



## **SPACE SYSTEMS/LORAL AWARDED CONTRACT TO BUILD TERRESTAR-2 SATELLITE**

### **New satellite to function together with Terrestar-1, currently under construction at SS/L**

PALO ALTO, Calif. – August 15, 2006 – Space Systems/Loral (SS/L), a subsidiary of Loral Space & Communications Inc. (NASDAQ: LORL), today announced that it has been awarded a contract to build the TerreStar-2 MSS (mobile satellite services) satellite for TerreStar Networks Inc. TerreStar's two satellite system, which includes the TerreStar-1 satellite currently under construction at SS/L, together with an Ancillary Terrestrial Component (ATC), is designed to provide next-generation, 2-GHz mobile voice and data communications, monitoring and messaging services throughout the United States and Canada.

"The unique capabilities of TerreStar-2, SS/L's fifth commercial satellite construction award so far in 2006, benefit from the state-of-the-art satellite technology being developed by SS/L for the world's new mobile service providers," said Patrick DeWitt, chief executive officer, Space Systems/Loral. "We're proud to have earned the trust of TerreStar for the construction of its cutting-edge mobile communications service, based on SS/L's highly reliable and space-proven technologies."

Scheduled for delivery in 2009, TerreStar-2 will have a service life of 15 years and carry a state-of-the-art MSS payload featuring a large unfurlable reflector. The satellite will generate hundreds of spot beams covering the Continental U.S., Canada, Alaska, Hawaii, Puerto Rico and the U.S. Virgin Islands.

Loral has provided TerreStar with the ability to add enhancements and functionality to the TerreStar-2 satellite to meet additional customer requirements. These upgrades would implement technological advancements to satisfy TerreStar's growing customer requirements and make TerreStar-2 the most powerful and capable MSS satellite under contract to date.

TerreStar-2 is based on SS/L's space-proven 1300 platform, which has an excellent record of reliable operation. Its high efficiency solar arrays and lightweight batteries are designed to provide uninterrupted electrical power. In all, SS/L satellites have amassed more than 1,300 years of reliable on-orbit service.

TerreStar Networks Inc. is a Reston, VA-based provider of advanced mobile satellite services for the North American market. The company plans to develop, build and operate an innovative and spectrum-efficient spot beam satellite system in the 2 GHz frequency band. For more information, visit TerreStar Networks on the web at [www.terrestarnetworks.com](http://www.terrestarnetworks.com).

Space Systems/Loral is a premier designer, manufacturer, and integrator of powerful satellites and satellite systems. SS/L also provides a range of related services that include mission control operations and procurement of launch services. Based in Palo Alto, Calif., the company has an international base of commercial and governmental customers whose applications include broadband digital communications, direct-to-home broadcast, defense communications, environmental monitoring, and air traffic control. SS/L satellites have amassed more than 1,300 years of reliable on-orbit service. SS/L is ISO 9001:2000 certified. For more information, visit [www.ssloral.com](http://www.ssloral.com).

Loral Space & Communications is a satellite communications company. In addition to Space Systems/Loral, through its Skynet subsidiary Loral owns and operates a fleet of telecommunications satellites used to broadcast video entertainment programming, and for broadband data transmission, Internet services and other value-added communications services. For more information, visit Loral's web site at [www.loral.com](http://www.loral.com).

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In addition, Loral Space & Communications Inc. or its representatives have made or may make forward-looking statements, orally or in writing, which may be included in, but are not limited to, various filings made from time to time with the Securities and Exchange Commission, press releases or oral statements made with the approval of an authorized executive officer of the company. Actual results could differ materially from those projected or suggested in any forward-looking statements as a result of a wide variety of factors and conditions. Many of these factors and conditions are described under the caption "Risk Factors" in each of the company's annual report on Form 10-K for the fiscal year ended December 31, 2005 and its quarterly reports on Form 10-Q for subsequent periods. The reader is specifically referred to these documents, as well as the company's other filings with the Securities and Exchange Commission.

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