment. In such event, HCG shall, within thirty (30) days of the date such payment is due, pay the full amount of such payment into an interest-bearing escrow account to be established at Bank of America, Concord, California. Upon settlement of the dispute as to such payment and alleged breach in accordance with Article 33, the Party entitled to the amount in escrow shall receive such amount together with all accrued interest thereon and the other Party shall pay all costs and fees associated with the escrow of such amount.

6.6 Invoice

6.6.1 Invoices submitted to HCG for payment shall contain a cross-reference to the Contract number and the date specified in Payment Plans of Paragraphs 6.3.1 and 6.3.2. Contractor shall submit one (1) original invoice for each Spacecraft in each instance to:

Hughes Communications Galaxy, Inc.
P.O. Box 9712 Bldg.
A01/4B462
Los Angeles, CA 90810-9928
Fax: (310) 525-5140
Attention: Accounts Payable - Tony Walden

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

6.6.2 Invoice amounts, as specified in Paragraph 6.3, provide for billings to be submitted by the 15th day of each month and shall be paid by HCG within thirty (30) days upon receipt of the invoice by HCG.

6.7 Late Payments

In the event of a failure by the Buyer or the Contractor to make a payment required pursuant to this Contract, the delinquent Party shall pay interest at the rate of [***] on the overdue amount for the number of days that the payment is overdue, commencing on the date payment is due and terminating on the date the overdue amount is paid in full. Notwithstanding the foregoing, this Section 6.9 shall not apply to any payment made into escrow in accordance with Section 29.4.

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ARTICLE 7. SPACECRAFT LAUNCH DATE

7.1.1 Launch Semester. A six (6) month period of time in which a launch will occur, the first day of which shall be thirty (30) days after the Delivery Date under Section 4.1 herein (forty-five (45) days after Delivery Date if a Sea Launch is utilized).

7.1.2 Launch Period. A ninety (90) day period of time within a launch Semester during which a launch will be scheduled to occur as shall be notified by Buyer to Contractor.

7.1.3 Launch Slot Definition. A thirty (30) day period of time within a Launch Period during which a Launch will occur. The Launch Slot within the Launch Period shall be notified by Buyer to Contractor not later than one (1) year prior to the first day of the applicable Launch Period and, once established, shall become an express term of this Contract.

7.1.4 Launch Date Defined. The calendar date within the Launch Slot during which a Launch will occur. The Launch Date within the Launch Slot shall be notified by Buyer to Contractor no later than six (6) months prior to the first day of the applicable Launch Slot and once established, shall become an express term of this Contract.

7.1.5 Launch Window Definition. A period of time within the Launch Date during which a Launch can occur and meet mission requirements. The Launch Window shall be established by notified by Buyer or Contractor no later than forty-five (45) days prior to the Launch Date and once established, shall become an express term of this Contract.

7.1.6 Adjustment of dates. The time periods as delineated in Sections 7.1.2 through 7.1.5 shall be adjusted to reflect applicable launch provider contracts, consistent with ordinary practices of such providers as familiar to the Parties.

7.2 The Contract Price set forth in Paragraph 5.1 includes Contractor furnished launch support services, post launch support services, in-orbit test support services, and post title transfer monitoring and command of each Spacecraft if Buyer invokes the remedial provisions of Article 3, Paragraph 3.3.

7.3 No less than sixteen (16) weeks prior to the launch date, Buyer shall order Contractor by notice in writing to commence launch

campaign preparations.

7.4 If a Spacecraft Launch Date defined in Paragraph 7.1 is postponed for any reason other than the sole fault of Contractor, excluding any postponement due to an Excusable Delay as defined in Article 12, the Parties shall negotiate in good faith to determine an equitable adjustment to the price and affected terms of this Contract, if any. If the cost of supplies or materials made obsolete or excess as a result of a such postponement is included in the equitable adjustment, HCG shall have the right to prescribe the manner of disposition of such supplies or materials. Costs included in the equitable adjustment shall include but not be limited to: support personnel standby; extra travel expenses; transport termination or rescheduling fees and a profit rate of [***].

7.5 Notwithstanding the foregoing, if a Spacecraft Launch Date defined in Paragraph 7.1 is postponed by either Party due to an Excusable Delay, as defined in Paragraph 12.1 herein, the terms of Article 12 herein shall govern such postponement.

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ARTICLE 8. BUYER-FURNISHED ITEMS

8.1 The following facilities, equipment, and services ("Buyer-Furnished Items") shall be furnished by Buyer at no cost to Contractor, in a timely manner, so as to enable Contractor to perform the work described herein.

1) Facilities (buildings, power, phones and data lines) and enumerated services: (i) transportation of a Spacecraft, Contractor related test equipment and personnel within the Launch Site and if a Sea Launch is provided, between the Integration Facility (Port of Long Beach) and the Launch Site (vicinity of Christmas Islands) unless Article 4, Paragraph 4.2.1 conditions apply (ii) storage of a Spacecraft and related test equipment for all force majeure events (which prevent Buyer from supplying Buyer-Furnished Items) and/or launch vehicle delays (iii) fueling (iv) photographs, (v) interface hardware at the Launch Site and (vi) earth station facilities for IOT including appropriate RF facilities, but not specialized test equipment.

2) Reservation and procurement of launch services and associated services.

Contractor will provide preliminary requirements of Item 1 above to Buyer no later than 6 months after the Effective Date of this Contract to assist Buyer's compliance with this Article, which shall be consistent with what Contractor has generally required Buyer to secure for previous launches with the same launch provider. Subject to the confidentiality requirements of the applicable agreements, Contractor will be allowed to review the list of basic and optional service which Buyer has procured in Buyer's contract(s) for launch services.

In the event that the Buyer-Furnished Items set forth above are not suitable for the intended purpose or are not provided in a

timely manner, excluding any excusable delay as defined in Article 12 herein, then HCG shall be liable to Contractor for all applicable costs which shall include but not be limited to; procurement or rental of suitable substitutes for such Buyer Furnished Items

at no higher than market prices; with title and possession of all such procured items reverting to Buyer after Contractor's use under this Agreement; support personnel standby; extra travel expenses; transport termination or rescheduling fees; and installation/de-installation of communication links to the Launch Site and a profit rate of [***].

8.2 Contractor shall maintain a system to ensure the adequate control and protection of HCG's Property. For the purposes of this Article, HCG Property shall be defined as any item which HCG provides to the Contractor or directs Contractor to maintain in storage or an inventory account under this Contract. Upon receipt of notification from HCG, the Contractor shall complete and return within fifteen (15) working days a Property System Certification describing the system that will be used to control HCG's Property. Additionally, HCG's representative may, at its option and at no additional cost to HCG, conduct surveillance at a reasonable time of the Contractor's Property Control System as HCG deems necessary to assure compliance with the terms and conditions of this Article.

8.3 Contractor shall, commencing with its receipt and during its custody or the use of any HCG's Property, accomplish the following:

A. Establish and maintain inventory records and make such records available for review upon HCG's request;

B. Provide the necessary precautions to guard against damage from handling and deterioration during storage;

C. Perform periodic inspection to assure adequacy of storage conditions; and

D. Ensure that HCG's Property is used only for performing this Contract, unless otherwise provided in this Article or approved by the cognizant contracting officer.

8.4 Contractor shall not modify, add-on, or replace any HCG Property without

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HCG's prior written authorization. Contractor shall immediately report to HCG's contract representative the loss of any HCG Property or any such property found damaged, malfunctioning, or otherwise unsuitable for use. The Contractor shall determine and

report the probable cause and necessity for withholding such property from use.

8.5 Upon termination or completion of this Contract, and upon request by HCG, the Contractor shall perform a physical inventory, adequate for accountability and disposition purposes, of all HCG's Property applicable to such terminated or completed agreement and shall cause its subcontractors and suppliers at every tier to do likewise.

ARTICLE 9. INSPECTION AND ACCEPTANCE

9.1 Inspection of all Hardware, documentation and Contractor's services provided hereunder shall take place in accordance with the terms of Article 10, entitled "Access to Work in Process," herein.

9.2 Preliminary Acceptance of a Spacecraft shall occur when all in-plant tests required to be performed by Contractor for the Hardware have been completed and the Contractor has demonstrated at the pre-ship review that the Hardware and contract deliverables meet the requirements of this Contract , at which time HCG shall accept the Hardware on a Preliminary basis in writing within five (5) business days subject to completion of Launch Integration Facility and/or Launch Site tests specified in Exhibit C, Galaxy XIII/XIV Spacecraft Integration Test Plan. If the Hardware is unacceptable, Contractor shall promptly and at its expense, rectify the unsatisfactory Hardware and resubmit the Hardware for acceptance by HCG as provided above. In either case, the Hardware shall be deemed accepted upon failure of HCG to notify Contractor in writing within the above five (5) business days that it is accepted, rejected or that in HCG's opinion further corrective action must be taken by the Contractor.

9.3 Final Acceptance of a Spacecraft shall occur upon the earliest of i) the completion of In-orbit Testing in accordance with Exhibit A, ii) fifty (50) days after Intentional Ignition (as defined in Article 16, Paragraph 16.2 of this Contract) or iii) immediately before a Partial Failure, Total Failure or Total Constructive Failure (as each such term is defined in the applicable Hughes Communications Galaxy Launch Insurance Contract or successor contract), which occurs at or after Intentional Ignition. HCG shall have access to Launch Integration Facility and/or Launch Site test results during the launch campaign in accordance with the provisions of Article 10, Paragraph 10.1 "Access to Work in Process."

9.4 With respect to deliverable Hardware which HCG orders Contractor to store, the Hardware shall be stored at a location to be negotiated and Final Acceptance shall occur at the end of the [***] warranty period as set

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forth in Article 16 herein, entitled "Spacecraft Warranty," or such other event mutually agreed upon between the Parties.

9.5 Non-Conforming Products.

9.5.1 If (i) the Spacecraft does not meet its weight requirements and (ii) Buyer will be required to pay for additional weight from the launch provider in order to achieve the Specified Operational Lifetime without delaying the placing of the Spacecraft in its orbital location by more than fifteen (15) additional days, then Contractor shall reimburse Buyer for such additional payments up to [***].

9.5.2 Any Preliminary Acceptance or Final Acceptance by Buyer of Spacecraft that does not conform to the requirements of this Contract (whether or not related to weight) shall not affect the Parties rights and obligations under Paragraph 6.4 ("Incentive Obligations") with respect to a Spacecraft or other deliverable that does not perform to the specifications of this Contract.

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ARTICLE 10. ACCESS TO WORK IN PROCESS

10.1 Contractor shall afford HCG access to work in progress being performed at Contractor's plants and at the Launch Integration Facility and/or Launch Site pursuant to this Contract, including technical data, documentation, and hardware, at reasonable times during the period of Contract performance, provided such access does not unreasonably interfere with such work or require the disclosure of Contractor's proprietary information to third Parties and subject to (i) HSC's Security Procedures and (ii) U.S. or Foreign Government Regulations.

10.2 To the extent that the Contractor's major subcontracts permit, Contractor shall afford HCG access to work being performed pursuant to this Contract in subcontractor's plants in the company of Contractor's representatives.

Contractor shall exert reasonable effort in subcontracting to obtain permission for HCG access to those major subcontractors' plants. Major subcontracts are defined as those subcontracts in excess of [***].

10.3 HCG shall have the right to witness on a non-interference basis all system and subsystem tests scheduled by Contractor in connection with the performance of work under this Contract. If the system or subsystem tests are performed by a subcontractor of HSC, HSC shall take all reasonable steps to secure HCG's access to the subcontractor's facility or facilities. HCG's right to witness testing shall be on a non-interference basis with the subcontractor's activities and subject to (i) any subcontractor security procedures and (ii) U.S. or Foreign Government Regulations.

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ARTICLE 11. TERMINATION FOR DEFAULT; LIMITATION OF LIABILITY

11.1 Subject to provisions of Article 3 entitled "Spacecraft, Documentation and Related Services," Article 5 entitled "Price" and Article 12 entitled "Excusable Delays," Buyer may issue a written notice of default with respect to a particular Spacecraft to Contractor if: (i) Contractor fails [***] as confirmed in writing by the Contractor's and Buyer's Senior Executives and such failure may result in a delay in delivery of more than [***]; or (ii) the delivery of such Spacecraft or Contractor's performance of any material obligation under the Contract has been delayed due to the primary fault of the Contractor for more than [***]. Subsequent to the issuance of said notice, the Buyer may terminate this Contract with respect to such Spacecraft and thereafter elect remedies as identified in Paragraph 11.2 below.

11.2 If Buyer terminates this Contract, in whole or in part, as provided in Paragraph 11.1 herein, Buyer, at its sole option, shall either: (i) take title to all deliverable hardware, all hardware in process which ultimately would have been deliverable by Contractor and all drawings and data produced by Contractor, the cost of which has been charged or becomes chargeable to any work terminated plus all reasonable reprocurement costs up to a maximum amount per Spacecraft of: (a) [***] in the event of a termination of this Contract solely with respect to Documentation and/or Related Services for such Spacecraft or (b) [***] with respect to a complete termination of the Contract with respect to such Spacecraft; or (ii) receive a refund of all payments submitted to Contractor by the Buyer for performance of this Contract for the portion terminated by Buyer and Contractor shall retain title and possession to all terminated Hardware which ultimately would have been deliverable by Contractor. Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this Article.

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11.3 Notwithstanding the other provisions of this Article, there will be no termination for default after Intentional Ignition of the Launch Vehicle for the applicable Spacecraft.

11.4 If, after termination of this Contract (or portion thereof) under the provisions of this Article, it is determined for any reason that Contractor was not in default under the provisions of this Article, or that the default was excusable under the provision of Article 12 entitled "Excusable Delays," the rights and obligations of the Parties shall be the same as if Notice of Termination had been issued pursuant to Article 14, entitled "Termination for Convenience" or pursuant to Article 12, Paragraph 12.4, as the case may be.

11.5 Except as otherwise provided in the Contract, the rights and

remedies of the Parties provided in this Article shall be in lieu of any other rights and remedies provided by law or in equity in the event Contractor or Buyer fails to meet its obligations under this Contract. Buyer shall have no other rights or remedies for late delivery of a Spacecraft, Documentation and Related Services under this Contract except for those rights and remedies expressly provided for in this Contract.

ARTICLE 12. EXCUSABLE DELAYS

12.1 If either Party or a subcontractor of either Party is delayed by act of God, or of the public enemy, fire, flood, earthquake, epidemic, quarantine restriction, strike, walkout, freight embargo, or any other event which is beyond their control or does not arise from the acts or omissions of either Party or its respective subcontractors, said delay shall constitute an excusable delay ("Force Majeure Events"). In the event of an excusable delay, there shall be an equitable adjustment to the time of delivery and/or performance stated in this Contract. The affected Party shall give notice in writing to the other Party within 10 working days that an excusable delay condition exists after learning of such delay. Such notification shall include the cause of the excusable delay, the expected length of the excusable delay, and alternate plans to mitigate the effect of the excusable delay.

12.2 If the affected Party, as defined in Paragraph 12.1 above, requests or experiences, on a cumulative basis, excusable delay(s) greater than [***], the Parties shall enter into good faith negotiations to develop a mutual course of action and/or an equitable adjustment to the affected terms of this Agreement.

12.3 Notwithstanding the foregoing, if the Launch Date for a particular Spacecraft defined in Paragraph 7.1 herein is delayed due to a Force Majeure event affecting HCG's ability to furnish any item to be supplied by it under Article 8 hereof, HCG shall reimburse Contractor for all reasonable expenses incurred as a result, including without limitation expenses for: support personnel standby; extra travel expenses; and transport termination or rescheduling fees.

12.4 Notwithstanding anything herein to the contrary, in the event that a Force Majeure Event occurs and continues to delay or prevent performance by Contractor of its obligations as to either or both Spacecraft for a period of twelve (12) months or longer from the initial occurrence of such Force Majeure Event, then Buyer shall have the right to terminate this Contract

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with respect to the affected Spacecraft upon thirty (30) days written notice. In the event of a termination under this Paragraph 12.4, Buyer shall be entitled to a refund of all payments made to

Contractor with respect to the affected Spacecraft, and Contractor shall retain title to all Deliverables produced by Contractor under this Contract with respect to the affected Spacecraft.

ARTICLE 13. AMENDMENTS

The terms and provisions of this Contract shall not be amended or modified without specific written provision to that effect, signed by the Authorized Representative(s) of both Parties. These Authorized Representative(s) are identified in Article 27, "Notices and Authorized Representative(s)." No oral statement of any person shall in any manner or degree modify or otherwise affect the terms and provisions of this Contract.

ARTICLE 14. TERMINATION FOR CONVENIENCE

14.1 Buyer may terminate all or any portion of the work to be performed pursuant to this Contract with respect to one or both of the Spacecraft upon five (5) days written notice to Contractor. Buyer shall pay Contractor, in the event of such termination, termination liability equaling all costs (as defined in Paragraph 14.5 below) expended by Contractor for all work done up to the date of termination, settlements with subcontractors for work performed prior to termination, and Contractor's reasonable costs related to termination which would not otherwise have been incurred plus a [***] profit for the applicable termination costs and charges, but in no event more than the maximum termination liability that is set forth in Exhibit F hereto, as of date of termination, less amounts previously paid by Buyer to Contractor pursuant to the Payment Article. Buyer shall pay the unpaid balance of such termination liability within thirty (30) days of Buyer's receipt of certification of Contractor's costs. In the event that Buyer has paid to Contractor any amount in excess of such termination liability, then Contractor shall refund such excess amount to Buyer within thirty (30) days of certification of costs. In no event shall the termination liability exceed either the Contract price defined in Article 5 herein or the amount specified in Exhibit F.

14.2 In the event of termination by Buyer hereunder, and upon payment in full of all amount due (if any) under 14.1 above, all tangible work in process inventories generated under this Contract, with respect to the terminated work, shall become the property of Buyer. Buyer shall direct disposition of such property within sixty (60) days from date of termination (which disposition may include requesting Contractor to undertake mitigation efforts in accordance with Paragraph 14.4 below) or such other date as agreed to by the Parties. Final acceptance and transfer of title for all tangible work in process inventories to be delivered to the Buyer in the event of termination shall be the subject of separate negotiations between Buyer and Contractor and shall be subject to applicable U.S. Government Export Regulations. The expense of disposition shall be borne by HCG.

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14.3 In the event of partial termination of the Contract, the Contract Price shall be adjusted accordingly.

14.4 At HCG's request, Contractor shall use reasonable best efforts to identify an alternate use (i.e. sale to third Parties and/or internal utilization) for any Hardware affected by a termination under this Article 14, the Contractor shall submit a proposal to HCG, which, at a minimum, defines (i) the applicable Hardware, (ii) the intended use of the Hardware, (iii) the original acquisition cost/value of the applicable Hardware, as available, and (iv) the sale/transfer payment(s) to be received by HCG. Contractor shall use its reasonable best efforts to obtain fair market value for the applicable Hardware. HCG, at its sole option, may accept or reject the proposal submitted by Contractor. In the event that HCG accepts the proposal submitted by Contractor, payment by Contractor to HCG of the agreed upon payment value shall occur within thirty (30) days of the sale/transfer of the applicable Hardware, or such other payment period as mutually accepted between the Parties. If the Contractor's proposal is rejected by HCG or if Contractor is unable to find any alternative use within two (2) years of being requested to do so, then Title to the applicable Hardware shall be vested as stated in Paragraph 14.2 above.

14.5 As used in this Article 14, Contractor's "Costs" shall mean costs actually incurred by Contractor in performing its obligations hereunder (including G&A costs not to exceed [***] of such costs) all such costs to be determined in accordance with Contractor's normal accounting practices. Contractor shall provide to Buyer an invoice certified by a financial officer of the company stating Contractor claim for costs properly includes only the costs specified in this paragraph. In the event Buyer desires independent verification of claim, Buyer may request to have independent certified public accountants (CPA) audit costs incurred by Contractor and report to the Parties. Such audit shall be at Buyer's expense unless such audit shows Contractor's costs to have been overstated (in which event Contractor shall bear the audit expense). Such audit shall constitute a final determination of actual costs notwithstanding the provision of Article 33; provided that, if the costs determined by such report exceed

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the amount of Contractor's termination claim, Buyer shall only be obliged to pay the amount of Contractor's termination claim.

14.6 Contractor shall use its reasonable best efforts to include in its subcontracts for work hereunder on terms that will enable Contractor to terminate such subcontracts in a manner consistent with this Article 14.

ARTICLE 15. TITLE AND RISK OF LOSS

15.1 Title and risk of loss or damage in respect of all items to be delivered under this Contract shall pass from Contractor to HCG as follows:

15.1.1 Risk of loss of the Spacecraft and title shall pass from Contractor to HCG upon the earliest of: (i) the completion of In-orbit Testing in accordance with Exhibit A, (ii) fifty (50) days after Intentional Ignition (as defined in Article 15, Paragraph 15.2 of this contract) or (iii) immediately before a Partial Failure, Total Failure or Total Constructive Failure (as each such term is defined in the applicable Hughes Communications Galaxy Launch Insurance Contract or successor contract) which occurs at or after Intentional Ignition.

15.1.2 In respect to a Spacecraft which HCG directs Contractor to store, title and risk of loss shall remain with the Contractor until Final Acceptance as specified in Article 9.4 herein.

15.1.3 Notwithstanding Paragraph 15.1.2 above, upon removal of the Spacecraft from storage, the Contractor shall not assume risk of loss relative to a Battery which HCG directs Contractor to replace after the five-year storage period which disqualifies the battery for a 15-year mission. In that event, Article 30 herein entitled "Effects of Storage on Batteries," shall apply.

15.1.4 "Risk of Loss" for purposes of this Article 15 is limited to the responsibility and liability for a Partial Failure, Total Failure or Total Constructive Failure (as each such term is as defined in the applicable Hughes Communications Galaxy Launch Insurance Contract or successor contract). Responsibility and liability for the Spacecraft prior to intentional ignition is with the Contractor.

15.2 In the event of damage to or destruction of Hardware when Contractor shall have risk of loss, Contractor shall repair or replace (at Contractor's option) said Hardware. The Buyer shall participate in the decision to repair or replace said Hardware and the provisions of Article 16 shall apply.

15.3 Insurance Provided By Contractor. The Contractor shall, at its own expense, provide and maintain the following insurance:

15.3.1 "All Risk" Insurance

(i) The Policy for "All Risks" insurance shall insure the Contractor and name Buyer as additional insured and Loss Payee as their interest may appear.

(ii) The insurance shall cover the Spacecraft while in or about the Contractor's and subcontractors' plants, while at other premises which may be used or operated by the Contractor for construction or storage purposes, while in transit, or while at the Designated Launch Site until Intentional Ignition, or while Spacecraft is stored by the Contractor at HCG's direction until Final Acceptance as specified in Article 9.4.

(iii) Such insurance shall be sufficient to cover the full replacement value or selling price of the Spacecraft and may be issued with deductibles, for which losses shall be borne by the Contractor.

(iv) This "All Risk" insurance shall be in force from the time of the Effective Date of this Contract and shall continue in effect until Contractor's liabilities have expired at intentional ignition.

15.3.2 Third Party Liability Insurance

(i) The Policy(s) for Third Party Liability insurance shall be written on forms the Buyer may review and shall include Buyer as additional insured.

(ii) This Third Party Liability insurance shall be in force from the time of the Effective Date of this Contract and shall continue in effect until Contractor's liabilities have expired at intentional ignition.

(iii) The Policy(s) may be issued with deductibles, for which losses shall be borne by the Contractor.

15.4 General Insurance Requirements

(i) The Contractor shall, upon request, provide to the Buyer certificates of the Insurance Policy(s) issued by an agent of the Contractor's Insurer(s) for coverage which the Contractor is required to provide pursuant to the provisions of these Articles.

(ii) All Policies of insurance to be provided and maintained pursuant to these Articles shall require the insurer(s) or its authorized agent(s) to give each insured not less than thirty (30) days prior written notice in the event of cancellation or any proposed material change in such policies, except for ten (10) days prior written notice in the event of cancellation due to non-payment of premium.

(iii) The Contractor may also acquire and maintain, at its own expense, other insurance for amounts and perils, and upon such terms, conditions and deductibles as it may deem advisable or necessary to cover any loss or damage to persons or property that may occur as a result of the performance of this Contract.

ARTICLE 16. SPACECRAFT WARRANTY

16.1 Contractor warrants that a Spacecraft, upon successful completion of Spacecraft in plant Tests pursuant to Article 9 herein, shall be free from any defects in material or workmanship and shall conform to the applicable specifications and drawings, as evidenced by the acceptance criteria in Exhibits A-D herein.

