

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE LORAL SPACE & COMMUNICATIONS
SHAREHOLDERS' SECURITIES LITIGATION

: Index No. 03 CV 8262 (JES)
:
:
:
:
:

**NOTICE OF CLASS ACTION, PROPOSED
SETTLEMENT AND FINAL HEARING**

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF LORAL SPACE & COMMUNICATIONS LTD. ("LORAL") DURING THE PERIOD BEGINNING JULY 31, 2002, THROUGH AND INCLUDING JUNE 29, 2003.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A MEMBER OF THE CLASS DESCRIBED IN THIS NOTICE, YOU MAY BE ENTITLED TO RECEIVE PAYMENTS PURSUANT TO THE PROPOSED SETTLEMENT IN THIS ACTION (THE "SETTLEMENT").

SUMMARY DISCLOSURE OF SETTLEMENT TERMS

Class Recovery: The sum of \$3,450,000.00, plus accrued interest. Based on consultations with damages experts, Class Counsel believes that if all Class members with Recognized Losses (as defined below) filed valid claims, their average per share recovery would be approximately \$0.22 per share prior to fees and expenses. **PLEASE BE ADVISED THAT THIS IS ONLY AN ESTIMATE.** A Class member's actual per share recovery may be more or less than this estimate.

Statement of Attorneys' Fees and Expenses Sought: Class Counsel intends to apply to the Court for an award of attorneys' fees of no more than 27.5% of the Settlement Fund (including any interest or income earned thereon), plus reimbursement of expenses, including expert witness and consultant fees, in an aggregate amount not to exceed \$275,000.00 (or an estimated \$0.08 per share).

Identification of Lawyers' Representatives:

Persons with questions may contact these members of the Class Counsel law firm:

Fred T. Isquith, Esq.
Demet Basar, Esq.
Stacey T. Kelly, Esq.
**WOLF HALDENSTEIN ADLER
FREEMAN & HERZ LLP**
270 Madison Avenue
New York, New York 10016
(212) 545-4600 (t)
(212) 545-4653 (f)

Reasons For Settlement: As discussed more fully below, this Settlement represents a substantial recovery for the Settlement Class in light of the risk that the Settlement Class would not prevail on some or all of their claims, and the substantial difficulty in proving that the losses suffered by the members of the Settlement Class were caused by the alleged statements or omissions by the Defendants.

Potential Outcome of Case: The settling parties do not agree on the average amount of damages per share that would be recoverable if the Plaintiff were to have prevailed on each claim against the Defendants.

Settlement Hearing: A hearing (the "Settlement Hearing") will be held before the Honorable John E. Sprizzo, United States District Judge, on December 18, 2008, at 3:00 p.m., in Courtroom 14C of the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007, to determine whether: (a) the proposed Settlement, as embodied in the Stipulation of Settlement dated September 30, 2008 (the "Stipulation"), should be approved as fair, reasonable and adequate, and whether an order approving the Settlement should be entered thereon; (b) the Plan of Allocation of the Settlement Fund should be approved; and (c) to award attorneys' fees and reimbursement of expenses to Class Counsel in the amounts requested.

THE CLASS INVOLVED IN THE PROPOSED SETTLEMENT

The proposed Settlement affects the rights of members of the Settlement Class as defined by the Stipulation and as provisionally certified by the Court on October 8, 2008 (the "Preliminary Approval Order"). The Settlement Class consists of:

all persons who purchased Loral Space & Communications Ltd. ("Loral" or the "Company") common stock during the period July 31, 2002 through and including June 29, 2003 (the "Settlement Class Period").

Excluded from the Settlement Class are: the Defendants, members of the Defendants' immediate families, and the heirs, successors and assigns of the Defendants and any legal entity in which any Defendant has or had a controlling interest. Also excluded from the Settlement Class are any putative Settlement Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth below.

Neither the Preliminary Approval Order provisionally certifying the Settlement Class nor the sending of this Notice should be construed as any indication of the Court's view as to the merits of any claims, defenses or positions asserted by any Party to the Action.

