

LORAL SPACE & COMMUNICATIONS INC.

Statements of Operations

(In millions)

(unaudited)

Revenues

	Three Months Ended March 31,	
	2007	2006
Satellite Manufacturing	\$ 200.3	\$ 139.3
Satellite Services	33.6	36.2
Segment revenues	233.9	175.5
Eliminations	(13.4)	(3.5)
Revenues as reported	<u>\$ 220.5</u>	<u>\$ 172.0</u>

Adjusted EBITDA

	Three Months Ended March 31,	
	2007	2006
Satellite Manufacturing	\$ 7.4	\$ 5.8
Satellite Services	11.9	12.6
Corporate expenses	(8.7)	(6.9)
Segment Adjusted EBITDA before eliminations	10.6	11.5
Eliminations	(2.7)	(0.8)
Adjusted EBITDA	<u>\$ 7.9</u>	<u>\$ 10.7</u>

Reconciliation of Adjusted EBITDA to Net Loss to common stockholders' (in millions)

	Three Months Ended March 31,	
	2007	2006
Adjusted EBITDA	\$ 7.9	\$ 10.7
Depreciation and amortization	(19.7)	(16.9)
Operating loss	(11.8)	(6.2)
Interest and investment income	6.6	4.5
Interest expense	(2.8)	(5.1)
Other income	4.0	1.0
Income tax provision ⁽¹⁾	(3.7)	(2.6)
Equity in net losses of affiliates	(2.4)	(1.4)
Minority interest ⁽²⁾	(7.0)	(6.0)
Net loss	(17.1)	(15.8)
Preferred dividends	(2.1)	-
Beneficial conversion feature related to issuance of Loral Series A-1 Preferred Stock ⁽³⁾	(24.5)	-
Net loss applicable to common stockholders'	<u>\$ (43.7)</u>	<u>\$ (15.8)</u>

⁽¹⁾ Effective January 1, 2007, we adopted Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 ("FIN 48")*. Results relating to FIN 48 are preliminary and subject to change.

⁽²⁾ Represents the dividend accrual for the Loral Skynet Series A non-convertible preferred stock.

⁽³⁾ On February 27, 2007, Loral completed a \$300 million preferred stock financing pursuant to the Securities Purchase Agreement entered into with MHR Fund Management LLC on October 17, 2006, as amended and restated on February 27, 2007. As a result of the difference between the fair market value of the common stock on the date the financing closed, as compared to the initial conversion price, the Company has reflected a beneficial conversion feature of the Loral Series A-1 Preferred Stock as a component of its earnings per share calculation for the three months ended March 31, 2007. In the period in which shareholder approval of the new class of Class B-1 non-voting common stock is received, we expect that our net income applicable to common shareholders will be reduced by approximately \$154 million for the beneficial conversion feature (before discount, if any, in value for the class B-1 non-voting common stock because of its non-voting status). In the future, to the extent that dividends on the Loral Series-1 Preferred Stock are paid in additional shares of Loral Series-1 Preferred Stock, we will incur additional beneficial conversion features that reduce our net income applicable to common shareholders.

LORAL SPACE & COMMUNICATIONS INC.

Supplemental Financial Data

(In millions)

(unaudited)

	Three Months Ended March 31,	
	2007	2006
BOOKINGS		
Satellite manufacturing and technology	\$ 380.5	\$ 154.2
Fixed satellite services	57.6	30.1
Intercompany eliminations	-	(131.0)
Total bookings	438.1	53.3
Debookings	(5.9)	(14.2)
NET BOOKINGS	\$ 432.2	\$ 39.1

	March 31, 2007	December 31, 2006
FUNDED BACKLOG		
Satellite manufacturing and technology	\$ 1,296.8	\$ 1,118.2
Fixed satellite services	374.6	355.0
Total funded backlog	1,671.4	1,473.2
Intercompany eliminations	(112.3)	(125.7)
NET FUNDED BACKLOG	\$ 1,559.1	\$ 1,347.5

Condensed Balance Sheets

(In millions)

(unaudited)

	March 31, 2007 ⁽²⁾	December 31, 2006
Cash and equivalents	\$ 390.3	\$ 186.5
Short-term investments	116.5	106.6
Accounts receivable, net and Contracts-in-process	141.4	116.9
Other current assets	149.0	137.7
Total current assets	797.2	547.7
Property, plant & equipment, net	562.5	558.9
Goodwill	309.5	305.7
Other assets	319.7	317.6
Total assets	\$ 1,988.9	\$ 1,729.9
Customer advances and billings in excess of costs and profits	\$ 256.6	\$ 242.7
Other current liabilities	140.9	176.9
Total current liabilities	397.5	419.6
Long-term debt	128.1	128.1
Other long-term liabilities	328.6	320.9
Total liabilities	854.2	868.6
Minority interest	225.6	214.3
Shareholders' equity ⁽¹⁾	909.1	647.0
Total liabilities and shareholders' equity	\$ 1,988.9	\$ 1,729.9

⁽¹⁾ As of March 31, 2007, includes \$300 million preferred stock financing pursuant to the Securities Purchase Agreement entered into with MHR Fund Management LLC. Also includes a \$2.3 million adjustment to accumulated deficit related to the adoption of FIN 48.

⁽²⁾ Results relating to FIN 48 are preliminary and subject to change.