16.2 This warranty shall start from the date of Preliminary Acceptance of a Spacecraft as stated in Article 9 herein, entitled "Inspection and Acceptance," and continue for a period of [***], or until the Intentional Ignition (defined herein as the "Intentional Ignition of any rocket motor on the first stage of the launch vehicle") of the applicable launch vehicle, whichever is earlier. [***] ("Warranty Time Period"). Contractor shall not be liable in Contract or in Tort for any incidental, special, contingent, or consequential damages.

16.3 Buyer shall have the right at any time during the Warranty Time Period to reject any goods not conforming to this warranty and require that Contractor, at its expense, correct or replace (at Contractor's option) such goods with conforming goods. If any time during the Warranty Time Period Contractor fails to correct or replace such defective goods and fails to initiate reasonable efforts to correct or replace such defective goods within a reasonable period after written notification and authorization from Buyer, Buyer may then, by contract or otherwise, correct or replace such defective goods and equitably adjust the price.

16.4 Except as otherwise expressly agreed upon in this Contract, Contractor shall have no liability, or responsibility in Contract or in Tort with respect to a Spacecraft after Intentional Ignition (as defined in Paragraph 16.2) of the launch vehicle.

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16.5 THE ABOVE WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING FITNESS FOR PARTICULAR PURPOSE OR MERCHANTABILITY AND THE REMEDY PROVIDED HEREIN IS THE SOLE REMEDY FOR FAILURE BY CONTRACTOR TO FURNISH A SPACECRAFT THAT IS FREE FROM MATERIAL DEFECTS IN MATERIAL OR WORKMANSHIP AS SET FORTH IN PARAGRAPH 16.1 ABOVE. ALL OTHER WARRANTIES OR CONDITIONS IMPLIED BY ANY OTHER STATUTORY ENACTMENT OR RULE OF LAW WHATSOEVER ARE EXPRESSLY EXCLUDED AND DISCLAIMED. CONTRACTOR AND ITS SUBCONTRACTORS SHALL HAVE NO LIABILITY IN CONTRACT OR IN TORT (INCLUDING NEGLIGENCE) OR IN ANY OTHER MANNER WHATSOEVER FOR A SPACECRAFT AFTER INTENTIONAL IGNITION OTHER THAN AS EXPRESSLY PROVIDED IN THIS CONTRACT.

16.6 Any limitations on warranties, liability or requests for indemnification from liability for the malfunction of delivered items which are imposed upon the Contractor by its various equipment suppliers shall be passed on directly to Buyer provided, however, nothing therein shall decrease or invalidate the rights of the Buyer during, or the length of, the Warranty Time Period as stated in this Article.

ARTICLE 17. INDEMNIFICATION

17.1 Each Party shall indemnify and hold the other and/or all its officers, agents, servants, subsidiaries, affiliates, parent companies and employees, or any of them, harmless from any liability or expense in connection herewith on account of damage to property (excepting other Spacecraft in flight) and injuries, including death, to all persons including but not limited to employees of the Parties, and their subcontractors, and of all other persons performing any part of the work hereunder, arising from any occurrence caused by an negligent act or omission of the indemnifying Party or its subcontractors, or any of them in connection with the work to be performed by such Party under this Contract. The indemnifying Party shall have the right, but not the obligation, to participate in any legal or other proceedings concerning claims for which it is indemnifying under this Article 17 and to direct the defense of such claims. However, with respect to such legal or other proceedings, the indemnifying Party shall pay all expenses (including attorneys fees incurred by the indemnified Party in connection with such legal or other proceedings) and satisfy all judgments, costs or other awards which may be incurred by or rendered against the indemnified Party. The indemnifying Party shall not settle any such claim, legal or other proceeding without first giving thirty (30) days prior written notice of the Terms and Conditions of such settlement and obtaining the consent of the indemnified Party, which consent shall not be unreasonably withheld or delayed.

17.2 Notwithstanding the foregoing, neither the Contractor nor its subcontractors shall have any liability in Contract or in Tort, for damages to or caused by a Spacecraft after Intentional Ignition (as defined in Paragraph 16.2), and Buyer shall obtain waivers of subrogation rights from Buyer's insurers against Contractor, and affiliates and subcontractors of Contractor.

ARTICLE 1 SPACECRAFT NOT LAUNCHED WITHIN SIX MONTHS AFTER ACCEPTANCE

18.1 If a Spacecraft is not launched within six (6) months after its Preliminary Acceptance per Article 9, entitled "Inspection and Acceptance," and is subsequently ordered to be launched within [***] following its Preliminary Acceptance, it is agreed that such Spacecraft shall be returned at Contractor's option at Contractor's expense, to Contractor's facility for inspection and refurbishment. Any inspection and refurbishment undertaken by Contractor to meet the requirements of Article 16 entitled, "Spacecraft Warranty," shall be at Contractor's expense, including Spacecraft transit insurance.

18.2 If a Spacecraft is not launched within six (6) months after its Preliminary Acceptance and is subsequently ordered to be launched later than [***] following its Preliminary Acceptance, it is agreed that such Spacecraft shall be returned, at Buyer's expense, to Contractor's facility for inspection and refurbishment. An equitable adjustment to Contract price for such inspection and

refurbishment, to include a [***] profit component shall be negotiated by the Parties unless the fact that the launch is scheduled for later than [***] is due to Contractor's negligent acts or omissions.

18.3 If a Spacecraft is returned to Contractor's facility for inspection and refurbishment per the terms of Paragraph 18.2 above, all charges to return such Spacecraft to the Launch Site shall be borne by Buyer.

18.4 If a Spacecraft has not been launched within [***] after its preliminary Acceptance, neither Party shall be further obligated to the other with respect to such Spacecraft. Disposition of such Spacecraft shall be at the option of Buyer with costs of such disposition to be borne by Buyer.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

ARTICLE 19. PATENT/COPYRIGHT INDEMNITY

19.1 Contractor shall indemnify and hold Buyer harmless against any liability or expense as a result of claims, actions, or proceedings against Buyer alleging the infringement of any trademarks, United States Copyright or mask work, United States Letters Patent, any other intellectual property rights, by any article fabricated by Contractor and delivered to Buyer pursuant to this Contract as set forth below.

19.2 Contractor agrees to defend at its own expense any claim, action, proceeding or request for royalty payments or any claim for equitable relief or damages against Buyer, its officers, employees, agents, or subsidiaries based on an allegation that the manufacture of any item under this Contract or the use, lease, or sale thereof infringes any United States Letters Patent trademark, United States Copyright or mask work or any other intellectual property right, and to pay any royalties and other costs related to the settlement of such claim, action, proceeding or request and to pay the costs and damages, including reasonable attorney's fees finally awarded as the result of any claim, action or proceeding based on such request, provided that Contractor is given prompt written notice of such request or claim by Buyer and given authority and such assistance and information as is available to Buyer for resisting such request or for the defense of such claim, action or proceeding. Any such assistance or information which is furnished by Buyer at the written request of Contractor is to be at Contractor's expense.

19.3 In the event that, as a result of any such claim, action, proceeding or request: a) prior to delivery, the manufacture of any item is enjoined; or b) after delivery, the use, lease or sale thereof is enjoined, Contractor agrees to utilize its best effort to either: (1) negotiate a license or other agreement with plaintiff so that such item is no longer infringing; or (2) modify such item suitably or substitute a suitable item therefore, which modified or substituted item is not subject to such injunction, and to extend the provisions of this Article thereto. In the event that neither of the foregoing alternatives is suitably accomplished by Contractor, Contractor shall be

liable to Buyer for Buyer's additional costs and damages arising as a result of such injunction; provided however, that in no event shall Contractor's entire liability under this Article exceed [***] for each Spacecraft. The existence of one or more claims, actions, proceedings or lawsuits shall not extend such amount.

19.4 The foregoing indemnity shall not apply to any infringement resulting from a modification or addition, by other than Contractor, to an item after delivery.

19.5 If the infringement results from the compliance by Contractor with the Buyer's directed designs, specifications or instructions, the Buyer will defend or settle, at its expense, any such suit against the Contractor.

19.6 The foregoing constitutes the Parties' entire obligation with respect to claims for infringement.

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ARTICLE 20. RIGHTS IN INVENTIONS

20.1 As used in this Contract, "Program Invention" shall mean any invention, discovery or improvement conceived of and first reduced to practice in the performance of Work under this Contract. Information relating to Inventions shall be treated as proprietary information in accordance with the provisions of this Contract. Rights to inventions conceived solely by Contractor or its employees shall vest completely with Contractor.

20.2 Contractor shall be the owner of all Program Inventions invented solely by Contractor. Contractor grants Buyer a royalty-free, nonexclusive license in Program Inventions to use Program Inventions solely for the purposes of maintenance and operation of a Spacecraft and delivered Equipment. Contractor agrees that it will not revoke such license if Buyer is in compliance with the terms of the license.

20.3.1 In the case of joint Inventions, that is, inventions conceived jointly by one or more employees of both Parties hereto, each Party shall have an equal, undivided one-half interest in and to such joint Inventions, as well as in and to patent applications and patents thereon in all countries.

20.3.2 In the case of such joint Inventions, Contractor shall have the first right of election to file patent applications in any country, and Buyer shall have a second right of election. Each Party in turn shall make its election at the earliest practicable time, and shall notify the other Party of its decision.

20.3.3 The expenses for preparing, filing and securing each joint Invention patent application, and for issuance of

the respective patent shall be borne by the Party which prepares and files the application. The other Party shall furnish the filing Party with all documents or other assistance that may be necessary for the filing and prosecution of each application. Where such joint Invention application for patent is filed by either Party in a

country which requires the payment of taxes, annuities, maintenance fees or other charges on a pending application or on an issued patent, the Party which files the application shall, prior to filing, request the other Party to indicate whether it will agree to pay one-half of such taxes, annuities, maintenance fees or other charges. If within sixty (60) days of receiving such request, the non-filing Party fails to assume in writing the obligation to pay its proportionate share of such taxes, annuities, maintenance fees or other charges, or if either Party subsequently fails to continue such payments within sixty (60) days of demand, it shall forthwith relinquish to the other Party, providing that said other Party continues such payments, its interest in such application and patent and the Invention disclosed therein, subject, however, to retention of a paid-up, non-exclusive, non-assignable license in favor of the relinquishing Party, its parent, and any subsidiary thereof to make, use, lease and sell apparatus and/or methods under said application and patent.

20.4 Each owner of a jointly-owned patent application or patent resulting therefrom shall, provided that it shall have fulfilled its obligation, if any, to pay its share of taxes, annuities, maintenance fees and other charges on such pending application or patent, have the right to grant non-exclusive licenses thereunder and to retain any consideration that it may receive therefor without obligation to account therefor to the other Party. In connection therewith, each of the Parties hereby consents to the granting of such non-exclusive licenses by the other Party and also agrees not to assert any claim with respect to the licensed application or patent against any licensee of the other Party thereunder during the term of any such license.

20.5 No sale or lease hereunder shall convey any license by implication, estoppel or otherwise, under any proprietary or patent rights of Contractor, to practice any process with such product or part, or, for the combination of such product or part with any other product or part.

ARTICLE 21. INTELLECTUAL PROPERTY RIGHTS

Except as provided in Article 20, neither Party shall acquire any rights with respect to any patent, trademark, trade secret, or any other intellectual property developed or used by the other Party in the performance of this Contract.

ARTICLE 22. FURNISHED DATA AND INFORMATION, DISCLOSURE AND USE

Proprietary Information shall mean any data and information received by one Party from the other Party, which is identified as proprietary in accordance with either of the following methods: (i) if in writing, it shall be marked by the disclosing Party with an appropriate proprietary legend, or (ii) if disclosed orally, it shall be presented by the disclosing Party as Proprietary at the time of disclosure and shall be confirmed by the disclosing Party as Proprietary Information in writing within fifteen (15) days of its initial oral disclosure.

22.1 The receiving Party agrees to protect such data and information with the same degree of care which the receiving Party uses to protect its own confidential data and information;

22.2 The receiving Party shall not disclose or have disclosed to third Parties, in any manner or form, or otherwise publish such data and information so long as it remains proprietary without the explicit authorization of the other Party or except as otherwise permitted in this Article 22;

22.3 The receiving Party agrees that it shall use such data and information solely in connection with the performance of Work under this Contract, unless otherwise explicitly authorized by or on behalf of the other Party with the designation of specific data and information and use;

22.4 The foregoing obligations with regard to such data and information shall exist unless and until such time as:

22.4.1 Such data and information are to the receiving Party or otherwise publicly available prior to its receipt by the receiving Party without the default of the receiving Party; or

22.4.2 Such data and information have been lawfully disclosed to the receiving Party by a Third Party which has the right to disclose such data; or

22.4.3 Such data and information are shown by written record to have been independently developed by the receiving Party; or

22.4.4 Such data and information are otherwise available in the public domain without breach of this Contract by the receiving Party; or

22.4.5 Such data and information are disclosed by or with the permission of the disclosing Party to a Third Party without restriction; or

22.4.6 Such data and information that a Party may be required by law or government regulation or order to disclose.

22.4.7 Such data and information are released for disclosure in writing by or with the permission of the disclosing Party.

22.5 Providing Buyer shall obtain from the recipient a nondisclosure agreement at least as restrictive as this Article 22, Buyer may disclose any proprietary information on a need to know basis to its customer(s), contractors, insurers, agents, counsel and actual or prospective lenders, investors, or successors in interest.

22.6 Any copyrighted material belonging to a Party to this Contract may be copied by the other Party as necessary to enable the receiving Party to perform its obligations under this Contract, provided always that the copyright legend is retained on the material.

ARTICLE 23. PUBLIC RELEASE OF INFORMATION

Neither Party shall issue news releases, articles, brochures, advertisements, prepared speeches, and other information releases concerning the work performed or to be performed under this Contract by Contractor or its subcontractors, or any employee or consultant of either, which contains new information not previously disclosed as permitted under the Contract, without first obtaining the prior written approval of the other Party concerning the content and timing of such release which approval shall not be unreasonably withheld. The initiating Party shall provide such releases to the other Party for review within a reasonable time prior to the desired release date and the other Party shall be required to respond within said time period.

ARTICLE 24. TAXES

24.1 The price which shall be paid by Buyer for Spacecraft, Documentation and Related Services [***] any U.S. (federal, state or local) sales or use taxes, or fees or other U.S. taxes against real or personal property, however designated, which may be levied or assessed against Contractor. Buyer shall be responsible for the payment of all personal property taxes, if any, with regard to goods which are levied upon subsequent to the date of delivery to Buyer. Buyer shall be responsible for any inventory taxes, state taxes or any other taxes that are assessed to Contractor as a result of storage of a Spacecraft in accordance with Article 32. If Sea Launch, L. P. is the Launch Vehicle Provider for any such launch, Contractor shall be relieved of responsibility for any taxes and/or port fees associated with the Sea Launch Zenit Vehicle except as provided by Article 4, Paragraph 4.3.1.2 of the Contract.

24.2 In the event Contractor in the performance of this Contract is required to pay non-U.S. customs, import duties, value-added or sales taxes, commercial card fees, port fees, harbor maintenance tax, other charges, or taxes, or fees, (collectively, "Assessments") however designated (except for (i) any Assessment based on Contractor's income and (ii) any Assessment incurred as a result of or associated with Contractor's manufacture of a Spacecraft), then Buyer will reimburse Contractor for such

Assessments within thirty (30) days of written notification by Contractor of payment; provided, however that, Contractor shall used its reasonable best efforts to obtain waivers, exemptions and/or relief from such Assessments when practicable, and Buyer shall not be required to pay any Assessment to the extent any such waiver, exemption or relief is pending or has been obtained. Notification shall then be supported by an invoice and attachment(s) evidencing such payment having been made by Contractor.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

ARTICLE 25. GOVERNING LAW

This Contract shall be deemed made in the State of California and shall be construed in accordance with the laws of the State of California.

ARTICLE 26. TITLES

Titles given to the Articles herein are inserted only for convenience and are in no way to be construed as part of this Contract or as a limitation of the scope of the particular article to which the title refers.

ARTICLE 27. NOTICES AND AUTHORIZED REPRESENTATIVES

Any notice or request required or desired to be given or made hereunder shall be in writing and shall be effective if delivered in person or sent by mail or by facsimile as indicated below:

1. Hughes Communications Galaxy Inc.
P.O. Box 9712
Bldg. A01, M/S 4A467
Long Beach, California 90810-9928

Attention: TBD, Contracts Manager
cc: TBD, Director, Systems Engineering & Technology

Authorized Representative(s): [TBD]

2. Hughes Space and Communications Company
Post Office Box 92919, Airport Station
Bldg. S41, M/S A374
Los Angeles, California 90009

Attention: Samuel C. Tricoli, Contracts Manager
cc: Arthur W. Ackerman, Jr., Program Manager

Authorized Representative(s): [TBD]

or in each case as a Party may direct by notice to the other Party in accordance with this Article 27.

ARTICLE 28. INTEGRATION

This document, with Exhibits, constitutes the entire understanding between the Parties with respect to the subject matter of this Agreement and supersedes all previous oral and/or written negotiations, commitments, and understandings of the Parties, including without limitation the version of the Agreement dated May 9, 1997.

ARTICLE 29. CHANGES

29.1 Any changes requested by Contractor during the performance of this Contract, within the general scope of this Contract, which will add or delete work, stop work, affect the design of a Spacecraft, change the method of shipment or packing, or the place or time of delivery, or will affect any other requirement of this Contract, shall be submitted in writing ("Change Proposal") to Buyer sixty (60) days prior to the proposed effective date of the change. If such Contractor requested change causes an increase or decrease in the total price or other terms of this Contract, Contractor shall submit a proposal to Buyer detailing the impact of such change.

29.2 Buyer shall notify Contractor in writing within thirty (30) days after receipt of the requested change and price adjustment (downward or upward), if any, whether or not it agrees with and accepts such Change Proposal. If Buyer agrees with and accepts the Contractor requested Change Proposal, Contractor shall proceed with the performance of the Contract as changed or in the case of a stop work order, suspend the performance of this Contract, and an amendment to the Contract reflecting the Change Proposal shall be incorporated into the Contract. If Buyer does not agree with the Contractor requested Change Proposal, the Parties shall attempt to reach agreement on such Change Proposal. If the Parties are unable to agree on the requested change and price adjustment, then the Parties shall proceed with the performance of this Agreement, as unchanged. In the event the Parties are able to reach agreement on the change, but not on the price adjustment component, then the Parties shall elevate such dispute to the Senior Executives of the respective companies for resolution. If resolution can not be achieved within a reasonable period of time under the circumstances, Buyer may make a qualified acceptance of the Change Proposal, accepting all matters other than price adjustment, and the issue of price adjustment shall be submitted for resolution by arbitration in accordance with the provisions of Paragraph 33.2 hereof. Pending such resolution of the price issue, the Parties shall perform their obligations under the Contract, or in the case of a Stop work order, suspend their obligations, as if

the Change Proposal had been accepted; provided,

however, that Buyer shall pay any disputed amount of the price adjustment into an escrow account in accordance with Paragraph 29.4 hereof on the date such amount would have been due and payable had the Change Proposal been accepted, or if the Change Proposal could result in a downward adjustment in the Contract Price in excess of the amount remaining to be paid by the Buyer, Contractor shall deposit the disputed amount of such excess into an escrow account in accordance with Paragraph 29.4 hereof.

29.3 Buyer may submit to Contractor in writing (a "Change Order Request") detailing any changes requested by Buyer during the performance of this Contract, within the general scope of the Contract, which will add or delete work, stop work , affect the design of a Spacecraft, change the method of shipment or packing, or the place or time of delivery, or will affect any other requirement of this Contract. Contractor shall respond to such Change Order Request in writing to Buyer within thirty (30) days after such request. If Contractor determines that the change requested by Buyer is feasible and can be made at no additional cost and with no associated delays, then Contractor shall so notify, Buyer and Contractor shall commence implementing such change. If the Contractor determines otherwise, then, Contractor shall submit to Buyer, a proposal detailing the impact of such change and the price adjustment (downward or upward), if any, (the "Change Order Offer"). Buyer shall notify Contractor in writing, within thirty (30) days after receipt of Contractor's Change Order Offer, whether or not it agrees with and accepts Contractor's Change Order Offer. If Buyer agrees with and accepts Contractor's Change Order Offer, Contractor shall immediately proceed with the performance of the Contract as changed, or in the case of a stop work order, suspend the performance of this Contract, and an amendment to the Contract reflecting such change shall be incorporated into the Contract. If Buyer does not agree with the Contractor's Change Order Offer, the Parties shall attempt to reach agreement on such Change Order Offer. In the event the Parties are able to reach agreement on the change, but not on the price adjustment component, then the Parties shall elevate such dispute to the Senior Executives of the respective companies for resolution. If resolution can not be achieved within a reasonable period of time under the circumstances, Buyer may make a

qualified acceptance of the Change Order Offer, accepting all matters other than price, and the issue of price shall be submitted for resolution by arbitration in accordance with the provisions of Paragraph 33.2 hereof. Pending such resolution of the price issue, the Parties shall perform their obligations under the Contract, or in the case of a Stop work order, suspend their obligations, as if the Change Order Offer had been accepted; provided however, that the Buyer shall pay any disputed amount of the price adjustment into an escrow account in accordance with Paragraph 29.4 hereof on the date such amount would have been due and payable had the Change Order Offer been accepted, or if the Change Order Request could result in a downward adjustment in the

Contract Price in excess of the amount remaining to be paid by Buyer, Contractor shall deposit the disputed amount of such excess into an escrow account in accordance with Paragraph 29.4 hereof. The dispute shall then be resolved by arbitration under the provisions of Article 33, entitled "Disputes."

29.4 Escrow Provisions - Disputed Amounts

Disputed amounts with respect to any change under this Article 29 shall be paid into an interest bearing escrow account to be established at Bank of America, Concord, California. Upon settlement of the dispute as to such payment and alleged breach in accordance with Article 33, the Party entitled to the amount or part thereof in escrow, shall receive such amount together with all accrued interest thereon and the other Party shall pay all costs and fees associated with the escrow of said amount. The placement of disputed amounts into an escrow account shall not relieve either Party of its remaining obligations under this contract.

29.5 Determination of Price Adjustment of Change

The Parties agree that the change order price adjustment (downward or upward) for any change shall be equal to the sum of (i) the "Change Order Cost" plus (ii) the "Change Order Profit Component". The "Change Order Cost" shall mean those additional or reduced recurring and non-recurring costs to Contractor to implement such change (or which are not required to be implemented), as determined in accordance with Contractor's normal

accounting practices, including those general and administrative costs ("G&A Costs") of such change, as determined in accordance with Contractor's normal accounting practices, [***] of Contractor's costs for such change. The "Change Order Profit Component" shall be equal to [***] of the Change Order Cost. The Total Change Order Cost shall be payable in accordance with the payment plan agreed by the Parties or, if applicable, by the Arbitrator. Unless otherwise agreed by the Parties, the Change Order Profit Component shall be payable in equal monthly installments at the same time as the monthly installments of Incentives Obligations; provided, however, that payment of the Change Order Profit Component shall not be conditioned upon performance of the Spacecraft or any component thereof.

29.6 If Contractor makes any improvements to the generic HS-702 Spacecraft design, then Contractor shall provide reports to Buyer concerning such improvements. Buyer may request that any improvement to the HS-702 Spacecraft design reported to Buyer be incorporated into the Spacecraft, and such improvements shall be considered a Change and shall be dealt with in accordance with the Change Order process in this Article 29. The foregoing shall not apply to any changes to the generic HS-702 Spacecraft design, to correct or mitigate the impact of anomalies with respect to such design, made by Contractor on its own accord or as necessary in Contractor's reasonable engineering judgment, which changes shall not relieve Contractor of its obligations to meet the technical specifications for the Spacecraft, as set forth in Exhibit B, hereto. Contractor shall notify Buyer on a periodic basis or as requested by Buyer from time to time of any anomalies with respect to such HS-702 Spacecraft design.

29.7 The Change Order Price shall be allocated and payable as follows:

The Change Order Profit Component shall be an independent payment obligation not contingent upon performance of the Spacecraft and shall be payable at the same time as the monthly installments of the Incentives Obligations for the Spacecraft as set forth in Paragraph 6.4.4 and, in any case, the then-remaining Change Order Profit Component for the Spacecraft shall be paid in full with the last Incentives Obligations Payment. The Total Change Order Cost shall be payable as agreed by the Parties.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

29.8 To the extent that (i) any change agreed under this Article 29 deletes any Hardware already produced by Contractor, then the provisions of Paragraphs 14.2 and 14.4 shall apply to the disposition of such Hardware.

29.9 The Spacecraft shall be designed to support the Launch Vehicle interface requirements issued by the Launch Vehicle provider (as to Ariane, Proton and Sea Launch launch vehicles) existing at the time of the "Delivery Site Designation Date" as defined in Paragraph 4.2.1. If there are any changes to such interface requirements thereafter, then any such change shall be deemed to be a Change Order Request by Buyer, and the Change Order process set forth in Section 29.3 shall apply.

ARTICLE 30. EFFECTS OF STORAGE ON BATTERIES

For Spacecraft batteries to provide the required minimum fifteen (15) years of in-orbit services per Exhibit B, it is understood that launch must occur within three (3) years from the date of activation of the first battery cell. In the event Buyer directs Contractor to store any deliverable Spacecraft and the period of such storage causes a launch later than three (3) years from the date of activation of that Spacecraft's first battery cell, and Buyer upon its election to either: (i) install replacement batteries or (ii) recondition batteries, so directs Contractor, Buyer shall pay Contractor its costs plus a [***] profit rate. In either case (i) or (ii), the batteries shall meet a fifteen (15) year in-orbit service requirement.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

ARTICLE 31. INTER-PARTY WAIVER OF LIABILITY

31.1 Prior to the time Buyer and the Contractor enter the Launch

Integration Facility and/or Launch Site, they each agree that they will not make a claim against each other for an event that occurs at the Launch Integration Facility and/or Launch Site premises involving damage to, loss of, or loss of use of their property or the property of others in their possession, caused by the fault or negligence of the other Party to this Contract, or otherwise caused by any defect in any product manufactured or sold by the other Party to this Contract. Such claims are waived and each Party will bear its own losses. Buyer will include a comparable clause in each of its contracts with vendors, subcontractors or customers for services or benefits expected as a result of the launch or orbiting of a Galaxy Spacecraft. Such comparable clause shall include a requirement to flow the clause down to lower-tier contractors.

31.2 Notwithstanding any other provisions of this Contract, prior to the time any Party, associated with the Galaxy XIII and/or Galaxy XIV launch activities at the Launch Integration Facility and/or Launch Site, shall enter the Launch Integration Facility and/or Launch Site, such Parties shall be required to sign an Inter-Party Waiver of Liability consistent with that between Buyer and the Contractor as incorporated herein under Paragraph 31.1 of this provision or other similar agreement as may be required by the launch agency. Each Party shall have the responsibility to assure that all the Parties associated with the launch of Galaxy XIII and/or Galaxy XIV Spacecrafts (for which they have control or privity of Contract with hereunder) have executed said Inter-Party Waiver of Liability.

ARTICLE 32. SPACECRAFT STORAGE

32.1 Buyer may, at its option, order Contractor to store, in accordance with the provisions of Exhibit B Galaxy XIII/XIV Spacecraft Specification, each deliverable Spacecraft (including separate storage of Batteries, if needed) for a period of up to two (2) years from the date of their delivery to Buyer. Buyer shall provide written notice to the Contractor not later than six (6) months prior to the scheduled delivery of said Spacecraft. Contractor's price for providing storage shall be provided to Buyer in accordance with Article 29, "Changes," (and such price shall be deemed a "Change Proposal" for purposes of Article 29) within 30 days after receipt of Buyer's notice to store such Spacecraft and Contractor shall provide storage facilities. If such storage facilities are unavailable, Contractor and Buyer shall hold discussions to determine a mutually agreed storage arrangement.

32.2 Six (6) months prior to a stored Spacecraft's scheduled launch date, Buyer shall, by notice in writing, order the Contractor to remove said Spacecraft from storage and ship it to a Launch Site designated by Buyer. In the case of a Sea Launch, the cost for storage and additional transportation costs exceeding that required to transport a Spacecraft to the Port of Long Beach (Integration Facility) point specified herein, shall be borne by Buyer. These will be in addition to any charges which become the obligation of the Buyer per Article 18 herein entitled "Spacecraft Not Launched Within Six Months After Acceptance."

ARTICLE 33. DISPUTES

33.1 Disputes

33.1.1 In the event any dispute arises between the Contractor and the Buyer relating to this Contract, either Party may give written notice to the other of its objections and reasons therefore. The Contractor and Buyer shall consult in an effort to reach a mutual agreement to resolve such dispute. In the event a mutual agreement cannot be reached within fifteen (15) days after receipt of this notice, the respective positions of the Parties shall be forwarded to Contractor and Buyer's respective Executive Offices for discussions and they shall attempt to reach a mutual agreement to resolve such dispute within another fifteen (15) day period.

33.2 Arbitration of Disputes

33.2.1 Grounds for Arbitration and Notice Requirement. Any dispute, disagreement, controversy or claim arising out of or relating to this Contract or the interpretation thereof or any arrangements relating thereto, or the validity or enforceability thereof, or contemplated therein or the breach, termination or invalidity thereof which is not settled to the mutual satisfaction of the Parties in accordance with Paragraph 33.1 above, then it shall be settled exclusively and finally by binding arbitration, after written notice by either Party. Arbitration of such disputes in accordance with this Article 33 shall be the Parties' exclusive remedy.

33.2.2 Administration and Rules. Arbitration proceedings in connection with the Agreement shall be administered by the American Arbitration Association in accordance with its then in effect Commercial Arbitration Rules, together with any relevant supplemental rules including but not limited to its Supplementary Procedures for Large, Complex Disputes, as modified by the terms and conditions of the Agreement. With respect to the

selection of arbitrators, arbitration proceedings in connection with this Agreement shall be conducted before a panel of three (3) arbitrators. Within fifteen (15) days after the commencement of arbitration, each Party shall select from a list of qualified persons one person to serve as an arbitrator on the panel, and within ten (10) days of their selection, the two arbitrators shall select a third arbitrator who is listed as an active member of the American Arbitration Association at the time that arbitration proceedings commence. If the two arbitrators selected by the respective Parties are unable or fail to agree upon the third arbitrator in the allotted time, then the third arbitrator shall be selected by the American Arbitration Association.

33.2.3 Place of Arbitration. The place of arbitration shall be in Los Angeles, California, U.S.A.

33.2.4 Discovery. The arbitrators shall have the discretion to

order a pre-hearing exchange of information by the Parties, including without limitation, production of requested documents, exchange of summaries of testimony of proposed witnesses, and examination by deposition of the Parties.

33.2.5 Award and Judgment. The arbitrators shall have no authority to award punitive damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Agreement. Subject to the foregoing, the Parties agree that the judgment of the arbitrators shall be final and binding upon the Parties and that the judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

33.2.6 Confidentiality. No Party or arbitrator may disclose the existence, content, or results of any arbitration proceedings in connections with this Agreement without prior written consent of all Parties to the arbitration proceeding.

33.2.7 Fee and Expenses. All fees and expenses of any arbitration proceedings in connection with this Agreement shall be borne by the losing Party. However, each Party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of evidence.

33.2.8 Performance. Contractor and Seller shall continue with performance under this Agreement during any disagreement, negotiation, or arbitration.

ARTICLE 34. ASSIGNMENT

34.1 Neither Party shall assign, or transfer this Contract or any of its rights, duties or obligations thereunder to any person or entity, in whole or part without the prior written consent of the other Party except that either Party may assign or transfer any of its rights, duties or obligations under this Contract, either in whole or in part, to its parent company, subsidiary or affiliate(1). In addition, notwithstanding anything in this Article 34 to the contrary, the consent of Contractor shall not be required for, and Paragraph 34.2 shall not apply to: (i) any assignment of this Contract from HCG to Magellan International, Inc. (which currently contemplates changing its name to PanAmSat Corporation), or an affiliate thereof, in connection with the consummation of the transactions contemplated by that certain Agreement and Plan of Reorganization dated as of September 20, 1996 by and among HCG, Magellan International, Inc., PanAmSat Corporation and certain affiliates of HCG; or (ii) any assignment by Buyer of its rights, duties and/or obligations hereunder as security for any indebtedness of Buyer or its subsidiaries or affiliates.

Neither Party shall unreasonably withhold consent to any assignment or transfer providing that the requesting Party can demonstrate to the other Party's satisfaction that:

(1) its successor or assignee possesses the financial resources to fulfill the obligations of this Contract; and

(2) any such assignment or transfer shall not jeopardize any data rights or competitive position, or violate laws related to export or technology transfer, or otherwise increase the other Party's risks or obligations.

If the requesting Party cannot so demonstrate, both Parties agree to negotiate in good faith suitable modifications and new provisions to this Contract which would mitigate the above risks and/or bring this Contract into conformance with applicable laws.

(1) Affiliate: An "affiliate" of, or a person "affiliated" with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls, or is

controlled by, or is under common control with, the person specified.

34.2 The Parties agree that in the event that the ownership or control of HCG or HSC is changed, the Parties reserve the right to negotiate in good faith suitable modifications and new provisions to this Contract which would mitigate any additional risks, financial or otherwise, which may be brought about by such change in ownership or control.

34.3 This Contract shall be binding upon the Parties hereto and their successors and permitted assigns.

ARTICLE 35. LIMITATION OF LIABILITY

35.1 The Parties to this Contract expressly recognize that commercial space ventures involve substantial risks and recognize the commercial need to define, apportion and limit contractually such risks associated with this commercial space venture. The payments and other remedies expressly set forth in this Contract fully reflect the Parties' negotiations, intentions and bargained-for allocation of such risks associated with commercial space ventures.

35.2 In no event shall the Parties be liable for any direct, indirect, incidental, special, contingent or consequential damages (including, but not limited to, lost revenues or profits), except as expressly provided for in this Agreement. This Article shall survive the expiration or termination of this Contract for whatever cause.

[ARTICLE 36. OPTIONS

36.1 HCG may, in its sole discretion, exercise on or before 30 June 1998, the Option provisions of this Contract to request Contractor to deliver to Buyer up to two (2) additional Spacecraft, hereinafter referred to as Galaxy XV and XVI. Upon exercise of this Option, Buyer shall make the first payment of [TBD] for each Spacecraft ordered. The configuration and performance of Galaxy XV and/or XVI shall be substantially similar to Galaxy XIII and Galaxy XIV.

36.2 The Contract Price for Galaxy XV is [TBD]. The Contract Price for Galaxy XVI is [TBD].

36.3 Delivery to the Launch Site Integration Facility and/or Launch Site will be as required to meet the established Launch Schedule (consistent with the Galaxy XIII and Galaxy XIV delivery schedule span).

36.2.1 Payment Plan: June 1998 -

<TABLE>
<CAPTION>

Table 36.2.1
Galaxy XV - Payment Plan

Month	Amount $M	Cumulative Amount $M
<S>	<C>	<C>

Milestone Payments
TBD

</TABLE>

[***}

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

36.2.2 Payment Plan: TBD

Table 36.2.2
Galaxy XVI - Payment Plan

Month	Amount $M	Cumulative Amount $M

Milestone Payments TBD	

</TABLE>

[***}

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

36.3 The Galaxy XV and XVI Option prices provide for the following:

(a) Up to two spacecraft substantially similar to Galaxy XIII and XIV in configuration and performance
(b) Documentation
(c) Program Management
(d) Insurance up to the Intentional Ignition of Launch Vehicle
(e) Launch and Mission Operations Services (Baselined with a Zenit Vehicle) ("Related Services").
(f) Storage for a Spacecraft on similar terms as Galaxy XIII and Galaxy XIV
(g) The terms of Galaxy XV and/or XVI are pursuant to the terms of this Contract

36.4 In the even that exercise of this Option does not occur on or prior to the date stated in Paragraph 36.1, this Option shall expire unless (i) the Parties otherwise agree or (ii) this Option is superseded by a definitive Spacecraft Acquisition Agreement.]

ARTICLE 37. REPLACEMENT SPACECRAFT

Buyer shall have the right to purchase Replacement Spacecraft for one or

both of Galaxy XIII or Galaxy XIV in the event that one or both of these Spacecraft suffers a launch failure (including any total or constructive total loss that occurs prior to the placement of a Spacecraft into commercial operations). Each Replacement Spacecraft shall have the same configuration and performance of the Spacecraft being replaced. The price for each such Replacement Spacecraft, if ordered, shall be [TBD], which price covers all associated deliverables as specified in this Contract and which shall be adjusted accordingly with the changes to the Contract Price under Paragraph 3.2. Except as expressly specified in this Article, the terms and conditions of this Contract shall apply in context to any Replacement Spacecraft that is ordered under this Article.

A Replacement Spacecraft may be ordered at any time through ninety (90) days after the launch of the applicable Spacecraft. Unless long lead items are purchased, as provided below, the Spacecraft shall be constructed and all associated deliverable provided to support a launch within eighteen (18) months of the day ordered.

Buyer shall also have the option to require Contractor to purchase long lead items sufficient to enable Contractor to have Replacement Spacecraft, which could be configured as either Galaxy XIII or Galaxy XIV (to be specified by Buyer if and when Buyer orders the Spacecraft to be completed) and shall be ready to be launched with the later of eighteen (18) months after a long lead option is exercised or twelve (12) months after the go ahead is given by Buyer to complete construction of the Spacecraft. The price for the long lead items shall be [TBD], with the remaining portion of such Replacement Spacecraft's price to be payable if (and only if) such Replacement Spacecraft is ordered by Buyer to be completed.

Payment schedules for the eighteen (18) months without long lead items and long lead item and completion payment options are attached hereto as Exhibit G.

If Buyer has purchased long lead items, within ninety (90) days of the successful launch of both Galaxy XIII and Galaxy XIV, Buyer shall direct disposition of such long lead items either: (a) to build an identical Spacecraft (at the same price and schedule as a twelve-month Replacement Spacecraft); or (b) direct the disposition of such long lead items pursuant to Paragraphs 14.2 and 14.4.

ARTICLE 38. EFFECTIVE DATE OF CONTRACT

The "Effective Date" of this Contract No. 97-HCG-001 shall be 15, May 1997.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract No. 97-HCG-001 to become effective upon the date specified in this Article 38, herein entitled, "Effective Date of Contract."

HUGHES SPACE & COMMUNICATIONS COMPANY

SIGNATURE: /s/H.E. McDonnell

NAME: H.E. McDonnell

TITLE: Vice President

DATE: May 15, 1997

HUGHES COMMUNICATIONS GALAXY, INC.

SIGNATURE: /s/J.F. Farrell

NAME: J.F. Farrell

TITLE: President

DATE: May 15, 1997

Exhibit 10.39

Information contained herein, marked with [***], is being filed pursuant to a request for confidential treatment.

==========

TRANSPONDER SUBLEASE AGREEMENT

FOR GALAXY III-R

BETWEEN

HUGHES COMMUNICATIONS GALAXY, INC.

AND

CALIFORNIA BROADCAST CENTER, LLC

==========

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[***] Filed separately with the Commission pursuant to a request for confidential treatment.

GALAXY III-R TRANSPONDER SUBLEASE AGREEMENT

THIS GALAXY III-R TRANSPONDER SUBLEASE AGREEMENT (as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms set forth herein, this "Agreement") is made and entered into as of April 21, 1997, by and between HUGHES COMMUNICATIONS GALAXY, INC., a California corporation ("HCG"), and CALIFORNIA BROADCAST CENTER, LLC, a Delaware limited liability company ("Lessee").

RECITALS

A. HCG owns a communications satellite, model HS-601, known as Galaxy III-R, which carries a payload of (i) twenty-four (24) Ku-Band transponders (comprised of eight (8) wide-band (54 MHz) Ku-Band Transponders and sixteen (16) narrow-band (27 MHz) Ku-Band Transponders) (the Ku-Band Transponders are more specifically defined in Section 1.05 and are referred to hereinafter as the "Transponders"); (ii) twenty-four (24) C-Band transponders (the "C-Band Transponders"); and (iii) certain redundant equipment.

B. Pursuant to authority granted by the Federal Communications Commission (the "FCC"), HCG had the satellite known as Galaxy III-R launched on December 14, 1995 and has caused such satellite to be placed in the 95(Degree) West Longitude orbital location.

C. On December 20, 1995, General Motors Acceptance Corporation ("GMAC")

purchased from HCG, and HCG sold to GMAC, the Transponders.

D. On February 7, 1996, HCG entered into the Participation Agreement (the "Participation Agreement"), dated as of February 7, 1996, among HCG, GMAC, Wilmington Trust Company, as Owner Trustee, Chemical Bank and certain lending institutions, pursuant to which (i) GMAC sold the Transponders to Owner Trustee and (ii) Owner Trustee, as lessor, entered into a Lease of the Transponders (the "Main Lease") with HCG, as lessee.

E. The Main Lease provides HCG with the rights necessary for it to enter into this Agreement.

F. Certain of the Transponders are capable of providing signals to Mexico, Central America, South America and the Caribbean (collectively, the "Territory").

G. Lessee desires to sublease from HCG and HCG desires to sublease to Lessee the Transponders upon the terms and conditions set forth in this Agreement.

H. HCG and Lessee desire this Agreement to become effective as of April 21, 1997 (the "Effective Date").

AGREEMENT

In consideration of the mutual promises set forth below and other valuable consideration the receipt and adequacy of which are hereby acknowledged, HCG and Lessee hereby mutually agree as follows:

1. The Satellite

1.01 Satellite. HCG has constructed and launched the satellite which is referred to hereinafter as "Galaxy III-R." The term "Satellite" shall mean the satellite or satellites on which Lessee's Transponders (as defined in Section 2.01) are located at any given time.

1.02 Orbital Position. The orbital position of Galaxy III-R is 95(Degree) West Longitude.

1.03 Certain Transponder-Related Definitions. As used in this Agreement, (i) "Owner" shall include the actual owner of a Transponder, including HCG if there remain any unsold Transponders, or any permitted assignee of such owner's

Transponder, or any lessee or licensee of HCG's (including, without limitation, Lessee), or any entity to which HCG (or any affiliate of HCG) provides service using the Transponders; (ii) the term "purchase" shall include the execution of an agreement with HCG for a lease of Transponders for a term equal to at least 75% of the Satellite's useful commercial life; and (iii) "affiliate" shall mean, with respect to any entity, any corporation or other entity controlling or controlled by or under common control with such entity.

1.04 Hybrid Satellite. Galaxy III-R is a hybrid satellite (i.e., a satellite containing both Ku-Band and C-Band capacity). Ownership or lease of the Ku-Band capacity on Galaxy III-R shall not give the Owner or user the right to use or preempt use of any part of the C-Band-specific payload on Galaxy III-R. Ownership or lease of the C-Band Transponders shall not give an Owner the right to use or preempt use of any Ku-Band-specific capacity on Galaxy III-R.

1.05 Transponders Components and Certain Specifications. Exhibit A to this Agreement sets forth the specific equipment that comprises the Transponders. Exhibit B to this Agreement sets forth the "Transponder Performance Specifications," which are certain technical specifications for the Transponders, including values for each Transponder for polarization isolation, interference between Transponders, frequency response, group delay, amplitude non-linearity, spurious outputs, phase shift, cross talk, stability, transmit EIRP, uplink saturation flux density, and G/T. HCG shall make copies of the antenna range gain contour test data available to Lessee promptly after the tests related thereto are completed.

2. Lease of Transponders; Lease Term

2.01 Term. Unless otherwise terminated earlier in accordance with this Agreement, including, without limitation, pursuant to Sections 5.03, 6.01, 10 or 17, this Agreement shall be for the following term (the "Term"):

(a) on and as of the Effective Date (the "Galaxy III-R Lease Commencement Date"), HCG shall lease to Lessee, and Lessee shall lease from HCG, all of the Transponders (each Transponder then being leased to Lessee is a "Lessee Transponder" and, collectively, such Transponders are the "Lessee's Transponders") for the period commencing as set forth above and terminating on the earlier of the date of Permanent Satellite Delivery (as defined in Section 2.01(b)) or on the fifth (5th) anniversary of the Galaxy III-R Lease Commencement Date;

(b) It is the intention of parties that Lessee use the Lessee's Transponders only until a replacement satellite constructed solely for use on a collocated basis at the 95(Degree) West Longitude orbital position to transmit programming to the Territory (the "Permanent Satellite") has been successfully constructed, launched and located in such orbital position (or other orbital position

to which it may be assigned by the FCC) (the "Permanent Satellite Delivery"). Except as otherwise specified herein, this Agreement shall automatically terminate upon the occurrence of Permanent Satellite Delivery.

2.02 [***]

(a) HCG agrees that if (i) HCG terminates this Agreement, desires to Transfer the Transponders to a third party or accelerates remaining payments pursuant to Section 10.02 due to Lessee's breach or default of the terms hereof; and (ii) [***].

(b) Nothing in this Section 2.02, [***], shall prevent HCG and Lessee from modifying or amending this Agreement at any time or in any manner (an "Amendment"); provided, however, that (i) [***].

2.03 Redelivery of Transponders. Subject to Section 2.02, upon the expiration, termination, or cancellation of this Agreement as to any Lessee Transponder for any reason whatsoever (including, without limitation, expiration of this Agreement in accordance with its terms or cancellation of this Agreement by HCG as a result of a breach by Lessee), such Lessee Transponder shall be deemed, without any further action by any party, to be redelivered to HCG and HCG shall be entitled to immediate possession thereof. HCG shall thereafter have the right to utilize such redelivered Transponder in any manner it determines.

3. Lease Rate

3.01 Lease Price Components Description. The monthly lease rate for each of Lessee's Transponders shall be the "Monthly Base Lease Rate" set forth in Section 3.02 (which includes payment of [***] per month per Transponder for tracking, telemetry and control service (the "TT&C Fee")). The services described in Section 6.06 will be provided in consideration of the TT&C Fee.

3.02 Monthly Base Lease Rate. The Monthly Base Lease Rate for each of Lessee's Transponders shall be [***] per month and, subject to the following proviso, shall be due and payable in advance on the Galaxy III-R Lease Commencement Date and the first day of each month thereafter through the last day of the Term; provided, however, that the Monthly Base Lease Rate payments shall be made in accordance with Exhibit D to this Agreement, [***]

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

[***]; provided further, however, if this Agreement is terminated, Lessee shall, within 10 days after the termination of this Agreement, pay to HCG the applicable amount set forth in [***] of Exhibit D, unless prior to the termination of this Agreement Lessee has executed the lease between HCG and Lessee with respect to the communications satellite, model HS-601 HP, known as Galaxy VIII(i), in which case Lessee shall pay to HCG the applicable amount set forth in [***] of Exhibit D [***], together with the interest on the unpaid balance thereof at [***]. If one of Lessee's Transponders becomes a Failed Transponder (as defined in Section 12.01), Lessee's rights and obligations to continue making Monthly Base Lease Rate payments with respect to such Failed Transponder shall be governed by Sections 12.01 and 12.03. Payments for any partial month shall be pro-rated.

3.03 Place of Payment. All payments by Lessee (i) shall be made in immediately available funds to HCG at its principal place of business, as designated in Section 20.03, or by wire transfer to the account of HCG designated by HCG pursuant to written notice given as set forth in Section 20.03 and (ii) shall be deemed to be made only upon actual receipt by HCG. Any refunds by HCG (a) shall be made in immediately available funds to Lessee at its principal place of business as designated in Section 20.03, or by wire transfer to the account of Lessee designated by Lessee pursuant to written notice given as set forth in Section 20.03 and (b) and shall be deemed to be made only upon actual receipt by Lessee.

4. Conditions; Acceptance

4.01 Condition to Lessee's Right to Lease. A condition to HCG's obligation to lease Lessee's Transponders to Lessee, and of Lessee's right to lease Lessee's Transponder from HCG, shall be Lessee's timely payment, on or before the Galaxy III-R Lease Commencement Date, of the Monthly Base Lease Rate for the first month hereof.

4.02 Acceptance. HCG has tested each of Lessee's Transponders in accordance with the acceptance test plan prepared by HCG prior to the launch of Galaxy III-R, a copy of which has been provided to Lessee. Lessee agrees that such tests indicate that Lessee's Transponders (i) have passed all tests set forth in the aforementioned acceptance test plan, (ii) meet the Transponder Performance Specifications and (iii) are available for service. Therefore, acceptance of Lessee's Transponders by Lessee shall be deemed to occur on the Effective Date.

5. Representations and Warranties

HCG and Lessee each, except as expressly indicated herein, represent and warrant to, and agree with, the other that:

5.01 Authority, No Breach. It has the corporate or other organizational right, power and authority to enter into, and perform its obligations under, this Agreement. The execution, delivery and performance of this Agreement will not result in the breach or non-performance of any agreements it has with third parties.

5.02 Corporate Action. It has taken all requisite corporate or other organizational action necessary to approve execution, delivery and performance of this Agreement, and this Agreement constitutes a legally valid and binding obligation upon itself in accordance with its terms.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

5.03 Consents. The fulfillment of its obligations hereunder will not constitute a material violation of any existing applicable law, rule, regulation or order of any governmental authority. Except as set forth in Section 6.01, all material necessary or appropriate public or private consents, permissions, agreements, licenses, or authorizations to which it or any Transponder or, in the case of HCG, the Satellite may be subject have been or shall be obtained in a timely manner; provided, however, that it shall be HCG's sole responsibility to obtain any regulatory approvals needed to enable it to lease Transponders as provided for in this Agreement, other than the regulatory approvals described in Section 6.01(b) below. Notwithstanding the preceding sentence, HCG and Lessee acknowledge that the transactions set forth in this Agreement may be challenged before the FCC or a court of competent jurisdiction by other persons or entities not parties hereto. In such event, HCG and Lessee agree that HCG shall use its best efforts, and, at the reasonable request of HCG, Lessee shall use reasonable efforts, before the FCC, and the courts if an appeal from an FCC order is taken, to support HCG's right to lease and Lessee's right to lease the Transponders and that they shall fully cooperate with each other in these endeavors. Lessee alone shall have the right to determine whether and to whom it will incur legal expenses in connection with any proceeding arising out of its obligations under this Section 5.03. If, however, by written order, the FCC or a court of competent jurisdiction shall determine that HCG may not lease to Lessee and Lessee may not lease from HCG the Transponders on the terms and conditions set forth herein, then HCG and Lessee shall seek immediate review of such order before the FCC or an appellate court or shall, if possible, reconstitute the transaction to comply with such order. If an appellate court issues a written order, which is no longer subject to further judicial rehearing or review, upholding the determination of the FCC or a court or competent jurisdiction that HCG may not lease and Lessee may not lease the Transponders, then HCG and Lessee shall, if possible, reconstitute the transaction as set out herein and, if they

are unable to do so, either party shall thereafter have the right to terminate this Agreement (upon written notice to the other party) as set forth in Section 10.05, without liability to the other, except for obligations arising prior to the date thereof.

5.04 Litigation. Except as described in Section 6.01(a), there is no outstanding, or to the best of its knowledge, threatened, judgment, pending litigation or proceeding, involving or affecting the transactions provided for in this Agreement.

5.05 No Broker. It does not know of any broker, finder or intermediary involved in connection with the negotiations and discussions incident to the execution of this Agreement, or of any broker, finder or intermediary who might be entitled to a fee or commission upon the consummation of the transactions contemplated by this Agreement.

6. Additional Representations, Warranties and Obligations of HCG

6.01 Authorization Description.

(a) In 1992, the FCC authorized HCG to operate the Satellite at the 95(Degree) West Longitude orbital location and to use the Transponders to provide fixed satellite services to the United States. In 1995, the FCC modified that authority (the "Modified Authority") to allow the Transponders also to provide fixed satellite service to Mexico, the Caribbean and Central and South America. The Modified Authority is conditioned upon the results of a rulemaking proceeding in which a decision has been issued by the FCC that is not yet a Final Order (as defined in Section 10.05) because several parties have petitioned the FCC for reconsideration. The Modified Authority may be modified based on and after the conclusion of that proceeding if the decision in the rulemaking is modified or further appealed.

(b) Certain authorizations from governmental bodies outside the United States have not yet been obtained and will need to be obtained from such governmental bodies prior to the provision of service utilizing the Transponders to locations outside the United States and prior to uplinking to the Transponders from locations outside of the United States.

(c) If the FCC [***], then this Agreement shall automatically terminate at the election of either party (upon written notice to the other party) and (i) HCG shall have no liability to Lessee, except for prepaid charges made by Lessee (if any); and (ii) Lessee shall have no liability to HCG, except for previously incurred obligations.

6.02 Transponder Performance Specifications. Lessee's Transponders, upon Delivery, shall at least meet the Transponder Performance Specifications.

6.03 Right to Lease. On the Galaxy III-R Lease Commencement Date and subject to Section 4.01, Lessee shall be entitled to lease each of Lessee's Transponders free from all liens, charges, claims or encumbrances (collectively, "Encumbrances"), except: (i) Encumbrances resulting from (a) Lessee's lease of Lessee's Transponders; (b) any actions taken by Lessee; or (c) the right and interest of any financing entity pursuant to the transactions entered into in connection with the Participation Agreement; and (ii) Encumbrances which do not have an adverse effect on Lessee's rights hereunder. Notwithstanding the preceding sentence, for so long as this Agreement is in full force and effect and for so long as Lessee is not in default under this Agreement, HCG shall not assign (including as security) or otherwise grant any ownership interest in any Transponders then being leased by Lessee pursuant to this Agreement without securing the agreement of the party granted such an interest (the "Holder") that, (y) provided Lessee is not in default under this Agreement, Lessee shall lawfully and quietly hold and enjoy the benefits of this Agreement without hindrance or molestation from HCG, Holder or any person claiming through or under HCG or Holder, and (z) Holder shall not interfere with Lessee's use of any of Lessee's Transponders in accordance with this Agreement notwithstanding any default by HCG under its agreement with Holder providing for such an interest. The parties agree that GLA is an intended third party beneficiary of this Section 6.03.

6.04 Government Regulations. HCG has used, and until disposition of the Satellite pursuant to Section 17 will continue to use, its reasonable best efforts to obtain and maintain, in all material respects, all applicable United States federal, state and municipal authorizations or permissions to operate the Satellite, applicable to it and the Satellite, and to comply, in all material respects, with all such regulations regarding the operation of the Satellite and Transponders applicable to it.

6.05 Not a Common Carrier. Unless required to do so by the FCC, HCG shall not hold itself out, publicly or privately, as a provider of common carrier communications services on the Satellite and is not purporting herein to provide to Lessee or to any other party any such services with respect to Galaxy III-R.

6.06 TT&C. Tracking, telemetry and control shall be provided by Hughes Communications Satellite Services, Inc. ("HCSS"), an affiliate of HCG, for the Term pursuant to a separate "Transponder Service Agreement" which has been executed by HCSS and Lessee concurrently herewith. The services provided by HCSS pursuant to the Transponder Service Agreement are more specifically described in such Transponder Service Agreement. The TT&C Fee for the Satellite is included in the Monthly Base Lease Rate.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

6.07 Outage Allowance. HCG shall grant Lessee an Outage Allowance as follows:

If an "Outage Allowance Failure Period" (as defined below) occurs, then for each hour of such Outage Allowance Failure Period HCG shall grant Lessee a pro rata Outage Allowance based upon the monthly charge for the Lessee's Transponder experiencing the Transponder capacity failure, the length of the Outage Allowance Failure Period, and a standard of 720 hours per month, calculated pursuant to the equation below. Any such Outage Allowance shall be applied to the next succeeding monthly billing to Lessee and shall not in any case exceed one month's standard billing. "Outage Allowance Failure Period" shall mean the aggregate period--only where such aggregation exceeds one (1) hour during any consecutive thirty (30) day period on such Transponder--during which a Transponder capacity failure(s) occurs. A Transponder capacity failure shall be measured from the time HCG receives notice from Lessee of a claimed Transponder capacity failure until the time the Transponder has been restored to operation, but shall not begin in any event until Lessee ceases to use such Transponder. HCG shall accept or reject such outage claim within twenty-four (24) hours of notice from Lessee, or else such claim will be deemed accepted.

$$\text{Outage Allowance} = \frac{\text{Outage Allowance Failure (in Hours)} \times \text{Monthly Base Lease Rate}}{720}$$

In no case shall an Outage Allowance be made for any Transponder capacity failure caused primarily by: (i) any failure on the part of Lessee to perform its transmission or other material or operational obligations pursuant to this Agreement; (ii) failure of any facilities provided by Lessee; (iii) reasonable periodic maintenance; provided, however, that HCG will inform Lessee of any proposed periodic maintenance in advance and will use best reasonable efforts to agree upon the times at which such periodic maintenance will be performed on Lessee's Transponders; (iv) interference from sun outage or from third party transmissions or usage; (v) cooperative testing, except where trouble or fault is found in the Lessee's Transponder; or (vi) any other act or failure to act by Lessee.

6.08 [***].

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

6.09 Insurance Provisions. [***]

6.10 [***].

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

[***].

6.11 [***].

7. Additional Representations, Warranties and Obligations of Lessee

7.01 Compliance by Customers. Lessee shall not allow any of its customers or any other third party to utilize, directly or indirectly, any of the Lessee's Transponders in a manner that would constitute a breach of the terms of this Agreement had such use been by Lessee on its own behalf.

7.02 Non-Interference. Lessee's radio transmissions (and those of its uplinking agents) to the Satellite shall comply in all material respects with all FCC and all other governmental (whether international, federal, state, municipal, of a Territory Country (as defined in Section 7.04) or otherwise) statutes, laws, rules, regulations, ordinances, codes, directives and orders, of any such governmental agency, body, or court (collectively, "Laws") applicable to it regarding the operation of the Satellite and Lessee's Transponders. Lessee shall not utilize (or permit or allow any of its uplinking agents to utilize) any of Lessee's Transponders in a manner that will or may interfere with the use of any other Transponder or C-Band Transponder or cause physical harm to any Transponder, any C-Band Transponder, or to the Satellite. Further, Lessee will coordinate (and will require its uplinking agents to coordinate) with HCG, in accordance with procedures reasonably established by HCG and uniformly applied to all users of transponders on the Satellite, its transmissions to the Satellite, so as to minimize adjacent channel and adjacent satellite interference. For purposes of this Section 7.02, interference shall also mean acts or omissions which cause a Transponder to fail to meet its Transponder Performance Specifications. Without limiting the generality of the foregoing, Lessee (and its uplinking agents) shall comply with all FCC rules and regulations regarding use of automatic transmitter identification systems (ATIS).

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

7.03 Laws. Lessee shall comply (and shall require its uplinking agents to comply), in all material respects, with all Laws applicable to it regarding the operation or use of the Satellite and Lessee's Transponders.

7.04 Additional Usage Representations and Obligations.

(a) Lessee has not been convicted for the criminal violation of, and has not been found by the FCC or other federal, state or local governmental authority in the United States or by a Territory Country (as defined below) with appropriate jurisdiction (a "Governmental Authority") to have violated, any law or regulation concerning illegal or obscene program material or the transmission thereof (the "Obscenity/Content Laws"), and Lessee is not aware of any pending investigation (including, without limitation, a grand jury investigation) involving Lessee's programming related to the Obscenity/Content Laws or any pending proceeding against Lessee for the violation of any Obscenity/Content Laws. As used herein, "Territory Country" shall mean any country located in the Territory.

(b) Lessee will notify HCG as soon as it receives notification of, or becomes aware of, any pending investigation by any Governmental Authority, or any pending criminal proceeding against Lessee, which investigation or proceeding concerns transmissions by Lessee over the Transponders potentially in violation of any law, including without limitation, Obscenity/Content Laws.

(c) Any use of Lessee's Transponders shall comply, in all material respects, with all applicable laws of the United States and each Territory Country regarding the operation or use of the Satellite and Lessee's Transponders (including, but not limited to, any Obscenity/Content Laws).

8. Preemptive Rights

Lessee recognizes that it may be necessary in unusual or abnormal situations or conditions for HCG deliberately to preempt or interrupt Lessee's use of its Transponders, in order to protect the overall performance of the Satellite. Such decisions shall be made by HCG in its sole discretion; provided, however, that, to the extent it is technically feasible, HCG shall preempt or interrupt the use of Transponders in the inverse order of their priority as set forth in Exhibit C hereto. To the extent technically feasible, HCG shall give Lessee at least

forty-eight (48) hours' notice of such preemption or interruption and HCG shall use its reasonable best efforts to schedule and conduct its activities during periods of such preemption or interruption so as to minimize the disruption to the use of Transponders on such Satellite. To the extent that such preemption results in a loss to Lessee of the use of Lessee's Transponders sufficient to constitute a breach of HCG's obligations as set forth in Section 12, Lessee shall have all of the rights and remedies set forth in Sections 9 and 12.

9. Transponder Spares

9.01 Use of Transponder Spares. The Satellite contains certain Ku-Band redundant equipment units (individually, a "Transponder Spare"), which are designed as substitutes for equipment units the failure of which could cause a Transponder to fail to meet the Transponder Performance Specifications. HCG, as soon as possible and to the extent technically feasible, shall employ a Transponder Spare in the Satellite as a substitute for Lessee's Transponder equipment unit that has caused any Lessee Transponder to suffer a Confirmed Failure (as defined in Section 12.02) in order to enable such Lessee Transponder

to meet the Transponder Performance Specifications. To the extent technically feasible, a Transponder Spare will be substituted for the faulty equipment unit on a first-needed, first-served basis to satisfy HCG's obligations to Lessee and to other Owners or users of Transponders on the Satellite, if any, which have suffered Confirmed Failures; provided, however, that HCG's obligations to provide Transponder Spares shall continue until such time as all of the Transponder Spares are committed to use as substitutes for Transponders which have suffered Confirmed Failures. If HCG furnishes a Transponder Spare to Lessee as a substitute for an equipment unit that has caused Lessee's Transponder to suffer a Confirmed Failure, then such Transponder Spare shall become part of the Transponder which is leased to Lessee hereunder, and Lessee, concurrently, shall no longer have any right to lease or otherwise use the failed equipment unit. Lessee's Transponder equipment unit which has been returned shall be made available by HCG, to the extent technically feasible, to satisfy its obligations to any other Owners of Transponders on the Satellite. HCG also shall have the right, until the Transponder Spares are needed, to utilize such Transponder Spares in any manner HCG determines.

9.02 Simultaneous Failure -- Priority with Respect to the Use of Transponder Spares. If Transponders of more than one Owner simultaneously suffer a Confirmed Failure, then the Owner of the Transponder with the highest priority as set forth on Exhibit C, shall have priority as to the use of Transponder Spares (provided, however, that Lessee shall have the right at any time from time to time, by written notice to HCG, to change the priorities between and among any of Lessee's Transponders), to the extent technically feasible. As used

in this Section 9.02, the term "simultaneously" shall be deemed to mean occurring within any 24-hour period.

9.03 HCG's Ownership of Transponders. HCG may retain or acquire ownership of any Transponders or any C-Band Transponders (any Transponders or C-Band Transponders so retained or acquired by HCG being referred to herein as "HCG's Transponders"). In such event, HCG shall have the same right to use HCG's Transponders as any other Owner (taking into account such Owner's rights as set forth in the relevant transponder purchase agreement, lease agreement or license agreement) would have, including, without limitation, the right to utilize Transponder Spares in the event HCG's Transponders do not meet the Transponder Performance Specifications. HCG also shall have the right, but not the obligation, to utilize HCG's Transponders to satisfy HCG's obligations (i) to Lessee under this Agreement, or (ii) to any other Owners. HCG's priority under the provisions of this Section 9 and other sections of this Agreement shall be determined in accordance with Exhibit C.

10. Termination Rights

10.01 Termination by Lessee. Provided that Lessee is not in default of any of its material obligations under the Agreement, Lessee shall have the right to terminate its obligations under this Agreement upon delivery of written notice to HCG at least thirty (30) days' prior to the effective date of such termination, only if and when any of the following events shall have occurred:

(a) If, prior to the last day of the Term, all of Lessee's Transponders on Galaxy III-R become Failed Transponders (as defined in Section 12.01); provided that such failure does not result from a force majeure condition (as set forth in Section 11.01, unless such force majeure condition continues for longer than one (1) month and during such period all of such Lessee's Transponders remain Failed Transponders); and

(b) If Lessee terminates its obligations as to Lessee's Transponders as set forth in this Section 10.01 (the "Terminated Transponders"), then Lessee shall be entitled to a full refund, without interest, of all lease prepayments made, if any, for each such Terminated Transponder,

less any payments made by HCG to it on account of such Terminated Transponders pursuant to other provisions of this Agreement, and Lessee and HCG shall have no further obligations to each other as to each such Terminated Transponder, except for (i) obligations arising with respect to such Terminated Transponder prior to its becoming a Failed Transponder, and (ii) Lessee's obligation to pay [***] for all periods prior to such termination.

10.02 Termination by HCG. Notwithstanding anything else set forth in this Agreement and in addition to all other remedies HCG may have, HCG may immediately terminate this Agreement and accelerate all remaining payments due through the end of the Term if Lessee shall have failed to pay any amount due and payable pursuant to the provisions of Section 3, and Lessee has been given written notice by HCG of said failure (and the Chief Financial Officer and General Counsel of GLA have been given a copy of such notice) and Lessee shall have failed to pay the amount due and payable (and GLA has not assumed and performed all of Lessee's obligations pursuant to a GLA Assumption as set forth in Section 2.02 hereunder) within ten (10) business days after HCG has given such notice to Lessee. Any late payments by Lessee to HCG shall be with interest calculated at the rate set forth in Section 20.01, payable with the amount due and calculated from the date payment was due until the date it is received by HCG. HCG shall have the obligation to mitigate its damages in connection with any breach by Lessee of this Agreement only to the extent mandated by the internal laws of the State of California. As an indication only and not as a limitation, HCG shall not have any obligation to remarket Lessee's Transponders prior to leasing or selling all transponders on satellites either launched or expected to be launched by HCG or any of its affiliates.

10.03 HCG's Right to Transfer. If, for any reason whatsoever, Lessee does not make the payments in the amounts and on the dates set forth in Section 3 and Lessee and GLA fails to cure such default as set forth in Section 10.02, then, in addition to all of its other remedies at law or in equity, HCG shall be entitled immediately to Transfer (as defined in Section 13) Lessee's Transponders to whomever HCG sees fit, Lessee shall not be entitled to any equitable relief as a result thereof, and Lessee's exclusive remedy shall be limited to recovery of any payments made to it by HCG, without interest, less any claim HCG has against Lessee by reason of Lessee's default.

10.04 Prompt Repayment. All refunds provided for in this Section 10 to be made by HCG shall be made within fifteen (15) business days of receipt by HCG of notice of termination by Lessee, and any late payment by HCG to Lessee shall be with interest calculated at the rate set forth in Section 20.01, payable with the amount due and calculated from the date payment was due until the date it is received by Lessee.

10.05 Termination by Lessee or HCG. Notwithstanding anything else set forth in this Agreement, either Lessee or HCG may terminate its obligations under this Agreement as to the Lessee's Transponders, upon written notice to the other party: (i) if the FCC shall have by Final Order (as defined below), prevented HCG from using the Satellite or the Transponders to transmit to the Territory; (ii) on the Satellite Removal Date (as defined in Section 17); or (iii) as provided under the provisions of Section 5.03. As used herein, an order of the FCC becomes a "Final Order" when the FCC's action is no longer subject to administrative or judicial reconsideration, rehearing, review, stay, appeal or other similar actions which could be filed with the FCC or with any court having jurisdiction to review said action.

10.06 Right to Deny Access.

(a) If, in connection with using Lessee's Transponders,

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(i) "User" (as defined below) is indicted or is otherwise charged as a defendant in a criminal proceeding based upon, or is convicted under, any Obscenity/Content Law or has been found by any Governmental Authority to have violated any such law;

(ii) based on any User's use of the Transponders, HCG is indicted or otherwise charged as a criminal defendant, becomes the subject of a criminal proceeding or a governmental action seeking a fine, license revocation or other sanctions, or any Governmental Authority seeks a cease and desist or other similar order or filing;

(iii) the FCC has issued an order initiating a proceeding to revoke HCG's authorization to operate the Satellite;

(iv) HCG obtains a court order pursuant to Section 10.06(c) or a court or Governmental Authority of competent jurisdiction orders HCG to deny access to User or orders User to cease transmission; or

(v) HCG receives written notice (the "Illegal Programming Notice") from a Governmental Authority that such authority considers Lessee and/or any other User's programming to be in violation of Obscenity/Content Laws (the "Illegal Programming"), and that if HCG does not cease transmitting such Illegal Programming, then HCG and/or its affiliates and/or any of their executives will be indicted or otherwise charged as a criminal defendant, will become the subject of a criminal proceeding or a governmental action seeking a fine, license revocation or other sanctions, or that such Governmental Authority will seek a cease and desist or other similar order or filing (with HCG being obligated, to the extent permitted by law, to provide Lessee with a copy of such Illegal Programming Notice);

then, upon notice from HCG to Lessee (the "Denial of Access Notice"), User shall cease using Lessee's Transponders immediately, in the case of a denial of access pursuant to subparagraphs (i), (ii), (iii) or (iv) above, or within 24 hours following receipt of such notice, in the case of a denial of access pursuant to subparagraph (v), above; and if User does not voluntarily cease using such capacity at the appropriate time, then HCG shall have the right to take such steps as HCG deems necessary to prevent User from accessing Lessee's Transponders. Provided, however, that if User has more

than one programming service, then the denial of access by HCG shall apply only to the Transponders used to provide the Illegal Programming service; and provided further, however, that if, upon receipt of the Denial of Access Notice from HCG, User does not immediately cease transmission of such Illegal Programming service, then HCG shall have the right to take such steps as HCG deems necessary to prevent User from accessing the Transponders used to transmit such Illegal Programming service (and if, thereafter, Lessee transmits such Illegal Programming service using any of Lessee's Transponders, then HCG shall have the immediate right, without further notification, to take such steps as HCG deems necessary to prevent Lessee from accessing any Lessee's Transponder). As used herein, "User" shall mean Lessee and any person to whom Lessee Transfers all or part of its right to use any of Lessee's Transponders, including without limitation, a lessee, licensee or assignee. Lessee agrees to maintain a properly operating facsimile machine at all times to receive the Denial of Access Notice from HCG.

(b) If HCG denies, or has given Lessee notice of its intent to deny, access to Lessee's Transponders pursuant to the provisions of this Section 10.06, and if Lessee does not believe the conditions set forth in this Agreement to HCG's denial of access have been met, then Lessee shall have the immediate right to seek injunctive relief, including a temporary restraining order on notice of four (4) hours or more to HCG, to prevent the denial or continuing denial of such access by HCG.

(c) HCG shall also have the right to seek: (i) injunctive relief, including a temporary restraining order on notice of four (4) hours or more to Lessee, to prevent, suspend or otherwise limit User's continued access to Lessee's Transponders where HCG believes such use has resulted or will result in a violation of any Obscenity/Content Law; or (ii) declaratory relief to establish its right to deny User's access to Lessee's Transponders under this Agreement.

(d) Either party shall be entitled to oppose the other's attempt to obtain equitable relief. However, in order to enable either party to obtain a resolution of any such dispute as expeditiously as possible, both parties hereby agree that: (i) neither party will contest the jurisdiction of, or the venue of, any action for equitable relief brought by the other party in the following courts: the U.S. District Court for the Southern District of New York and the U.S. District Court for the Central District of California; (ii) the party opposing equitable relief (the "Opposing Party") will make itself available to accept service by telecopy or personal delivery on a 24 hour-a-day basis for five (5) consecutive days following receipt by the Opposing Party of the other party's notice of its intent to seek such

equitable relief; and (iii) if either party seeks a temporary restraining order and provides notice to the Opposing Party at least four (4) hours before the scheduled court hearing, then the Opposing Party will not challenge the timeliness of such notice.

(e) If it is determined by final judicial order that HCG prevented Lessee from accessing any or all of Lessee's Transponders at a time when it did not have the right to do so pursuant to this Section 10.06, then Lessee's sole and exclusive remedy shall be HCG's payment to Lessee of liquidated damages equal to [***] for the terminated capacity, such pro-ration to be based on the period of time of loss of use of such capacity.

(f) All remedies of HCG set forth in this Section 10.06 shall be cumulative and in addition to, and not in lieu of, any other remedies available to HCG at law, in equity or otherwise, and may be enforced by HCG concurrently or from time to time.

(g) In addition to any other indemnification obligations found elsewhere in this Agreement, Lessee shall indemnify and save HCG, its directors, officers, employees, and its affiliates from any liability or expense arising out of or related to User's use of Lessee's Transponders in violation (or alleged violation) of this Section 10.06. Lessee shall pay all expenses (including reasonable attorneys' fees) incurred by HCG in connection with all legal or other formal or informal proceedings, instituted by any private third party or any Governmental Authority, and arising out of or related to User's use of Lessee's Transponders under this Section 10.06, and Lessee shall satisfy all judgments, fines, penalties, costs, or other awards which may be incurred by or rendered against HCG as a result thereof, as and to the extent permitted by law.

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11. Force Majeure

11.01 Failure of Performance. Any failure in the performance of the Transponders, once provided, shall not be a breach of this Agreement if such failure results from acts of God, governmental action or Law (whether in its sovereign or contractual capacity) or any other circumstances reasonably beyond the control of HCG, including, but not limited to, earth station sun outage, weather, or acts or omissions of Lessee or any third parties (excluding Hughes Telecommunications & Space Company ("HTSC") and all of its direct and indirect

subsidiaries, and any other affiliates of HCG or HTSC with whom HCG or HTSC contracts for any components of the Satellite or any services with respect thereto). Nothing in this Section 11.01 shall excuse HCG's obligations to provide Transponder Spares, to the extent available and technically feasible, to satisfy its obligations as set forth in Section 9.

12. Limitation of Liability/Breach of Warranty

12.01 Liability of HCG. If (i) after the Galaxy III-R Lease Commencement Date, a Lessee Transponder fails to meet the Transponder Performance Specifications prior to the last day of the Term, (ii) such failure is deemed to be a Confirmed Failure, and (iii) HCG is unable to furnish the necessary Transponder Spare as a substitute for the Lessee Transponder pursuant to Section 9, then such Transponder shall be deemed to be a "Failed Transponder," then, notwithstanding the fact that such failure of the Lessee's Transponder is excused by an event set forth in Section 11.01, Lessee shall be entitled to cease making the Monthly Base Lease Rate payments as to such Failed Transponder for so long as the event set forth in Section 11.01 continues.

12.02 Confirmed Failure. A Lessee Transponder shall be deemed to have suffered a "Confirmed Failure" if (a) it fails to meet the Transponder Performance Specifications for a cumulative period of more than [***] during any consecutive [***] period, (b) [***] or more "outage units" (as defined below) occur within a consecutive [***] period, or (c) it fails to meet the Transponder Performance Specifications for any period of time under circumstances that make it clearly ascertainable or predictable technically that the failure set forth in either (a) or (b) of this Section 12.02 will occur. An "outage unit" shall mean the failure of Lessee's Transponders to meet the Transponder Performance Specifications for a [***] period in one day (with each such [***] period in the same day constituting a separate outage unit). As used herein, the term "day" shall mean a 24-hour period of time commencing on 12:00 Midnight Eastern Time. Lessee shall give HCG immediate notification of any such failure, as soon after commencement of any such failure as is reasonably possible, and of the relevant facts concerning such failure. Upon HCG's verification that Lessee's Transponders have suffered a Confirmed Failure, such failure shall be deemed to have commenced upon receipt by HCG of notification from Lessee, or HCG's actual knowledge, whichever first occurs, of the Confirmed Failure. If HCG has actual knowledge that one of Lessee's Transponders has suffered a failure which is certain to become a Confirmed Failure with the passage of time, then HCG shall so notify Lessee and such Lessee Transponder shall be deemed to have suffered a Confirmed Failure upon such notification.

12.03 Repayment for Failed Transponder. For each Lessee Transponder that has become a Failed Transponder, for which Lessee is entitled to cease making Monthly Base Lease Rate payments, and for which Lessee has ceased making Monthly Base Lease Rate payments, Lessee shall be entitled to a refund equal to the product of a fraction, the numerator of which is the number of days from the date of such failure until the end of the calendar month in which such failure occurred and the denominator of which is the total number of days in the calendar month in which such failure occurred, multiplied by the Monthly Base Lease Rate actually paid by Lessee for such Transponders for the calendar month

in

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which such failure occurred. HCG may offset against any refund due to Lessee pursuant to this Section 12.03 any amounts due from Lessee to HCG under this Agreement (including, without limitation, any [***]. In addition, if the performance of a Lessee Transponder is such that, while it fails to meet the Transponder Performance Specifications, its performance is nonetheless of some value to Lessee, then prior to accepting repayment calculated as aforesaid, Lessee shall have the right to negotiate with HCG to determine if there is a mutually agreeable reduced lease rate upon which Lessee is willing to continue leasing such Transponder.

12.04 Limitation of Liability.

(a) ANY AND ALL EXPRESS AND IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PURPOSE OR USE, ARE EXPRESSLY EXCLUDED AND DISCLAIMED EXCEPT TO THE EXTENT SPECIFICALLY AND EXPRESSLY PROVIDED FOR IN SECTION 6.02. IT EXPRESSLY IS AGREED THAT HCG'S SOLE OBLIGATIONS AND LIABILITIES RESULTING FROM A BREACH OF THIS AGREEMENT, AND LESSEE'S EXCLUSIVE REMEDIES FOR ANY CAUSE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, LIABILITY ARISING FROM NEGLIGENCE) ARISING OUT OF OR RELATING TO THIS AGREEMENT AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY, ARE LIMITED TO THOSE SET FORTH IN SECTIONS 9, 10 AND 12, HEREOF, AND ALL OTHER REMEDIES OF ANY KIND ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, ALL RIGHTS AND REMEDIES OF LESSEE UNDER DIVISION 10, CHAPTER 5, ARTICLE 2 AND SECTIONS 10209, 10406 AND 10504 OF THE CALIFORNIA UNIFORM COMMERCIAL CODE.

(b) IN NO EVENT SHALL HCG BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING BUT, NOT LIMITED TO, LOST PROFITS), WHETHER FORESEEABLE OR NOT, OCCASIONED BY ANY DEFECT IN THE TRANSPONDERS, DELAY IN DELIVERY OR PROVISION OF THE TRANSPONDERS, FAILURE OF THE TRANSPONDERS TO PERFORM OR ANY OTHER CAUSE WHATSOEVER. HCG MAKES NO WARRANTY, EXPRESS OR IMPLIED, TO ANY OTHER PERSON OR ENTITY CONCERNING THE TRANSPONDERS OR THE SATELLITES AND LESSEE SHALL DEFEND AND INDEMNIFY HCG FROM ANY CLAIMS MADE UNDER ANY WARRANTY OR REPRESENTATION BY LESSEE TO ANY THIRD PARTY. THE LIMITATIONS OF LIABILITY SET FORTH HEREIN SHALL ALSO APPLY TO HCSS, THE HUGHES AIRCRAFT COMPANY (THE MANUFACTURER OF THE SATELLITE AND TRANSPONDERS) AND ALL AFFILIATES THEREOF.

(c) Lessee shall indemnify and save HCG harmless from all liability

disclaimed by HCG, as specified in Sections 12.04(a) and (b) above, to the extent such liability arises in connection with the Services provided pursuant to this Agreement, including, without limitation, Lessee's violation or alleged violation of any Laws (including without limitation, any Obscenity/Content Laws). Lessee shall pay all expenses (including attorneys' fees) incurred by HCG in connection with all legal or other formal or informal proceedings concerning claims of third parties described in the preceding sentence, and Lessee shall satisfy all judgments, costs, or other awards which may be incurred by or rendered against HCG in such proceeding. Lessee shall have the right to defend any legal or other formal or informal proceedings concerning claims of third parties; provided, however, that Lessee shall conduct such defense with legal counsel reasonably satisfactory to HCG. Lessee shall pay any settlement of any such claim or legal or

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other formal or informal proceeding, but Lessee shall not agree to any settlement of any third party claim without first giving thirty (30) days prior written notice of the terms and conditions of such settlement to HCG and obtaining HCG's written consent to such settlement, which consent shall not be unreasonably withheld or delayed.

(d) Notwithstanding the limitations of the second sentence of Section 12.04(a), Lessee and HCG each shall have the right to obtain injunctive relief, if necessary, in order to prevent the other party from willfully breaching its obligations under this Agreement or to compel the other party to perform its obligations under this Agreement. In this regard, both parties acknowledge and agree that Lessee's Transponders to be provided hereunder are unique and not readily available on the open market and that, if Lessee's Transponders are not available to Lessee because the terms of the Agreement are not fulfilled through no fault of Lessee and for reasons attributable to a breach of this Agreement by HCG, then Lessee's remedies at law would not be adequate. The parties further acknowledge and agree that if Lessee breaches the terms of this Agreement, then HCG's remedies at law would not be adequate.

(e) [***]. For purposes of this Agreement, [***].

12.05 Obligations of Lessee to Cooperate. If any of Lessee's Transponders fail to meet the Transponder Performance Specifications, then Lessee shall use reasonable efforts to cooperate and aid HCG in curing such failure; provided

that such efforts can be done at minimal or no cost to Lessee.

(a) These obligations of Lessee shall include, but not be limited to, the following:

(i) If there is a problem which can be compensated for by increasing the power of its transmission to Lessee's Transponders, then Lessee shall do so, at HCG's cost and expense, to the extent it can with existing equipment; provided, however, that HCG shall not be able to require Lessee to increase the power of its transmission if, by doing so, it would cause interference with other Transponders on the Satellite which is prohibited by Section 7.02 of this Agreement, or interference with any other satellite; and

(ii) Permitting HCG, at HCG's cost and expense, to upgrade Lessee's equipment; provided that Lessee shall be entitled to select and install such equipment and determine its configuration in accordance with its own existing operating procedures and technical requirements, and in accordance with applicable laws and regulations.

(b) HCG shall give notice to Lessee if and when it requires the increase of power of the transmission of any other Owner pursuant to such Owner's obligation equivalent to this Section 12.05. HCG shall also give notice to Lessee when it acquires knowledge of any other

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Transponder user uplinking at power levels which might cause interference with Lessee's Transponders. If, after such increase in power, any of Lessee's Transponders no longer meet its Transponder Performance Specifications, HCG shall promptly take steps to reduce interference, if any, prohibited by Section 7.02.

(c) Lessee's priority for the use of Transponder Spares under Section 9 shall be determined at the time that any of its Transponders would otherwise have become a Failed Transponder without Lessee's cooperation under this Section 12.05. Regardless of Lessee's cooperation under this Section 12.05, Lessee shall have the right to exercise its right to the use of a Transponder Spare to which it would have been entitled at the time that Lessee's Transponder was initially determined to have failed had Lessee not taken such action.

13. Limitations on Transfer by Lessee

Except as specifically provided for in this Agreement, neither Lessee nor HCG shall assign or otherwise Transfer (as defined below) its rights under this Agreement except with the written consent of the other, which consent may be given or withheld in such party's sole and absolute discretion, except that HCG shall have the right to assign any or all of its rights or obligations hereunder to any affiliate of HCG or its parent corporation, Hughes Electronics Corporation; provided, however, that the affiliate to which the HCG's obligations are assigned shall have the technical capability to perform such obligations. Lessee shall not be permitted to Transfer any of its rights under this Agreement to the Lessee's Transponders to any third party except as otherwise specified in this Agreement or with the written consent of HCG, which consent may be given or withheld in HCG's sole and absolute discretion; provided, however, that Lessee shall have the right to assign its rights hereunder to GLA (or its successor in interest conducting the direct-to-home business currently conducted by GLA) without HCG's consent provided that GLA agrees to be bound by this Agreement as if the original Lessee hereunder. "Transfer" shall mean to grant, sell, assign, encumber, permit the utilization of, license, lease, sublease or otherwise convey, directly or indirectly, in whole or in part.

14. Utilization of Transponders for Services

HCG acknowledges that Lessee may utilize the Transponders to provide services to third parties, including, without limitation, to GLA. HCG further acknowledges that as long as such utilization does not conflict with any of the other provisions of this Agreement, such utilization shall not constitute a Transfer.

15. Monthly Satellite Reports

15.01 Reports. Lessee shall receive monthly reports on the overall performance of Galaxy III-R in the form of the Galaxy satellite status reports similar to the Galaxy VII satellite services monthly report, plus information furnished to insurers.

15.02 Anomalous Operation Notification. HCG shall notify Lessee as soon as possible by telephone, with prompt written confirmation thereafter, of any significant anomalous condition of which it has been informed by HCSS has been detected in the Transponders or associated Satellite supporting subsystems and which have a material effect or potential material effect on the Satellite. HCG shall also notify Lessee promptly of any circumstances that make it clearly ascertainable or predictable that any of the incidents described in this Section 15.02 will occur.

15.03 Maneuver Notification. To the extent operationally feasible, HCG shall notify Lessee of all Satellite maneuvers, except for routine station-keeping, at least three (3) days in advance of their scheduled initiation and, if such maneuver will result in a change of the Satellite's assigned orbital position, promptly following HCG's receipt of FCC authorization or direction of such maneuver.

16. Confidentiality and Press Releases

16.01 Confidential Information. HCG and Lessee shall hold in confidence this Agreement and all its Exhibits, including the financial terms and provisions hereof and all information received pursuant to this Agreement, including, without limitation, Section 15, and all other information related to this Agreement not otherwise known to the public (collectively, "Confidential Information"), and HCG and Lessee hereby acknowledge and agree that the Confidential Information is confidential and proprietary and is not to be disclosed to third persons without the prior written consent of both HCG and Lessee. Neither HCG, nor Lessee, shall disclose such Confidential Information to any third party (other than to officers, directors, employees and agents of HCG, Lessee or GLA, each of whom shall be bound by this Section 16.01) except:

(a) to the extent necessary to comply with applicable law or the valid order of a governmental agency or court of competent jurisdiction, or to satisfy its obligations to other Owners of Transponders; provided, however, that the party making such disclosure shall seek confidential treatment of said information;

(b) as part of its normal reporting or review procedure to regulatory agencies, its parent company, its auditors and its attorneys; provided, that the party making such disclosure to any such regulatory agency shall seek confidential treatment of such information; and, provided, further, that any other third party to whom disclosure is made agrees to the confidential treatment of such information;

(c) in order to enforce its rights and perform its obligations pursuant to this Agreement;

(d) to the extent necessary to obtain appropriate insurance, to its insurance agent; provided that such agent agrees to the confidential treatment of such information; and

(e) to the extent necessary to negotiate clauses that will be common to all transponder lease agreements.

16.02 Notice Proceeding; Compelled Disclosure. In the event that either party is requested (the "Disclosing Party") pursuant to, or becomes compelled by, applicable law, regulation or legal process to disclose any Confidential Information, the Disclosing Party will provide the other party with prompt written notice so that the other party may seek a protective order or other

appropriate remedy or, in the other party's sole discretion, waive compliance with the terms of this Agreement. In the event that no such protective order or other remedy is obtained, or that the other party waives compliance with the terms of this Agreement, the Disclosing Party will furnish only that portion of the Confidential Information which the Disclosing Party is advised by counsel is legally required and cooperate, at the other party's sole cost and expense, with the other party's efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.

16.03 Press Releases. The parties agree that no press release relating to this Agreement shall be issued without the approval of both parties.

17. Disposition of Satellite

At the earlier of the time as (i) the remaining fuel on board Galaxy III-R is less than [***] prior to launch, including uncertainty in estimate of fuel, as determined by HCG in its sole discretion; (ii) there are fewer than [***] Transponders or [***] C-Band Transponders capable of meeting their respective Transponder Performance Specifications; or (iii) [***], HCG, in its sole discretion, may remove the Satellite from its assigned orbital location; provided, however, that, unless HCG is required to do so by the FCC, HCG may not remove the Satellite due to the failure of C-Band Transponders to meet their Transponder Performance Specifications unless HCG has Ku-Band transponder capacity equivalent to that of Lessee's Transponders available to be placed into the Satellite's assigned orbital location. In such event, this Agreement shall terminate, HCG shall have no further obligations to Lessee under this Agreement, and Lessee's Transponders shall be deemed, without any further action by any party, to be redelivered to HCG and HCG shall be entitled to immediate possession thereof and HCG, in its sole discretion, may remove the Satellite from its assigned orbital location. HCG shall thereafter have the right to utilize such redelivered Transponders in any manner it determines. HCG will, to the extent practicable, provide Lessee with ninety (90) days notice prior to the disposition of Galaxy III-R pursuant to this Section 17. Notwithstanding the foregoing, until HCG so removes Galaxy III-R or this Agreement is terminated or expires in accordance with its provisions, HCG shall continue to make available to Lessee the Lessee Transponders and Transponder Spares (subject to the priority provisions contained herein) the use of Transponders and Transponder Spares on the Satellite on operational and payment terms no less favorable than HCG has offered to other lessees at such time. The "Satellite Removal Date" shall mean the date on which HCG removes the Satellite from its assigned orbital location in accordance with this Section 17.

18. Documents

Each party hereto agrees to execute and, if necessary, to file with the appropriate governmental entities, such documents as the other party hereto shall reasonably request in order to carry out the purpose of this Agreement.

19. Conflicts

In the case of a conflict between the provisions of this Agreement and any Exhibit, the provisions of this Agreement will prevail.

20. Miscellaneous

20.01 Interest. The rate of interest referred to herein shall be equal to the lower of (i) the rate per annum equal to [***] or (ii) the highest legally permissible rate of interest. All interest or discounting shall be compounded on a yearly basis. "Pro rata" shall mean an allocation on a straight line basis based on number of days. All present value analyses shall use an annual discount rate equal to the interest rate on the applicable date.

20.02 Applicable Law and Entire Agreement. The existence, validity, construction, operation and effect of this Agreement and the Exhibits hereto shall be determined in accordance with and be

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governed by the laws of the State of California, without reference to the conflicts of laws principles thereof. This Agreement and the Exhibits hereto, along with the Transponder Service Agreement dated as of April 21, 1997, constitutes the entire agreement between the parties, and supersedes all previous understandings, commitments or representations concerning the subject matter hereof. The parties each acknowledge that the other party has not made any representations other than those which are contained herein.

20.03 Notices. All notices and other communications from either party to the other hereunder (or copies of any such notices or other communications to be delivered to GLA, the delivery of which (or failure to deliver) shall not affect, in any manner, notice by or to either of the parties hereto) shall be in writing and shall be deemed received upon actual receipt when personally delivered, upon acknowledgement of receipt (electronically or otherwise) if sent by facsimile or upon the expiration of the third business day after being deposited in the United States mails, postage prepaid, certified or registered mail, addressed to the other party as follows:

TO HCG:

If by mail:

Hughes Communications Galaxy, Inc.
Post Office Box 9712
Long Beach, California 90818-9928
Attention: Senior Vice President --
Galaxy Satellite Services
cc: Associate General Counsel

If by FAX:

Hughes Communications Galaxy, Inc.
Attention: Senior Vice President --
Galaxy Satellite Services
(310) 525-5450

cc: Associate General Counsel
(310) 525-5175

If by personal delivery to its principal place of business at:

Hughes Communications Galaxy, Inc.
1500 Hughes Way
Long Beach, California 90810
Attention: Senior Vice President --
Galaxy Satellite Services
cc: Associate General Counsel

TO LESSEE:

If by mail:

California Broadcast Center, LLC
c/o DIRECTV International, Inc.
2230 E. Imperial Hwy.
Bldg. R8, M/S N340
El Segundo, California 90245
Attention: General Counsel

If by FAX:

California Broadcast Center, LLC
c/o DIRECTV International, Inc.
Attention: General Counsel
(310) 535-5220

If by personal delivery to its principal place of business at:

California Broadcast Center, LLC

c/o DIRECTV International, Inc.
2230 E. Imperial Hwy.
Bldg. R8, M/S N340
El Segundo, California 90245
Attention: General Counsel

TO GLA:

If by mail: Despacho de Especialistas en Abogacia, S.A.
P.O. Box 1884-1000
De la Casa Italia, 100 metros al este y 50 al norte
Numero 685
San Jose, Costa Rica
Attn: Lic. Olga Marta Mena

If by FAX: (+) 506-234-7122
Attn: Lic. Olga Marta Mena

If by personal delivery to its principal place of business at: Despacho de Especialistas en Abogacia, S.A.
P.O. Box 1884-1000
De la Casa Italia, 100 metros al este y 50 al norte
Numero 685
San Jose, Costa Rica
Attn: Lic. Olga Marta Mena

with a copy to:

If by mail: Galaxy Latin America, LLC
2400 East Commercial Blvd.
Ft. Lauderdale, Florida 33308
Attn: James G. Naro, Esq.

If by FAX: Galaxy Latin America, LLC
Attn: James G. Naro, Esq.
Fax: (954) 958-3307

If by personal delivery to: Galaxy Latin America, LLC
2400 East Commercial Blvd.
Ft. Lauderdale, Florida 33308

Attn: James G. Naro, Esq.

All payments to be made under this Agreement, if made by mail, shall be deemed to have been made on the date of receipt thereof. The parties hereto may change their addresses by giving notice thereof in conformity with this Section 20.03.

20.04 Severability. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision of this Agreement and any statute, law, ordinance, order or regulation, such statute, law, ordinance, order or regulation shall prevail; provided, however, that in such event the provisions of this Agreement so affected shall be curtailed and limited only to the extent necessary to permit compliance with the minimum legal requirement, and no other provisions of this Agreement shall be affected thereby and all such other provisions shall continue in full force and effect.

20.05 Taxes. If any property or sales taxes are asserted against HCG after, or as a result of, Delivery, by any local, state, national or international, public or quasi-public governmental entity, in respect of Lessee's Transponders or the lease thereof to Lessee, Lessee shall be solely responsible for such taxes. At Lessee's expense, HCG shall cooperate with Lessee in contesting in good faith any such taxes. If any taxes, charges or other levies are asserted by reason of the use of the point in space or the frequency spectrum at that point in space in which the Satellite containing Lessee's Transponders are located, or the use or ownership of such Satellite (excluding any FCC license fee imposed on the Satellite itself, as compared to the Transponders, which license fee shall be paid by HCG), and such taxes are not specifically allocated among the various components of such Satellite, then HCG, Lessee and any other Owners of such transponders shall each pay a proportionate amount of such taxes based on the number of transponders each of them owns or leases.

20.06 Successors. Subject to Section 13, this Agreement shall be binding on and shall inure to the benefit of any successors and assigns of the parties; provided that no Transfer of this Agreement shall relieve either party hereto of its obligations to the other party. Any purported Transfer by either party not in compliance with the provisions of this Agreement shall be null and void and of no force and effect.

20.07 Rules of Construction. Any ambiguities shall be resolved without reference to which party may have drafted this Agreement. All Article or Section titles or captions contained in this Agreement are for convenience only, and they shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or limit of any provisions hereof. Unless the context otherwise requires: (i) a term has the meaning assigned to it; (ii) "or" is not exclusive; (iii) words in the singular include the plural, and words in the plural include the singular; (iv) provisions apply to successive events and transactions; (v) "herein," "hereof" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; (vi) all references to "Sections" refer to Sections of this Agreement unless otherwise specifically indicated; and (vii) any pronoun used in this Agreement shall include the corresponding masculine, feminine and neuter

forms.

20.08 Survival of Representations and Warranties. All representations and warranties contained herein or made by HCG or Lessee in connection herewith shall survive any independent investigation made by HCG or Lessee.

20.09 No Third-Party Beneficiaries. The provisions of this Agreement are for the benefit only of the parties hereto, and no third party may seek to enforce, or benefit from, these provisions, except that both parties acknowledge and agree that the provisions of Sections 7.02, 8, 9.01 and 9.02 are intended for the benefit of both HCG and all other Owners. Both parties agree that any other such Owner shall have the right to enforce, as a third-party beneficiary, the provisions of Sections 7.02, 8, 9.01 and 9.02, against Lessee directly, in an action brought solely by such other Owner, or may join with HCG or any other Owner, in bringing an action against Lessee for violation of such Sections. Notwithstanding the preceding sentence, both parties agree that the provisions of [***]. In addition, if (i) HCG ceases to provide to Lessee use of the Lessee's Transponders in breach of the terms of this Agreement, (ii) Lessee is not in breach of its obligations under this Agreement and (iii) Lessee has refused to take any action to attempt to restore its use of the Lessee's Transponders, then [***].

20.10 Non-Waiver of Breach. Either party hereto may specifically waive any breach of this Agreement by the other party, provided that no such waiver shall be binding or effective unless in writing and no such waiver shall constitute a continuing waiver of similar or other breaches. A waiving party, at any time, and upon notice given in writing to the breaching party, may direct future compliance with the waived term or terms of this Agreement, in which event the breaching party shall comply as directed from such time forward.

20.11 Amendments. This Agreement may not be amended or modified in any way, and none of its provisions may be waived, except by a writing signed by an authorized officer of the party against whom the amendment, modification or waiver is sought to been enforced.

20.12 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute but one and the same instrument.

(signature page follows)

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

IN WITNESS WHEREOF, each of the parties hereto has duly executed and delivered this Agreement as of the day and year first written above.

HUGHES COMMUNICATIONS GALAXY, INC.

By: /s/ Scott B. Tollefson

Name: Scott B. Tollefson
Title: Vice President

CALIFORNIA BROADCAST CENTER, LLC

By: DTVI One, Inc., its Managing Member

By: /s/ Larry D. Hunter

Name: Larry D. Hunter
Title: Senior Vice President

Exhibit 10.40

Information contained herein, marked with [***], is being filed pursuant to a request for confidential treatment.

==========

TRANSPONDER LEASE AGREEMENT

FOR GALAXY VIII(i)

BETWEEN

HUGHES COMMUNICATIONS GALAXY, INC.

AND

CALIFORNIA BROADCAST CENTER, LLC

==========

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[***] The Company has requested confidential treatment for certain information identified in this exhibit

GALAXY VIII(i) TRANSPONDER LEASE AGREEMENT

THIS GALAXY VIII(i) TRANSPONDER LEASE AGREEMENT (as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms set forth herein, this "Agreement") is made and entered into as of April 21, 1997, by and between HUGHES COMMUNICATIONS GALAXY, INC., a California corporation ("HCG"), and CALIFORNIA BROADCAST CENTER, LLC, a Delaware limited liability company ("Lessee").

RECITALS

A. HCG plans to construct a communications satellite, model HS-601 HP, known as Galaxy VIII(i), carrying a payload of thirty-two (32) Ku-Band transponders, as more specifically described in Section 1.04 (the "Transponders"), and certain redundant equipment.

B. Subject to the approval of the Federal Communications Commission (the "FCC"), HCG intends to have the satellite known as Galaxy VIII(i) launched during the fourth quarter of 1997 and to cause such satellite to be co-located in the 95(Degree) West Longitude orbital location along with the satellite known as Galaxy III-R.

C. The Transponders are capable of providing signals to Mexico, Central America, South America and the Caribbean (collectively, the "Territory").

D. Lessee desires to lease from HCG and HCG desires to lease to Lessee the Transponders upon the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the mutual promises set forth below and other valuable consideration the receipt and adequacy of which are hereby acknowledged, HCG and Lessee hereby mutually agree as follows:

1. The Satellite

1.01 Satellite. Subject to the approval of the FCC, HCG plans to construct and launch the satellite which is referred to hereinafter as "Galaxy VIII(i)" or the "Satellite."

1.02 Orbital Position. Subject to the approval of the FCC, the orbital position of Galaxy VIII(i) will be 95(Degree) West Longitude.

1.03 Certain Transponder-Related Definitions. As used in this Agreement, (i) "Owner' shall include the actual owner of a Transponder, including HCG if there remain any unsold Transponders, or any permitted assignee of such owner's Transponder, or any lessee or licensee of HCG's (including, without limitation, Lessee) entity to which HCG (or any affiliate of HCG) provides service using the Transponders; (ii) the term "purchase" shall include the execution of an agreement with HCG for a lease of Transponders for a term equal to at least 75% of the Satellite's Useful Commercial Life (as Defined in Section 2.01 below); and (iii) "affiliate" shall mean, with respect to any entity, any corporation or other entity controlling or controlled by or under common control with such entity.

1.04 Transponders Components and Certain Specifications. Exhibit A to this Agreement sets forth the specific equipment that comprises the Transponders. Exhibit B to this Agreement sets forth the "Transponder Performance Specifications," which are certain technical specifications for the Transponders, including values for each Transponder for polarization isolation, interference between Transponders, frequency response, group delay, amplitude non-linearity, spurious outputs, phase shift, cross talk, stability, transmit EIRP, uplink saturation flux density, and G/T. HCG shall make copies of the antenna range gain contour test data available to Lessee promptly after the tests related thereto are completed.

2. Lease of Transponders; Lease Term

2.01 Term. Unless otherwise terminated earlier in accordance with this Agreement, including, without limitation, pursuant to Sections 5.03, 6.01, 10 or 17, this Agreement shall be for the following term (the "Term"):

(a) on and as of the Delivery (as defined in Section 4.02) of Galaxy VIII(i) (the "Galaxy VIII(i) Lease Commencement Date"), HCG

shall lease to Lessee, and Lessee shall lease from HCG, all of the Transponders (each Transponder then being leased to Lessee is a "Lessee Transponder" and, collectively, such Transponders are the "Lessee's Transponders") for the period (the "Base Term") commencing as set forth above and terminating immediately after 74.0% of the Satellite's anticipated Useful Commercial Life has expired. "Useful Commercial Life" means the Satellite's estimated useful economic life as of the date on which the Satellite is ready to be placed in service as indicated by the acceptance test plan more fully is described in Section 4.02, as determined by HCG in its reasonable discretion.

(b) provided that Lessee has performed all of its obligations hereunder, Lessee may, at its option, not less than 540 days prior to the anticipated expiration of the Base Term, give HCG notice (the "Renewal Notice") of Lessee's irrevocable intention to renew this Agreement in respect of all, but not less than all, of the Transponders for a period commencing upon the expiration of the Base Term and extending through the last day of the Useful Commercial Life of the Satellite (the "Renewal Term"). If Lessee shall fail timely to deliver the Renewal Notice, then Lessee shall be deemed to have elected not to renew this Agreement. Galaxy Latin America, LLC, a Delaware limited liability company ("GLA"), shall be deemed to be an intended third party beneficiary of this Section 2.01(b).

2.02 [***]

(a) HCG agrees that if (i) HCG terminates this Agreement pursuant to Sections 10.02 or 10.05 hereof, desires to Transfer the Transponders to a third party or accelerates remaining payments pursuant to Section 10.02 due to Lessee's breach or default of the terms hereof; and (ii) [***].

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

(b) Nothing in this Section 2.02, [***], shall prevent HCG and Lessee from modifying or amending this Agreement at any time or in any manner (an "Amendment"); provided, however, that (i) [***]; and (ii) [***].

2.03 Redelivery of Transponders. Subject to Section 2.02, upon the expiration, termination, or cancellation of this Agreement as to any Lessee Transponder for any reason whatsoever (including, without limitation, expiration

of this Agreement in accordance with its terms or cancellation of this Agreement by HCG as a result of a breach by Lessee), such Lessee Transponder shall be deemed, without any further action by any party, to be redelivered to HCG and HCG shall be entitled to immediate possession thereof. HCG shall thereafter have the right to utilize such redelivered Transponder in any manner it determines.

3. Lease Rate

3.01 Lease Price Components Description. The monthly lease rate for Lessee's Transponders shall be the "Monthly Base Lease Rate" set forth in Section 3.02. In addition, Lessee shall pay to HCG a fee (the "TT&C Fee") for the tracking, telemetry and control services described in Section 6.06.

3.02 Monthly Base Lease Rate; TT&C Fee. During the Base Term, the Monthly Base Lease Rate for Lessee's Transponders shall be [***] per month and, subject to the following proviso, shall be due and payable in advance on (i) the later of the Galaxy VIII(i) Lease Commencement Date or January 1, 1998, and (ii) the first day of each month thereafter through the last day of the Base Term; provided, however, that the Monthly Base Lease Rate payments shall be made in accordance with Exhibit D to this Agreement, [***]; provided further, however, if this Agreement is terminated, Lessee shall, within ten (10) days after the termination of this Agreement, pay to HCG the applicable amount set forth in [***] of Exhibit D, less the amount of any deposit paid to HCG pursuant to Section 3.04. During the Renewal Term, if any, the Monthly Base Lease Rate for Lessee's Transponders shall be [***] for such Transponders and shall be due and payable in advance on the first day of the Renewal Term and the first day of each month thereafter through the last day of the Term. If one of Lessee's Transponders becomes a Failed Transponder (as defined in Section 12.01), Lessee's rights and obligations to continue making Monthly Base Lease Rate payments with respect to such Failed Transponder shall be governed by Sections 12.01 and 12.03. Payments for any partial month shall be pro-rated. "[***]" means [***]. The TT&C Fee shall initially be [***] per month and the TT&C Fee for each subsequent year shall be adjusted at a rate equal to [***].

3.03 Place of Payment. All payments by Lessee (i) shall be made in immediately available funds to HCG at its principal place of business, as designated in Section 20.03, or by wire transfer to the account of HCG designated by HCG pursuant to written notice given as set forth in Section 20.03 and

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ii) shall be deemed to be made only upon actual receipt by HCG. Any refunds by HCG (a) shall be made in immediately available funds to Lessee at its principal place of business as designated in Section 20.03, or by wire transfer to the account of Lessee designated by Lessee pursuant to written notice given as set forth in Section 20.03 and (b) and shall be deemed to be made only upon actual receipt by Lessee.

3.04 Deposit. Lessee shall pay to HCG a deposit in the amount of [***] in immediately available funds on or before [***]. Except as set forth in Sections 6 and 10 hereof, such deposit is non-refundable and Lessee shall not be entitled to interest on any portion thereof. HCG shall apply such deposit in partial or in full satisfaction (as the case may be) of Lessee's Monthly Base Lease Rate payments for the last [***] of the Base Term (if Lessee fails to timely give a Renewal Notice), the Renewal Term, or as required to meet any delinquent Monthly Base Lease Rate payments, as determined by HCG in its sole discretion.

4. Conditions; Acceptance

4.01 Condition to Lessee's Right to Lease. A condition to HCG's obligation to lease Lessee's Transponders to Lessee, and of Lessee's right to lease Lessee's Transponder from HCG, shall be Lessee's timely payment, on or before the Galaxy VIII(i) Lease Commencement Date, of the Monthly Base Lease Rate and the TT&C Fee for the first month hereof and the deposit referred to in Section 3.04.

4.02 Acceptance. HCG will test each of Lessee's Transponders in accordance with the acceptance test plan prepared by HCG prior to the launch of Galaxy VIII(i), a copy of which shall be provided to Lessee. Lessee agrees that if such tests indicate that Lessee's Transponders (i) have passed all tests set forth in the aforementioned acceptance test plan, (ii) meet the Transponder Performance Specifications and (iii) are available for service, then acceptance and Delivery of Lessee's Transponders by Lessee shall be deemed to occur on the later of HCG's delivery to Lessee of the results of the acceptance test plan and the date on which HCG makes the Transponders available to Lessee for Lessee's commercial use. HCG shall keep Lessee reasonably informed of the expected date of such delivery. To the extent any Transponders are not deemed accepted, the amounts of the Monthly Base Lease Rate payments will be proportionately reduced (based on the assumption that all of the Transponders have equal value) and Lessee's Transponders shall be deemed to be comprised of only the accepted Transponders.

5. Representations and Warranties

HCG and Lessee each, except as expressly indicated herein, represent and warrant to, and agree with, the other that:

5.01 Authority, No Breach. It has the corporate or other organizational right, power and authority to enter into, and perform its obligations under, this Agreement. The execution, delivery and performance of this Agreement will not result in the breach or non-performance of any

agreements it has with third parties.

5.02 Corporate Action. It has taken all requisite corporate or other organizational action necessary to approve execution, delivery and performance of this Agreement, and this Agreement constitutes a legally valid and binding obligation upon itself in accordance with its terms.

5.03 Consents. The fulfillment of its obligations hereunder will not constitute a material violation of any existing applicable law, rule, regulation or order of any governmental authority. Except

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as set forth in Section 6.01, all material necessary or appropriate public or private consents, permissions, agreements, licenses, or authorizations to which it or any Transponder or, in the case of HCG, the Satellite may be subject have been or shall be obtained in a timely manner; provided, however, that it shall be HCG's sole responsibility to obtain any regulatory approvals needed to enable it to lease Transponders as provided for in this Agreement, other than the regulatory approvals described in Section 6.01(b) below. Notwithstanding the preceding sentence, HCG and Lessee acknowledge that the transactions set forth in this Agreement may be challenged before the FCC or a court of competent jurisdiction by other persons or entities not parties hereto. In such event, HCG and Lessee agree that HCG shall use its best efforts, and, at the reasonable request of HCG, Lessee shall use reasonable efforts, before the FCC, and the courts if an appeal from an FCC order is taken, to support HCG's right to lease and Lessee's right to lease the Transponders and that they shall fully cooperate with each other in these endeavors. Lessee alone shall have the right to determine whether and to whom it will incur legal expenses in connection with any proceeding arising out of its obligations under this Section 5.03. If, however, by written order, the FCC or a court of competent jurisdiction shall determine that HCG may not lease to Lessee and Lessee may not lease from HCG the Transponders on the terms and conditions set forth herein, then HCG and Lessee shall seek immediate review of such order before the FCC or an appellate court or shall, if possible, reconstitute the transaction to comply with such order. If an appellate court issues a written order, which is no longer subject to further judicial rehearing or review, upholding the determination of the FCC or a court or competent jurisdiction that HCG may not lease and Lessee may not lease the Transponders, then HCG and Lessee shall, if possible, reconstitute the transaction as set out herein and, if they are unable to do so, either party shall thereafter have the right to terminate this Agreement (upon written notice to the other party) as set forth in Section 10.05, without liability to the

other, except for obligations arising prior to the date thereof.

5.04 Litigation. There is no outstanding, or to the best of its knowledge, threatened, judgment, pending litigation or proceeding, involving or affecting the transactions provided for in this Agreement.

5.05 No Broker. It does not know of any broker, finder or intermediary involved in connection with the negotiations and discussions incident to the execution of this Agreement, or of any broker, finder or intermediary who might be entitled to a fee or commission upon the consummation of the transactions contemplated by this Agreement.

6. Additional Representations, Warranties and Obligations of HCG

6.01 Authorization Description.

(a) HCG has filed with the FCC an application, and will promptly file any necessary amendments to such application (collectively, the "Application") to construct, launch and operate the Satellite at the 95(Degree) West Longitude orbital location and to permit the Transponders to be used to provide fixed satellite services to the Territory.

(b) Certain authorizations from governmental bodies outside the United States have not yet been obtained and will need to be obtained from such governmental bodies prior to the provision of service utilizing the Transponders to locations outside the United States and prior to uplinking to the Transponders from locations outside of the United States.

(c) If the FCC fails to approve the Application within [***]

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[***], then this Agreement shall terminate at the election of either party (upon written notice to the other party) and (i) HCG shall have no liability to Lessee, except for prepaid charges made by Lessee (if any); and (ii) Lessee shall have no liability to HCG, except for previously incurred obligations.

6.02 Transponder Performance Specifications. Lessee's Transponders, upon Delivery, shall at least meet the Transponder Performance Specifications.

6.03 Right to Lease. On the Galaxy VIII(i) Lease Commencement Date and subject to Section 4.01, Lessee shall be entitled to lease each of Lessee's

Transponders free from all liens, charges, claims or encumbrances (collectively, "Encumbrances"), except: (i) Encumbrances resulting from (a) Lessee's lease of Lessee's Transponders; (b) any actions taken by Lessee; or (c) the right and interest of any financing entity pursuant to any transactions entered into in connection with a sale and leaseback transaction involving the Satellite; and (ii) Encumbrances which do not have an adverse effect on Lessee's rights hereunder. Notwithstanding the preceding sentence, for so long as this Agreement is in full force and effect and for so long as Lessee is not in default under this Agreement, HCG shall not assign (including as security) or otherwise grant any ownership interest in any Transponders then being leased by Lessee pursuant to this Agreement without securing the agreement of the party granted such an interest (the "Holder") that, (y) provided Lessee is not in default under this Agreement, Lessee shall lawfully and quietly hold and enjoy the benefits of this Agreement without hindrance or molestation from HCG, Holder or any person claiming through or under HCG or Holder, and (z) Holder shall not interfere with Lessee's use of any of Lessee's Transponders in accordance with this Agreement notwithstanding any default by HCG under its agreement with Holder providing for such an interest. The parties agree that GLA is an intended third party beneficiary of this Section 6.03.

6.04 Government Regulations. HCG has used, and until disposition of the Satellite pursuant to Section 17 will continue to use, its reasonable best efforts to obtain and maintain, in all material respects, all applicable United States federal, state and municipal and other third party authorizations or permissions to operate the Satellite, applicable to it and the Satellite, and to comply, in all material respects, with all such regulations regarding the operation of the Satellite and Transponders applicable to it.

6.05 Not a Common Carrier. Unless required to do so by the FCC, HCG shall not hold itself out, publicly or privately, as a provider of common carrier communications services on the Satellite and is not purporting herein to provide to Lessee or to any other party any such services with respect to Galaxy VIII(i).

6.06 TT&C. Tracking, telemetry and control shall be provided by Hughes Communications Satellite Services, Inc. ("HCSS"), an affiliate of HCG, for the Term pursuant to a separate "Transponder Service Agreement" which has been executed by HCSS and Lessee concurrently herewith. The services provided by HCSS pursuant to the Transponder Service Agreement are more specifically described in such Transponder Service Agreement. The TT&C Fee for the Satellite shall be as set forth in Section 3.01 hereof.

6.07 Outage Allowance. HCG shall grant Lessee an Outage Allowance as follows:

If an "Outage Allowance Failure Period" (as defined below) occurs, then for each hour of such Outage Allowance Failure Period HCG shall grant Lessee a pro rata Outage Allowance based upon the monthly charge for the Lessee's Transponder experiencing the Transponder capacity failure, the length

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of the Outage Allowance Failure Period, and a standard of 720 hours per month, calculated pursuant to the equation below. Any such Outage Allowance shall be applied to the next succeeding monthly billing to Lessee and shall not in any case exceed one month's standard billing. "Outage Allowance Failure Period" shall mean the aggregate period--only where such aggregation exceeds one (1) hour during any consecutive thirty (30) day period on such Transponder--during which a Transponder capacity failure(s) occurs. A Transponder capacity failure shall be measured from the time HCG receives notice from Lessee of a claimed Transponder capacity failure until the time the Transponder has been restored to operation, but shall not begin in any event until Lessee ceases to use such Transponder. HCG shall accept or reject such outage claim within twenty-four (24) hours of notice from Lessee, or else such claim will be deemed accepted.

$$\text{Outage Allowance} = \text{Outage Allowance Failure (in Hours)} \times \frac{N}{720}$$

where N = the Monthly Base Lease Rate then in effect divided by the number of Transponders in operation immediately prior to such Outage Allowance Failure Period.

In no case shall an Outage Allowance be made for any Transponder capacity failure caused primarily by: (i) any failure on the part of Lessee to perform its transmission or other material or operational obligations pursuant to this Agreement; (ii) failure of any facilities provided by Lessee; (iii) reasonable periodic maintenance; provided, however, that HCG will inform Lessee of any proposed periodic maintenance in advance and will use best reasonable efforts to agree upon the times at which such periodic maintenance will be performed on Lessee's Transponders; (iv) interference from sun outage or from third party transmissions or usage; (v) cooperative testing, except where trouble or fault is found in the Lessee's Transponder; or (vi) any other act or failure to act by Lessee.

6.08 [***]. If there is a [***] during the Term [***]. If Lessee [***].

6.09 [***]. If Lessee has elected to extend the term of this Agreement through the Renewal Term pursuant to Section 2.01(b), then [***]. If

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[***] in this Agreement, then HCG shall [***]. [***] shall specify that [***] shall be equal to [***]. "[***]" means (a) [***] or (b) [***]. Notwithstanding anything to the contrary contained herein, [***].

6.10 [***]. HCG agrees that, [***]. HCG further agrees that so long as this provision is in force and effect, each lease or agreement for transponder capacity [***], and upon receipt of written notice from Lessee that [***].

7. Additional Representations, Warranties and Obligations of Lessee

7.01 Compliance by Customers. Lessee shall not allow any of its customers or any other third party to utilize, directly or indirectly, any of the Lessee's Transponders in a manner that would constitute a breach of the terms of this Agreement had such use been by Lessee on its own behalf.

7.02 Non-Interference. Lessee's radio transmissions (and those of its uplinking agents) to the Satellite shall comply in all material respects with all FCC and all other governmental (whether international, federal, state, municipal, of a Territory Country (as defined in Section 7.04) or otherwise) statutes, laws, rules, regulations, ordinances, codes, directives and orders, of any such governmental agency, body, or court (collectively, "Laws") applicable to it regarding the operation of the Satellite and Lessee's Transponders. Lessee shall not utilize (or permit or allow any of its uplinking agents to utilize) any of Lessee's Transponders in a manner that will or may interfere with the use of any other Transponder or cause physical harm to any Transponder, or to the Satellite. Further, Lessee will coordinate (and will require its uplinking agents to coordinate) with HCG, in accordance with procedures reasonably established by HCG and uniformly applied to all users of transponders on the Satellite, its transmissions to the Satellite, so as to minimize adjacent channel and adjacent satellite interference. For purposes of this Section 7.02, interference shall also mean acts or omissions which cause a Transponder to fail to meet its Transponder Performance Specifications. Without limiting the generality of the foregoing, Lessee (and its uplinking agents) shall comply with all FCC rules and regulations regarding use of automatic transmitter identification systems (ATIS).

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7.03 Laws. Lessee shall comply (and shall require its uplinking agents to comply), in all material respects, with all Laws applicable to it regarding the operation or use of the Satellite and Lessee's Transponders.

7.04 Additional Usage Representations and Obligations

(a) Lessee has not been convicted for the criminal violation of, and has not been found by the FCC or other federal, state or local governmental authority in the United States or by a Territory Country (as defined below) with appropriate jurisdiction (a "Governmental Authority") to have violated, any law or regulation concerning illegal or obscene program material or the transmission thereof (the "Obscenity/Content Laws"), and Lessee is not aware of any pending investigation (including, without limitation, a grand jury investigation) involving Lessee's programming related to the Obscenity/Content Laws or any pending proceeding against Lessee for the violation of any Obscenity/Content Laws. As used herein, "Territory Country" shall mean any country located in the Territory.

(b) Lessee will notify HCG as soon as it receives notification of, or becomes aware of, any pending investigation by any Governmental Authority, or any pending criminal proceeding against Lessee, which investigation or proceeding concerns transmissions by Lessee over the Transponders potentially in violation of any law, including without limitation, Obscenity/Content Laws.

(c) Any use of Lessee's Transponders shall comply, in all material respects, with all applicable laws of the United States and each Territory Country regarding the operation or use of the Satellite and Lessee's Transponders (including, but not limited to, any Obscenity/Content Laws).

8. Preemptive Rights

Lessee recognizes that it may be necessary in unusual or abnormal situations or conditions for HCG deliberately to preempt or interrupt Lessee's use of its Transponders, in order to protect the overall performance of the Satellite. Such decisions shall be made by HCG in its sole discretion; provided, however, that, to the extent it is technically feasible, HCG shall preempt or interrupt the use of Transponders in the inverse order of their priority as set forth in Exhibit C hereto. To the extent technically feasible, HCG shall give

Lessee at least forty-eight (48) hours' notice of such preemption or interruption and HCG shall use its reasonable best efforts to schedule and conduct its activities during periods of such preemption or interruption so as to minimize the disruption to the use of Transponders on such Satellite. To the extent that such preemption results in a loss to Lessee of the use of Lessee's Transponders sufficient to constitute a breach of HCG's obligations as set forth in Section 12, Lessee shall have all of the rights and remedies set forth in Sections 9 and 12.

9. Transponder Spares

9.01 Use of Transponder Spares. The Satellite contains certain Ku-Band redundant equipment units (individually, a "Transponder Spare"), which are designed as substitutes for equipment units the failure of which could cause a Transponder to fail to meet the Transponder Performance Specifications. HCG, as soon as possible and to the extent technically feasible, shall employ a Transponder Spare in the Satellite as a substitute for Lessee's Transponder equipment unit that has caused any Lessee Transponder to suffer a Confirmed Failure (as defined in Section 12.02) in order to enable such Lessee Transponder

to meet the Transponder Performance Specifications. To the extent technically feasible, a Transponder Spare will be substituted for the faulty equipment unit on a first-needed, first-served basis to satisfy HCG's obligations to Lessee and to other Owners or users of Transponders on the Satellite, if any, which have suffered Confirmed Failures; provided, however, that HCG's obligations to provide Transponder Spares shall continue until such time as all of the Transponder Spares are committed to use as substitutes for Transponders which have suffered Confirmed Failures. If HCG furnishes a Transponder Spare to Lessee as a substitute for an equipment unit that has caused Lessee's Transponder to suffer a Confirmed Failure, then such Transponder Spare shall become part of the Transponder which is leased to Lessee hereunder, and Lessee, concurrently, shall no longer have any right to lease or otherwise use the failed equipment unit. Lessee's Transponder equipment unit which has been returned shall be made available by HCG, to the extent technically feasible, to satisfy its obligations to any other Owners of Transponders on the Satellite. HCG also shall have the right, until the Transponder Spares are needed, to utilize such Transponder Spares in any manner HCG determines.

9.02 Simultaneous Failure -- Priority with Respect to the Use of Transponder Spares. If Transponders of more than one Owner simultaneously suffer a Confirmed Failure, then the Owner of the Transponder with the highest priority as set forth on Exhibit C, shall have priority as to the use of Transponder Spares (provided, however, that Lessee shall have the right at any time from time to time, by written notice to HCG, to change the priorities between and

among any of Lessee's Transponders), to the extent technically feasible. As used in this Section 9.02, the term "simultaneously" shall be deemed to mean occurring within any 24-hour period.

9.03 HCG's Ownership of Transponders. HCG may retain or acquire ownership of any Transponders (any Transponders so retained or acquired by HCG being referred to herein as "HCG's Transponders"). In such event, HCG shall have the same right to use HCG's Transponders as any other Owner (taking into account such Owner's rights as set forth in the relevant transponder purchase agreement, lease agreement or license agreement) would have, including, without limitation, the right to utilize Transponder Spares in the event HCG's Transponders do not meet the Transponder Performance Specifications. HCG also shall have the right, but not the obligation, to utilize HCG's Transponders to satisfy HCG's obligations (i) to Lessee under this Agreement, or (ii) to any other Owners. HCG's priority under the provisions of this Section 9 and other sections of this Agreement shall be determined in accordance with Exhibit C.

10. Termination Rights

10.01 Termination by Lessee. Provided that Lessee is not in default of any of its material obligations under the Agreement, Lessee shall have the right to terminate its obligations under this Agreement upon delivery of written notice to HCG at least thirty (30) days' prior to the effective date of such termination, only if and when any of the following events shall have occurred:

(a) If, prior to the last day of the Term, seventeen (17) or more of Lessee's Transponders on Galaxy VIII(i) become Failed Transponders (as defined in Section 12.01); provided that such failure does not result from a force majeure condition (as set forth in Section 11.01, unless such force majeure condition continues for longer than one (1) month and during such period all of such Lessee's Transponders remain Failed Transponders); and

(b) If Lessee terminates its obligations as to Lessee's Transponders as set forth in this Section 10.01 (the "Terminated Transponders"), then Lessee shall be entitled to a full refund, without interest, of all lease prepayments made, if any, for each such Terminated Transponder,

less any payments made by HCG to it on account of such Terminated Transponders pursuant to other provisions of this Agreement, and Lessee and HCG shall have no further obligations to each other as to each such Terminated Transponder, except for (i) obligations arising with respect to such Terminated Transponder prior to its becoming a Failed

Transponder, and (ii) Lessee's obligation to pay [***] for all periods prior to such termination.

10.02 Termination by HCG. Notwithstanding anything else set forth in this Agreement and in addition to all other remedies HCG may have, HCG may immediately terminate this Agreement and accelerate all remaining payments due through the end of the Term if Lessee shall have failed to pay any amount due and payable pursuant to the provisions of Section 3, and Lessee has been given written notice by HCG of said failure (and the Chief Financial Officer and General Counsel of GLA have been given a copy of such notice) and Lessee shall have failed to pay the amount due and payable (and GLA has not assumed and performed all of Lessee's obligations pursuant to a GLA Assumption as set forth in Section 2.02 hereunder) within ten (10) business days after HCG has given such notice to Lessee. Any late payments by Lessee to HCG shall be with interest calculated at the rate set forth in Section 20.01, payable with the amount due and calculated from the date payment was due until the date it is received by HCG. HCG shall have the obligation to mitigate its damages in connection with any breach by Lessee of this Agreement only to the extent mandated by the internal laws of the State of California. As an indication only and not as a limitation, HCG shall not have any obligation to remarket Lessee's Transponders prior to leasing or selling all transponders on satellites either launched or expected to be launched by HCG or any of its affiliates.

10.03 HCG's Right to Transfer. If, for any reason whatsoever, Lessee does not make the payments in the amounts and on the dates set forth in Section 3 and Lessee and GLA fail to cure such default as set forth in Section 10.02, then, in addition to all of its other remedies at law or in equity, HCG shall be entitled immediately to Transfer (as defined in Section 13) Lessee's Transponders to whomever HCG sees fit, Lessee shall not be entitled to any equitable relief as a result thereof, and Lessee's exclusive remedy shall be limited to recovery of any payments made to it by HCG, without interest, less any claim HCG has against Lessee by reason of Lessee's default.

10.04 Prompt Repayment. All refunds provided for in this Section 10 to be made by HCG shall be made within fifteen (15) business days of receipt by HCG of notice of termination by Lessee, and any late payment by HCG to Lessee shall be with interest calculated at the rate set forth in Section 20.01, payable with the amount due and calculated from the date payment was due until the date it is received by Lessee.

10.05 Termination by Lessee or HCG. Notwithstanding anything else set forth in this Agreement, either Lessee or HCG may terminate its obligations under this Agreement as to the Lessee's Transponders, upon written notice to the other party: (i) if the FCC shall have by Final Order (as defined below), prevented HCG from using the Satellite or the Transponders to transmit to the Territory; (ii) on the Satellite Removal Date (as defined in Section 17); or (iii) as provided under the provisions of Section 5.03. As used herein, an order of the FCC becomes a "Final Order" when the FCC's action is no longer subject to administrative or judicial reconsideration, rehearing, review, stay, appeal or other similar actions which could be filed with the FCC or with any court having jurisdiction to review said action.

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10.06 Right to Deny Access.

(a) If, in connection with using Lessee's Transponders,

(i) User (as defined below) is indicted or is otherwise charged as a defendant in a criminal proceeding based upon, or is convicted under, any Obscenity/Content Law or has been found by any Governmental Authority to have violated any such law;

(ii) based on any User's use of the Transponders, HCG is indicted or otherwise charged as a criminal defendant, becomes the subject of a criminal proceeding or a governmental action seeking a fine, license revocation or other sanctions, or any Governmental Authority seeks a cease and desist or other similar order or filing;

(iii) the FCC has issued an order initiating a proceeding to revoke HCG's authorization to operate the Satellite;

(iv) HCG obtains a court order pursuant to Section 10.06(c) or a court or Governmental Authority of competent jurisdiction orders HCG to deny access to User or orders User to cease transmission; or

(v) HCG receives written notice (the "Illegal Programming Notice") from a Governmental Authority that such authority considers Lessee and/or any other User's programming to be in violation of Obscenity/Content Laws (the "Illegal Programming"), and that if HCG does not cease transmitting such Illegal Programming, then HCG and/or its affiliates and/or any of their executives will be indicted or otherwise charged as a criminal defendant, will become the subject of a criminal proceeding or a governmental action seeking a fine, license revocation or other sanctions, or that such Governmental Authority will seek a cease and desist or other similar order or filing (with HCG being obligated, to the extent permitted by law, to provide Lessee with a copy of such Illegal Programming

Notice);

then, upon notice from HCG to Lessee (the "Denial of Access Notice"), User shall cease using Lessee's Transponders immediately, in the case of a denial of access pursuant to subparagraphs (i), (ii), (iii) or (iv) above, or within 24 hours following receipt of such notice, in the case of a denial of access pursuant to subparagraph (v), above; and if User does not voluntarily cease using such capacity at the appropriate time, then HCG shall have the right to take such steps as HCG deems necessary to prevent User from accessing Lessee's Transponders. Provided, however, that if User has more than one programming service, then the denial of access by HCG shall apply only to the Transponders used to provide the Illegal Programming service; and provided further, however, that if, upon receipt of the Denial of Access Notice from HCG, User does not immediately cease transmission of such Illegal Programming service, then HCG shall have the right to take such steps as HCG deems necessary to prevent User from accessing the Transponders used to transmit such Illegal Programming service (and if, thereafter, Lessee transmits such Illegal Programming service using any of Lessee's Transponders, then HCG shall have the immediate right, without further notification, to take such steps as HCG deems necessary to prevent Lessee from accessing any Lessee's Transponder). As used herein, "User" shall mean Lessee and any person to whom Lessee Transfers all or part of its right to use any of Lessee's Transponders, including without limitation, a lessee, licensee or assignee. Lessee agrees to

maintain a properly operating facsimile machine at all times to receive the Denial of Access Notice from HCG.

(b) If HCG denies, or has given Lessee notice of its intent to deny, access to Lessee's Transponders pursuant to the provisions of this Section 10.06, and if Lessee does not believe the conditions set forth in this Agreement to HCG's denial of access have been met, then Lessee shall have the immediate right to seek injunctive relief, including a temporary restraining order on notice of four (4) hours or more to HCG, to prevent the denial or continuing denial of such access by HCG.

(c) HCG shall also have the right to seek: (i) injunctive relief, including a temporary restraining order on notice of four (4) hours or more to Lessee, to prevent, suspend or otherwise limit User's continued access to Lessee's Transponders where HCG believes such use has resulted or will result in a violation of any Obscenity/Content Law; or (ii) declaratory relief to establish its right to deny User's

access to Lessee's Transponders under this Agreement.

(d) Either party shall be entitled to oppose the other's attempt to obtain equitable relief. However, in order to enable either party to obtain a resolution of any such dispute as expeditiously as possible, both parties hereby agree that: (i) neither party will contest the jurisdiction of, or the venue of, any action for equitable relief brought by the other party in the following courts: the U.S. District Court for the Southern District of New York and the U.S. District Court for the Central District of California; (ii) the party opposing equitable relief (the "Opposing Party") will make itself available to accept service by telecopy or personal delivery on a 24 hour-a-day basis for five (5) consecutive days following receipt by the Opposing Party of the other party's notice of its intent to seek such equitable relief; and (iii) if either party seeks a temporary restraining order and provides notice to the Opposing Party at least four (4) hours before the scheduled court hearing, then the Opposing Party will not challenge the timeliness of such notice.

(e) If it is determined by final judicial order that HCG prevented Lessee from accessing any or all of Lessee's Transponders at a time when it did not have the right to do so pursuant to this Section 10.06, then Lessee's sole and exclusive remedy shall be HCG's payment to Lessee of liquidated damages equal to [***], for the terminated capacity, such pro-ration to be based on the period of time of loss of use of such capacity and the amount of capacity affected.

(f) All remedies of HCG set forth in this Section 10.06 shall be cumulative and in addition to, and not in lieu of, any other remedies available to HCG at law, in equity or otherwise, and may be enforced by HCG concurrently or from time to time.

(g) In addition to any other indemnification obligations found elsewhere in this Agreement, Lessee shall indemnify and save HCG, its directors, officers, employees, and its affiliates from any liability or expense arising out of or related to User's use of Lessee's Transponders in violation (or alleged violation) of this Section 10.06. Lessee shall pay all expenses (including reasonable attorneys' fees) incurred by HCG in connection with all legal or other formal or informal proceedings, instituted by any private third party or any Governmental Authority, and arising out of or related to User's use of Lessee's Transponders under this Section 10.06, and Lessee shall satisfy all judgments, fines, penalties, costs, or other awards which may

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be incurred by or rendered against HCG as a result thereof, as and to the extent permitted by law.

11. Force Majeure

11.01 Failure of Performance. Any failure in the performance of the Transponders, once provided, shall not be a breach of this Agreement if such failure results from acts of God, governmental action or Law (whether in its sovereign or contractual capacity) or any other circumstances reasonably beyond the control of HCG, including, but not limited to, earth station sun outage, weather, or acts or omissions of Lessee or any third parties (excluding Hughes Telecommunications & Space Company ("HTSC") and all of its direct and indirect subsidiaries, and any other affiliates of HCG or HTSC with whom HCG or HTSC contracts for any components of the Satellite or any services with respect thereto). Nothing in this Section 11.01 shall excuse HCG's obligations to provide Transponder Spares, to the extent available and technically feasible, to satisfy its obligations as set forth in Section 9.

12. Limitation of Liability/Breach of Warranty

12.01 Liability of HCG. If (i) after the Galaxy VIII(i) Lease Commencement Date, a Lessee Transponder fails to meet the Transponder Performance Specifications prior to the last day of the Term, (ii) such failure is deemed to be a Confirmed Failure, and (iii) HCG is unable to furnish the necessary Transponder Spare as a substitute for the Lessee Transponder pursuant to Section 9, then such Transponder shall be deemed to be a "Failed Transponder," then, notwithstanding the fact that such failure of the Lessee's Transponder is excused by an event set forth in Section 11.01, Lessee shall be entitled to cease making the Monthly Base Lease Rate payments as to such Failed Transponder for so long as the event set forth in Section 11.01 continues.

12.02 Confirmed Failure. A Lessee Transponder shall be deemed to have suffered a "Confirmed Failure" if (a) it fails to meet the Transponder Performance Specifications for a cumulative period of more than [***] during any consecutive [***] period, (b) [***] or more "outage units" (as defined below) occur within a consecutive [***] period, or (c) it fails to meet the Transponder Performance Specifications for any period of time under circumstances that make it clearly ascertainable or predictable technically that the failure set forth in either (a) or (b) of this Section 12.02 will occur. An "outage unit" shall mean the failure of Lessee's Transponders to meet the Transponder Performance Specifications for a [***] period in one day (with each such [***] period in the same day constituting a separate outage unit). As used herein, the term "day" shall mean a 24-hour period of time commencing on 12:00 Midnight Eastern Time. Lessee shall give HCG immediate notification of any such failure, as soon after commencement of any such failure as is reasonably possible, and of the relevant facts concerning such failure. Upon HCG's verification that Lessee's

Transponders have suffered a Confirmed Failure, such failure shall be deemed to have commenced upon receipt by HCG of notification from Lessee, or HCG's actual knowledge, whichever first occurs, of the Confirmed Failure. If HCG has actual knowledge that one of Lessee's Transponders has suffered a failure which is certain to become a Confirmed Failure with the passage of time, then HCG shall so notify Lessee and such Lessee Transponder shall be deemed to have suffered a Confirmed Failure upon such notification.

12.03 Repayment for Failed Transponder. For each Lessee Transponder that has become a Failed Transponder, for which Lessee is entitled to cease making Monthly Base Lease Rate payments, and for which Lessee has ceased making Monthly Base Lease Rate payments, Lessee shall be entitled to a refund equal to the product of a fraction, the numerator of which is the number of days from the date

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of such failure until the end of the calendar month in which such failure occurred and the denominator of which is the total number of days in the calendar month in which such failure occurred, multiplied by the applicable Monthly Base Lease Rate actually paid by Lessee for such Transponders for the calendar month in which such failure occurred. HCG may offset against any refund due to Lessee pursuant to this Section 12.03 any amounts due from Lessee to HCG under this Agreement (including, without limitation, any [***]). In addition, if the performance of a Lessee Transponder is such that, while it fails to meet the Transponder Performance Specifications, its performance is nonetheless of some value to Lessee, then prior to accepting repayment calculated as aforesaid, Lessee shall have the right to negotiate with HCG to determine if there is a mutually agreeable reduced lease rate upon which Lessee is willing to continue leasing such Transponder.

12.04 Limitation of Liability.

(a) ANY AND ALL EXPRESS AND IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PURPOSE OR USE, ARE EXPRESSLY EXCLUDED AND DISCLAIMED EXCEPT TO THE EXTENT SPECIFICALLY AND EXPRESSLY PROVIDED FOR IN SECTION 6.02. IT EXPRESSLY IS AGREED THAT HCG'S SOLE OBLIGATIONS AND LIABILITIES RESULTING FROM A BREACH OF THIS AGREEMENT, AND LESSEE'S EXCLUSIVE REMEDIES FOR ANY CAUSE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, LIABILITY ARISING FROM NEGLIGENCE) ARISING OUT OF OR RELATING TO THIS AGREEMENT AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY, ARE LIMITED TO

THOSE SET FORTH IN SECTIONS 9, 10 AND 12, HEREOF, AND ALL OTHER REMEDIES OF ANY KIND ARE EXPRESSLY EXCLUDED, INCLUDING, WITHOUT LIMITATION, ALL RIGHTS AND REMEDIES OF LESSEE UNDER DIVISION 10, CHAPTER 5, ARTICLE 2 AND SECTIONS 10209, 10406 AND 10504 OF THE CALIFORNIA UNIFORM COMMERCIAL CODE.

(b) IN NO EVENT SHALL HCG BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING BUT, NOT LIMITED TO, LOST PROFITS), WHETHER FORESEEABLE OR NOT, OCCASIONED BY ANY DEFECT IN THE TRANSPONDERS, DELAY IN DELIVERY OR PROVISION OF THE TRANSPONDERS, FAILURE OF THE TRANSPONDERS TO PERFORM OR ANY OTHER CAUSE WHATSOEVER. HCG MAKES NO WARRANTY, EXPRESS OR IMPLIED, TO ANY OTHER PERSON OR ENTITY CONCERNING THE TRANSPONDERS OR THE SATELLITES AND LESSEE SHALL DEFEND AND INDEMNIFY HCG FROM ANY CLAIMS MADE UNDER ANY WARRANTY OR REPRESENTATION BY LESSEE TO ANY THIRD PARTY. THE LIMITATIONS OF LIABILITY SET FORTH HEREIN SHALL ALSO APPLY TO HCSS, THE HUGHES AIRCRAFT COMPANY (THE MANUFACTURER OF THE SATELLITE AND TRANSPONDERS) AND ALL AFFILIATES THEREOF.

(c) Lessee shall indemnify and save HCG harmless from all liability disclaimed by HCG, as specified in Sections 12.04(a) and (b) above, to the extent such liability arises in connection with the Services provided pursuant to this Agreement, including, without limitation, Lessee's violation or alleged violation of any Laws (including, without limitation, any Obscenity/Content Laws). Lessee shall pay all expenses (including attorneys' fees) incurred by HCG in connection with all legal or other formal or informal proceedings concerning claims of third parties described in the preceding sentence, and Lessee shall satisfy all judgments, costs, or other awards which may be incurred by or rendered against HCG in such proceeding. Lessee

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shall have the right to defend any legal or other formal or informal proceedings concerning claims of third parties; provided, however, that Lessee shall conduct such defense with legal counsel reasonably satisfactory to HCG. Lessee shall pay any settlement of any such claim or legal or other formal or informal proceeding, but Lessee shall not agree to any settlement of any third party claim without first giving thirty (30) days prior written notice of the terms and conditions of such settlement to HCG and obtaining HCG's written consent to such settlement, which consent shall not be unreasonably withheld or

delayed.

(d) Notwithstanding the limitations of the second sentence of Section 12.04(a), Lessee and HCG each shall have the right to obtain injunctive relief, if necessary, in order to prevent the other party from willfully breaching its obligations under this Agreement or to compel the other party to perform its obligations under this Agreement. In this regard, both parties acknowledge and agree that Lessee's Transponders to be provided hereunder are unique and not readily available on the open market and that, if Lessee's Transponders are not available to Lessee because the terms of the Agreement are not fulfilled through no fault of Lessee and for reasons attributable to a breach of this Agreement by HCG, then Lessee's remedies at law would not be adequate. The parties further acknowledge and agree that if Lessee breaches the terms of this Agreement, then HCG's remedies at law would not be adequate.

(e) [***]. For purposes of this Agreement, [***].

12.05 Obligations of Lessee to Cooperate. If any of Lessee's Transponders fail to meet the Transponder Performance Specifications, then Lessee shall use reasonable efforts to cooperate and aid HCG in curing such failure; provided that such efforts can be done at minimal or no cost to Lessee.

(a) These obligations of Lessee shall include, but not be limited to, the following:

(i) If there is a problem which can be compensated for by increasing the power of its transmission to Lessee's Transponders, then Lessee shall do so, at HCG's cost and expense, to the extent it can with existing equipment; provided, however, that HCG shall not be able to require Lessee to increase the power of its transmission if, by doing so, it would cause interference with other Transponders on the Satellite which is prohibited by Section 7.02 of this Agreement, or interference with any other satellite; and

(ii) Permitting HCG, at HCG's cost and expense, to upgrade Lessee's equipment; provided that Lessee shall be entitled to select and install such equipment and determine its configuration in accordance with its own existing operating procedures and technical requirements, and in accordance with applicable laws and regulations.

(b) HCG shall give notice to Lessee if and when it requires the increase of power of the transmission of any other Owner pursuant to such Owner's obligation equivalent to this Section 12.05. HCG shall also give notice to Lessee when it acquires knowledge of any other Transponder user uplinking at power levels which might cause interference with Lessee's Transponders. If, after such increase in power, any of Lessee's Transponders no longer meet its Transponder Performance Specifications, HCG shall promptly take steps to reduce interference, if any, prohibited by Section 7.02.

(c) Lessee's priority for the use of Transponder Spares under Section 9 shall be determined at the time that any of its Transponders would otherwise have become a Failed Transponder without Lessee's cooperation under this Section 12.05. Regardless of Lessee's cooperation under this Section 12.05, Lessee shall have the right to exercise its right to the use of a Transponder Spare to which it would have been entitled at the time that Lessee's Transponder was initially determined to have failed had Lessee not taken such action.

13. Limitations on Transfer by Lessee

Except as specifically provided for in this Agreement, neither Lessee nor HCG shall assign or otherwise Transfer (as defined below) its rights under this Agreement except with the written consent of the other, which consent may be given or withheld in such party's sole and absolute discretion, except that HCG shall have the right to assign any or all of its rights or obligations hereunder to any affiliate of HCG or its parent corporation, Hughes Electronics Corporation; provided, however, that the affiliate to which the HCG's obligations are assigned shall have the technical capability to perform such obligations. Nothing herein shall preclude HCG or its affiliates from engaging in a transaction with respect to the Satellite commonly referred to as a "sale-leaseback" provided that commercially reasonable steps are taken to protect the interests of Lessee hereunder. Lessee shall not be permitted to Transfer any of its rights under this Agreement to the Lessee's Transponders to any third party except as otherwise specified in this Agreement or with the written consent of HCG, which consent may be given or withheld in HCG's sole and absolute discretion; provided, however, that Lessee shall have the right to assign its rights hereunder to GLA (or its successor in interest conducting the direct-to-home business currently conducted by GLA) without HCG's consent provided that GLA agrees to be bound by this Agreement as if the original Lessee hereunder. "Transfer" shall mean to grant, sell, assign, encumber, permit the utilization of, license, lease, sublease or otherwise convey, directly or indirectly, in whole or in part.

14. Utilization of Transponders for Services

HCG acknowledges that Lessee may utilize the Transponders to provide services to third parties, including, without limitation, to GLA. HCG further acknowledges that as long as such utilization does not conflict with any of the other provisions of this Agreement, such utilization shall not constitute a Transfer.

15. Monthly Satellite Reports

15.01 Reports. Lessee shall receive monthly reports on the overall performance of Galaxy VIII(i) in the form of the Galaxy satellite status reports similar to the Galaxy III-R satellite services monthly report, plus information furnished to insurers.

15.02 Anomalous Operation Notification. HCG shall notify Lessee as soon as possible by telephone, with prompt written confirmation thereafter, of any significant anomalous condition of which

it has been informed by HCSS has been detected in the Transponders or associated Satellite supporting subsystems and which have a material effect or potential material effect on the Satellite. HCG shall also notify Lessee promptly of any circumstances that make it clearly ascertainable or predictable that any of the incidents described in this Section 15.02 will occur.

15.03 Maneuver Notification. To the extent operationally feasible, HCG shall notify Lessee of all Satellite maneuvers, except for routine station-keeping, at least three (3) days in advance of their scheduled initiation and, if such maneuver will result in a change of the Satellite's assigned orbital position, promptly following HCG's receipt of FCC authorization or direction of such maneuver.

16. Confidentiality and Press Releases

16.01 Confidential Information. HCG and Lessee shall hold in confidence this Agreement and all its Exhibits, including the financial terms and provisions hereof and all information received pursuant to this Agreement, including, without limitation, Section 15, and all other information related to this Agreement not otherwise known to the public (collectively, "Confidential Information"), and HCG and Lessee hereby acknowledge and agree that the Confidential Information is confidential and proprietary and is not to be disclosed to third persons without the prior written consent of both HCG and Lessee. Neither HCG, nor Lessee, shall disclose such Confidential Information to any third party (other than to officers, directors, employees and agents of HCG, Lessee or GLA, each of whom shall be bound by this Section 16.01) except:

(a) to the extent necessary to comply with applicable law or the valid order of a governmental agency or court of competent jurisdiction, or to satisfy its obligations to other Owners of Transponders; provided, however, that the party making such disclosure shall seek confidential treatment of said information;

(b) as part of its normal reporting or review procedure to regulatory agencies, its parent company, its auditors and its attorneys; provided, that the party making such disclosure to any such regulatory agency shall seek confidential treatment of such information; and, provided, further, that any other third party to whom disclosure is made agrees to the confidential treatment of such information;

(c) in order to enforce its rights and perform its obligations pursuant to this Agreement;

(d) to the extent necessary to obtain appropriate insurance, to its insurance agent; provided that such agent agrees to the confidential treatment of such information; and

(e) to the extent necessary to negotiate clauses that will be common to all transponder lease agreements.

16.02 Notice Proceeding; Compelled Disclosure. In the event that either party is requested (the "Disclosing Party") pursuant to, or becomes compelled by, applicable law, regulation or legal process to disclose any Confidential Information, the Disclosing Party will provide the other party with prompt written notice so that the other party may seek a protective order or other appropriate remedy or, in the other party's sole discretion, waive compliance with the terms of this Agreement. In the event that no such protective order or other remedy is obtained, or that the other party waives compliance with the

terms of this Agreement, the Disclosing Party will furnish only that portion of the Confidential Information which the Disclosing Party is advised by counsel is legally required and cooperate, at the other party's sole cost and expense, with the other party's efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.

16.03 Press Releases. The parties agree that no press release relating to this Agreement shall be issued without the approval of both parties.

17. Disposition of Satellite

At the earlier of the time as (i) the remaining fuel on board Galaxy VIII(i) less than [***] prior to launch, including uncertainty in estimate of fuel, as determined by HCG in its sole discretion; (ii) there are fewer than [***] Transponders capable of meeting their respective Transponder Performance

Specifications; or (iii) [***], HCG, in its sole discretion, may remove the Satellite from its assigned orbital location. In such event, this Agreement shall terminate, HCG shall have no further obligations to Lessee under this Agreement, and Lessee's Transponders shall be deemed, without any further action by any party, to be redelivered to HCG and HCG shall be entitled to immediate possession thereof and HCG, in its sole discretion, may remove the Satellite from its assigned orbital location. HCG shall thereafter have the right to utilize such redelivered Transponders in any manner it determines. HCG will, to the extent practicable, provide Lessee with ninety (90) days notice prior to the disposition of Galaxy VIII(i) pursuant to this Section 17. Notwithstanding the foregoing, until HCG so removes Galaxy VIII(i) or this Agreement is terminated or expires in accordance with its provisions, HCG shall continue to make available to Lessee the Lessee Transponders and Transponder Spares (subject to the priority provisions contained herein) the use of Transponders and Transponder Spares on the Satellite on operational and payment terms no less favorable than HCG has offered to other lessees at such time. The "Satellite Removal Date" shall mean the date on which HCG removes the Satellite from its assigned orbital location in accordance with this Section 17.

18. Documents

Each party hereto agrees to execute and, if necessary, to file with the appropriate governmental entities, such documents as the other party hereto shall reasonably request in order to carry out the purpose of this Agreement.

19. Conflicts

In the case of a conflict between the provisions of this Agreement and any Exhibit, the provisions of this Agreement will prevail.

20. Miscellaneous

20.01 Interest. The rate of interest referred to herein shall be equal to the lower of (i) the rate per annum equal to [***] or (ii) the highest legally permissible rate of interest. All interest or discounting shall be compounded on a yearly basis. "Pro rata" shall mean an allocation on a straight line basis based on number of days. All present value analyses shall use an annual discount rate equal to the interest rate on the applicable date.

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

20.02 Applicable Law and Entire Agreement. The existence, validity,

construction, operation and effect of this Agreement and the Exhibits hereto, shall be determined in accordance with and be governed by the laws of the State of California, without reference to the conflicts of laws principles thereof. This Agreement and the Exhibits hereto, along with the Transponder Service Agreement dated as of April 21, 1997, constitutes the entire agreement between the parties, and supersedes all previous understandings, commitments or representations concerning the subject matter hereof. The parties each acknowledge that the other party has not made any representations other than those which are contained herein.

20.03 Notices. All notices and other communications from either party to the other hereunder (or copies of any such notices or other communications to be delivered to GLA, the delivery of which (or failure to deliver) shall not affect, in any manner, notice by or to either of the parties hereto) shall be in writing and shall be deemed received upon actual receipt when personally delivered, upon acknowledgement of receipt (electronically or otherwise) if sent by facsimile or upon the expiration of the third business day after being deposited in the United States mails, postage prepaid, certified or registered mail, addressed to the other party as follows:

TO HCG:

If by mail:	Hughes Communications Galaxy, Inc. Post Office Box 9712 Long Beach, California 90818-9928 Attention: Senior Vice President -- Galaxy Satellite Services cc: Associate General Counsel
If by FAX:	Hughes Communications Galaxy, Inc. Attention: Senior Vice President -- Galaxy Satellite Services (310) 525-5450 cc: Associate General Counsel (310) 525-5175
If by personal delivery to its principal place of business at:	Hughes Communications Galaxy, Inc. 1500 Hughes Way Long Beach, California 90810 Attention: Senior Vice President -- Galaxy Satellite Services cc: Associate General Counsel

TO LESSEE:

If by mail:	California Broadcast Center, LLC c/o DIRECTV International, Inc. 2230 E. Imperial Hwy. Bldg R8, M/S N340 El Segundo, California 90245 Attention: General Counsel
If by FAX:	California Broadcast Center, LLC c/o DIRECTV International, Inc. Attention: General Counsel (310) 535-5220
If by personal delivery to its principal place of business at:	California Broadcast Center, LLC c/o DIRECTV International, Inc. 2230 E. Imperial Hwy. Bldg. R8, M/S N340 El Segundo, California 90245 Attention: General Counsel

TO GLA:

If by mail:	Galaxy Latin America, LLC 2400 East Commercial Blvd. Ft. Lauderdale, Florida 33308 Attn: James G. Naro, Esq.
If by FAX:	Galaxy Latin America, LLC Attn: James G. Naro, Esq. Fax: (954) 958-3307
If by personal delivery to:	Galaxy Latin America, LLC 2400 East Commercial Blvd. Ft. Lauderdale, Florida 33308 Attn: James G. Naro, Esq.

All payments to be made under this Agreement, if made by mail, shall be deemed to have been made on the date of receipt thereof. The parties hereto may change their addresses by giving notice thereof in conformity with this Section 20.03.

20.04 Severability. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provision of this Agreement and any statute, law, ordinance, order or regulation, such statute, law, ordinance,

order or regulation shall prevail; provided, however, that in such event the provisions of this Agreement so affected

shall be curtailed and limited only to the extent necessary to permit compliance with the minimum legal requirement, and no other provisions of this Agreement shall be affected thereby and all such other provisions shall continue in full force and effect.

20.05 Taxes. If any property or sales taxes are asserted against HCG after, or as a result of, Delivery, by any local, state, national or international, public or quasi-public governmental entity, in respect of Lessee's Transponders or the lease thereof to Lessee, Lessee shall be solely responsible for such taxes. At Lessee's expense, HCG shall cooperate with Lessee in contesting in good faith any such taxes. If any taxes, charges or other levies are asserted by reason of the use of the point in space or the frequency spectrum at that point in space in which the Satellite containing Lessee's Transponders are located, or the use or ownership of such Satellite (excluding any FCC license fee imposed on the Satellite itself, as compared to the Transponders, which license fee shall be paid by HCG), and such taxes are not specifically allocated among the various components of such Satellite, then HCG, Lessee and any other Owners of such transponders shall each pay a proportionate amount of such taxes based on the number of transponders each of them owns or leases.

20.06 Successors. Subject to Section 13, this Agreement shall be binding on and shall inure to the benefit of any successors and assigns of the parties; provided that no Transfer of this Agreement shall relieve either party hereto of its obligations to the other party. Any purported Transfer by either party not in compliance with the provisions of this Agreement shall be null and void and of no force and effect.

20.07 Rules of Construction. Any ambiguities shall be resolved without reference to which party may have drafted this Agreement. All Article or Section titles or captions contained in this Agreement are for convenience only, and they shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or limit of any provisions hereof. Unless the context otherwise requires: (i) a term has the meaning assigned to it; (ii) "or" is not exclusive; (iii) words in the singular include the plural, and words in the plural include the singular; (iv) provisions apply to successive events and transactions; (v) "herein," "hereof" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; (vi) all references to "Sections" refer to Sections of this Agreement unless otherwise specifically indicated; and (vii) any pronoun used in this Agreement shall include the corresponding masculine, feminine and neuter

forms.

20.08 Survival of Representations and Warranties. All representations and warranties contained herein or made by HCG or Lessee in connection herewith shall survive any independent investigation made by HCG or Lessee.

20.09 No Third-Party Beneficiaries. The provisions of this Agreement are for the benefit only of the parties hereto, and no third party may seek to enforce, or benefit from, these provisions, except that both parties acknowledge and agree that the provisions of Sections 7.02, 8, 9.01 and 9.02 are intended for the benefit of both HCG and all other Owners. Both parties agree that any other such Owner shall have the right to enforce, as a third-party beneficiary, the provisions of Sections 7.02, 8, 9.01 and 9.02, against Lessee directly, in an action brought solely by such other Owner, or may join with HCG or any other Owner, in bringing an action against Lessee for violation of such Sections. Notwithstanding the preceding sentence, both parties agree that the provisions of [***]. In addition, if (i) HCG ceases to provide to Lessee use of the Lessee's Transponders in breach of the terms of this Agreement, (ii) Lessee is not in breach of its obligations under this Agreement and (iii) Lessee has refused to take any action to attempt to restore its use of the Lessee's Transponders, then [***]

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

[***].

20.10 Non-Waiver of Breach. Either party hereto may specifically waive any breach of this Agreement by the other party, provided that no such waiver shall be binding or effective unless in writing and no such waiver shall constitute a continuing waiver of similar or other breaches. A waiving party, at any time, and upon notice given in writing to the breaching party, may direct future compliance with the waived term or terms of this Agreement, in which event the breaching party shall comply as directed from such time forward.

20.11 Amendments. This Agreement may not be amended or modified in any way, and none of its provisions may be waived, except by a writing signed by an authorized officer of the party against whom the amendment, modification or waiver is sought to been enforced.

20.12 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute but one and the same instrument.

(signature page follows)

[***] Filed separately with the Commission pursuant to a request for confidential treatment.

IN WITNESS WHEREOF, each of the parties hereto has duly executed and delivered this Agreement as of the day and year first written above.

HUGHES COMMUNICATIONS GALAXY, INC.

By: /s/Scott B. Tollefson

Name: Scott B. Tollefson
Title: Vice President

CALIFORNIA BROADCAST CENTER, LLC

By: DTVI One, Inc., its Managing Member

By: /s/Larry D. Hunter

Name: Larry D. Hunter
Title: Senior Vice President

Exhibit 10.41

INDEMNIFICATION AGREEMENT

INDEMNIFICATION AGREEMENT, dated as of May 6, 1997 by and among MAGELLAN INTERNATIONAL, INC., a Delaware corporation (the "Company"), and the director and/or officer of the Company whose name appears on the signature page of this Agreement ("Indemnitee").

RECITALS

A. Highly competent persons are becoming more reluctant to serve as directors or officers or in other capacities unless they are provided with reasonable protection through insurance or indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporations.

B. The Board of Directors of the Company (the "Board" or the "Board of Directors") has determined that the Company should act to assure its directors and officers of such protection.

C. It is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

D. Indemnitee is willing to serve, to continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified.

AGREEMENT

In consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Affiliate" shall mean any corporation, partnership, joint venture, trust or other enterprise in

respect of which the Indemnitee is or was or will be serving as a director, officer, advisory director, trustee, employee, agent, Board Committee member or in other similar capacity (herein, "Officer or Director of the Company or of an

Affiliate") at the request of the Company, and including, but not limited to, any employee benefit plan of the Company or any of the foregoing.

(b) "Disinterested Director" shall mean a director of the Company who is not or was not a party to the Proceeding in respect of which indemnification is being sought by Indemnitee.

(c) "Expenses" shall include all attorneys' fees and costs, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone and facsimile charges, postage, delivery service fees and all other disbursements or expenses incurred in connection with asserting or defending claims.

(d) "Independent Counsel" shall mean a law firm or lawyer that neither presently nor in the past five years has been retained to represent: (i) the Company or Indemnitee in any matter material to any such party or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any firm or person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing any of the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement. All Expenses of the Independent Counsel incurred in connection with acting pursuant to this Agreement shall be borne by the Company.

(e) "Losses" shall mean all losses, costs, claims, damages, liabilities, judgments, fines, penalties and amounts paid in settlement in connection with any Proceeding.

(f) "Proceeding" includes any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative; provided, however, that the term "Proceeding" shall include any action instituted by an Indemnitee (other than an action to enforce indemnification rights under this

Agreement) only if such action is authorized by the Board of Directors.

2. Service by Indemnitee. Indemnitee agrees to begin or continue to serve the Company and/or its Affiliates as a director and/or officer. Notwithstanding anything contained herein, this Agreement shall not create a contract of employment between the Company or its Affiliates and Indemnitee, and the termination of Indemnitee's relationship with the Company or an Affiliate by either party hereto shall not be restricted by this Agreement.

3. Indemnification. The Company agrees to indemnify Indemnitee for, and save, defend and hold Indemnitee harmless from and against, any Losses or Expenses at any time incurred by or assessed against Indemnitee arising out of

or in connection with the service of Indemnitee as an Officer or Director of the Company or of an Affiliate to the fullest extent permitted by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification. Without diminishing the scope of the indemnification provided by this Section 3, the rights of indemnification of Indemnitee provided hereunder shall include but shall not be limited to those rights set forth hereinafter.

4. Action or Proceeding Other Than an Action by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided herein if Indemnitee is a person who was or is made a party or is threatened to be made a party to any pending, completed or threatened Proceeding, other than an action by or in the right of the Company, by reason of (a) the fact that Indemnitee is or was an Officer or Director of the Company or of an Affiliate or (b) anything done or not done by Indemnitee in any such capacity. Pursuant to this Section, Indemnitee shall be indemnified against Losses or Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

5. Actions by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights

provided herein if Indemnitee is a person who was or is made a party or is threatened to be made a party to any pending, completed or threatened Proceeding brought by or in the right of the Company to procure a judgment in its favor by reason of (a) the fact that Indemnitee is or was an Officer or Director of the Company or of an Affiliate or (b) anything done or not done by Indemnitee in any such capacity. Pursuant to this Section, Indemnitee shall be indemnified against Losses or Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Notwithstanding the foregoing provisions of this Section, no such indemnification shall be made in respect of any claim, issue or matter as to which Delaware law expressly prohibits such indemnification by reason of an adjudication of liability of Indemnitee to the Company; provided, however, that in such event such indemnification shall nevertheless be made by the Company to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine equitable under the circumstances.

6. Indemnification for Losses and Expenses of Party Who is Wholly or Partly Successful. Notwithstanding any provision of this Agreement, to the extent that Indemnitee has been wholly successful on the merits or otherwise

absolved in any Proceeding on any claim, issue or matter, Indemnitee shall be indemnified against all Losses or Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee to the maximum extent permitted by law, against all Losses and Expenses incurred by Indemnitee in connection with each successfully resolved claim, issue or matter. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden of proving any lack of success and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved. For purposes of this Section and without limitation, the termination of any such claim, issue or matter by dismissal with or without prejudice shall be deemed to be a successful resolution as to such claim, issue or matter.

7. Payment for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of the fact that Indemnitee is or was an Officer or Director of the Company or of an Affiliate, a witness in any Proceeding, the Company agrees to pay to Indemnitee all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

8. Advancement of Expenses and Costs. All Expenses incurred by or on behalf of Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding within twenty (20) days after the receipt by the Company of a statement or statements from Indemnitee requesting from time to time such advance or advances, whether or not a determination to indemnify has been made under Section 9. Indemnitee's entitlement to such advancement of Expenses shall include those Expenses incurred in connection with any Proceeding by Indemnitee seeking an adjudication or award in arbitration pursuant to this Agreement. Such statement or statements shall evidence such Expenses incurred (or reasonably expected to be incurred) by Indemnitee in connection therewith and shall include or be accompanied by a written undertaking by or on behalf of Indemnitee to repay such amount if it shall ultimately be determined that Indemnitee is not entitled to be indemnified therefor pursuant to the terms of this Agreement.

9. Procedure for Determination of Entitlement to Indemnification. (a) When seeking indemnification under this Agreement (which shall not include in any case the right of Indemnitee to receive payments pursuant to Section 7 and Section 8 hereof, which shall not be subject to this Section 9), Indemnitee shall submit a written request for indemnification to the Company. Such request shall include documentation or information which is reasonably necessary for the Company to make a determination of Indemnitee's entitlement to indemnification hereunder and which is reasonably available to Indemnitee. Determination of Indemnitee's entitlement to indemnification shall be made promptly, but in no

event later than thirty (30) days after receipt by the Company of Indemnitee's written request for indemnification. The Secretary of the Company shall, promptly upon receipt of Indemnitee's request for

indemnification, advise the Board that Indemnitee has made such request for indemnification.

(b) The entitlement of Indemnitee to indemnification under this Agreement in respect of any pending, contemplated or threatened Proceeding shall be determined in the specific case by (i) the Board of Directors by a majority vote of those directors who were not party to such Proceeding, whether or not they constitute a quorum of the Board of Directors, or (ii) if such a quorum is not obtainable, or if a quorum of disinterested directors so directs, by Independent Counsel in a written opinion, or (iii) by the stockholders.

(c) In the event the determination of entitlement is to be made by Independent Counsel, such Independent Counsel shall be selected by the Board and approved by Indemnitee. Upon failure of the Board and the Board of Directors so to select such Independent Counsel or upon failure of Indemnitee so to approve, such Independent Counsel shall be selected by the President of the Association of the Bar of the City of New York.

(d) If the determination made pursuant to Section 9(b) is that Indemnitee is not entitled to indemnification to the full extent of Indemnitee's request, Indemnitee shall have the right to seek entitlement to indemnification in accordance with the procedures set forth in Section 10 hereof.

(e) If the person or persons empowered pursuant to Section 9(b) hereof to make a determination with respect to entitlement to indemnification shall have failed to make the requested determination within sixty (60) days after receipt by the Company of such request, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be absolutely entitled to such indemnification, absent (i) misrepresentation by Indemnitee of a material fact in the request for indemnification or (ii) a final judicial determination that all or any part of such indemnification is expressly prohibited by law.

(f) The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the rights of Indemnitee to indemnification hereunder except as may be specifically provided herein, or

create a presumption that Indemnitee did not act in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best

interests of the Company or create a presumption that (with respect to any criminal action or Proceeding) Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(g) For purposes of any determination of good faith hereunder, Indemnitee shall be deemed to have acted in good faith if in taking such action Indemnitee relied on the records or books of account of the Company or an Affiliate, including financial statements, or on information supplied to Indemnitee by the officers of the Company or an Affiliate in the course of their duties, or on the advice of legal counsel for the Company or an Affiliate or on information or records given or reports made to the Company or an Affiliate by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or an Affiliate. The Company shall have the burden of establishing the absence of good faith. The provisions of this Section 9(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(h) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or an Affiliate shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

10. Remedies in Cases of Determination not to Indemnify or to Advance Expenses. (a) In the event that (i) a determination is made that Indemnitee is not entitled to indemnification hereunder, (ii) advances are not made pursuant to Section 8 hereof or (iii) payment has not been timely made following a determination of entitlement to indemnification pursuant to Section 9 hereof, Indemnitee shall be entitled to seek an adjudication in an appropriate court of the State of Delaware or any other court of competent jurisdiction as to Indemnitee's entitlement to such indemnification or advance.

(b) In the event a determination has been made in accordance with the procedures set forth in Section 9 hereof, in whole or in part, that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration referred to in paragraph (a) of this Section 10 shall be de

novo and Indemnitee shall not be prejudiced by reason of any such prior determination that Indemnitee is not entitled to indemnification, and the Company shall bear the burdens of proof specified in paragraphs 6 and 9 hereof in such proceeding.

(c) If a determination is made or deemed to have been made pursuant to the terms of Section 9 or 10 hereof that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration in the absence of (i) a misrepresentation of a material fact by Indemnitee or (ii) a final judicial determination that all or

any part of such indemnification is expressly prohibited by law.

(d) The Company and Indemnitee agree that they shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Company and Indemnitee further agree to stipulate in any such court that the Company and Indemnitee are bound by all of the provisions of this Agreement and are precluded from making any assertion to the contrary.

(e) To the extent deemed appropriate by the court, interest shall be paid by the Company to Indemnitee at a reasonable interest rate for amounts which the Company indemnifies or is obliged to indemnify the Indemnitee for the period commencing with the date on which Indemnitee requested indemnification (or reimbursement or advance of an Expense) and ending with the date on which such payment is made to Indemnitee by the Company.

11. Expenses Incurred by Indemnitee to Enforce this Agreement. All Expenses incurred by Indemnitee in connection with the preparation and submission of Indemnitee's request for indemnification hereunder shall be borne by the Company. In the event that Indemnitee is a party to or intervenes in any proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee, if Indemnitee prevails in whole in such action, shall be entitled to recover from the Company, and shall be indemnified by the Company against, any Expenses incurred by Indemnitee. If it is determined that Indemnitee is entitled to indemnification for part (but not all) of the indemnification so requested, Expenses incurred in seeking enforcement of such partial indemnification shall be

reasonably prorated among the claims, issues or matters for which the Indemnitee is entitled to indemnification and for claims, issues or matters for which the Indemnitee is not so entitled.

12. Non-Exclusivity. The rights of indemnification and to receive advances as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under or by reason of applicable law, any certificate of incorporation or by-laws, any agreement, any vote of stockholders or any resolution of directors or otherwise. To the extent Indemnitee would be prejudiced thereby, no amendment, alteration, rescission or replacement of this Agreement or any provision hereof shall be effective as to Indemnitee with respect to any action taken or omitted by such Indemnitee in Indemnitee's position with the Company or an Affiliate or any other entity which Indemnitee is or was serving at the request of the Company prior to such amendment, alteration, rescission or replacement.

13. Duration of Agreement. This Agreement shall apply to any claim asserted and any Losses and Expenses incurred in connection with any claim

asserted on or after the effective date of this Agreement and shall continue until and terminate upon the later of: (a) 10 years after Indemnitee has ceased to occupy any of the positions or have any of the relationships described in Sections 3, 4 or 5 of this Agreement; or (b) one year after the final termination of all pending or threatened Proceedings of the kind described herein with respect to Indemnitee. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisee, executors, administrators or other legal representatives.

14. D&O Insurance. (a) From and after the time that the Corporation shall have first issued shares of capital stock to the public pursuant to a registration statement under the Securities Act of 1933, and so long as Indemnitee shall continue to serve as an Officer or Director of the Company or Affiliate and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding, whether civil, criminal or investigative, by reason of the fact that Indemnitee was an Officer or Director of the Company or Affiliate, the Company shall use its best efforts to maintain in full force and effect (i) the directors' and

officers' liability insurance issued by the insurer and having the policy amount and deductible as deemed appropriate by the Board of Directors and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that currently provided under such existing policy (collectively, "D&O Insurance").

(b) In all policies of D&O Insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors or officers most favorably insured by such policy.

(c) Notwithstanding anything to the contrary set forth in (a) above, the Company shall have no obligation to maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium cost for such insurance is disproportionate to the amount of coverage provided or the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

15. Severability. Should any part, term or condition hereof be declared illegal or unenforceable or in conflict with any other law, the validity of the remaining portions or provisions of this Agreement shall not be affected thereby, and the illegal or unenforceable portions of the Agreement shall be and hereby are redrafted to conform with applicable law, while leaving the remaining portions of this Agreement intact.

16. Counterparts. This Agreement may be executed in several

counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

17. Headings. Section headings are for convenience only and do not control or affect meaning or interpretation of any terms or provisions of this Agreement.

18. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by each of the parties hereto.

19. No Duplicative Payment. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment (net of Expenses incurred in collecting such payment) under this Agreement, any insurance policy, contract, agreement or otherwise.

20. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing (including telecopier or similar writing) and shall be deemed to have been given at the time when mailed in a registered or certified postpaid envelope in any general or branch office of the United States Postal Service, or sent by Federal Express or other similar overnight courier service, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice or, if given by telecopier, when such telecopy is transmitted and the appropriate answer back is received.

(a) If to Indemnitee, to the address appearing on the signature page hereof.

(b) If to the Company to:

Magellan International, Inc.
c/o PanAmSat Corporation
One Pickwick Plaza
Greenwich, Connecticut 06830
Attention: President

21. GOVERNING LAW. THE PARTIES AGREE THAT THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.

22. Entire Agreement. Subject to the provisions of Section 12 hereof, this Agreement constitutes the entire understanding between the parties and supersedes all proposals, commitments, writings, negotiations and understandings, oral and written, and all other communications between the

parties relating to the subject matter of this Agreement. This Agreement may not be amended or otherwise modified except in writing duly executed by all

of the parties. A waiver by any party of any breach or violation of this Agreement shall not be deemed or construed as a waiver of any subsequent breach or violation thereof.

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

MAGELLAN INTERNATIONAL, INC.

By _____
Name:
Title:

INDEMNITEE:

_____
Name:
Title:

Address:

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This schedule contains summary financial information extracted from the PanAmSat Form 10-Q for the quarterly period ended June 30, 1997 and is qualified in its entirety by reference to such financial statements.
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