NATURE OF THE ACTION, PROCEDURAL HISTORY, AND TERMS OF THE PROPOSED SETTLEMENT

Nature of the Action

This is a securities class action alleging violations of the Securities Exchange Act of 1934, 15 U.S.C. §§ 78j(b), 78t(a) (the "Exchange Act"), arising from allegedly false and misleading statements made by Defendants during the Settlement Class Period regarding the financial and operating condition and prospects of Loral.

This Action was commenced on October 17, 2003 in the United States District Court for the Southern District of New York against the Defendants alleging violations of the Exchange Act in connection with the financial condition of Loral during the period of May 14, 2003 to July 15, 2003. If not for Loral's filing for bankruptcy protection on July 15, 2003, Loral would also have been named a defendant in the Action. After several hearings, the Court amended the end date for the class period in this Action from July 15, 2003 to June 29, 2003. The Court appointed Marvin Rich Lead Plaintiff in this Action, and appointed Wolf Haldenstein Adler Freeman & Herz LLP Lead Counsel.

Lead Plaintiff filed a Corrected First Amended Class Action Complaint on December 8, 2003 (the "Amended Complaint"), alleging that Defendants made a series of material misstatements and omissions concerning Loral's financial and operating condition, which caused Loral's stock price to be artificially inflated during the Settlement Class Period. Upon further investigation, Lead Plaintiff amended the beginning of the Class Period from May 14, 2003 to July 31, 2002 in the Amended Complaint. The Amended Complaint alleges that Defendants violated the securities laws by: (a) engaging in two types of accounting fraud – improper revenue recognition and misreporting general and administrative ("G&A") expenses – to make it appear as though the Company was meeting its earnings guidance when it was not; (b) misrepresenting the state of Company's satellite manufacturing business; (c) separately misrepresenting the status of a particularly lucrative satellite contract with a Chinese company; and (d) misrepresenting the Company's viability as a going concern, when Defendants knew or should have known the Company could not possibly survive.

On May 14, 2004, Defendants moved to dismiss the Amended Complaint, and on October 27, 2004, the Court denied the Defendants' motion to dismiss in its entirety. On December 6, 2004, Defendants filed their answer denying the substantive allegations of the Amended Complaint, and asserted eighteen (18) affirmative defenses.

Beginning in December 2004, Lead Counsel served discovery requests on the Defendants, Loral, Loral's auditor, and certain of its lenders and customers. Lead Counsel reviewed tens of thousands of pages of documents produced in response to the requests.

In the fall of 2005, counsel for the Parties began discussing a possible mediation of this Action. On November 30, 2005, Lead Plaintiff filed a motion to certify a class of all persons, with certain exceptions, who purchased Loral common stock from July 31, 2002 to June 29, 2003, but briefing on the motion was stayed by agreement of the parties and approved by the Court. The Court also stayed the Action pending the outcome of a voluntary mediation, and granted several extensions in order to permit the Parties to continue their efforts to reach a resolution of this Action. In February 2007, Lead Counsel, counsel for Defendants and Defendants' insurer participated in a day-long mediation before the Honorable Nicholas Politan (U.S.D.J)(Ret.). The Parties were unable to reach agreement at that time. The Parties continued their settlement negotiations telephonically, and on May 22, 2008, they reached the Settlement embodied herein.

Lead Counsel has conducted an extensive investigation relating to the claims and the underlying events and transactions alleged in the Amended Complaint. Based upon their investigation and pretrial discovery as set forth above, Lead Counsel concluded that the Settlement is fair, reasonable and in the best interests of the Settlement Class, and agreed to settle the claims in this Action pursuant to the terms and provisions set forth herein.

The Settlement of this action calls for the creation of a cash Settlement Fund in the amount of \$3,450,000.00 to be distributed, after fees and expenses, to the members of a Settlement Class, and calls for the creation of a Notice and Administration Fund in the amount of \$37,500.00, in exchange for a release of all claims against the Defendants and other Released Parties and dismissal of this action with prejudice. The complete terms of the Settlement are set forth in the Stipulation, which is available for inspection at the office of the Clerk of the Court, United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007.

POTENTIAL OUTCOME OF THE ACTION

Lead Plaintiff and Defendants disagree on both liability and damages and thus do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to have prevailed on each claim alleged.

The issues on which the Parties disagree include: (1) whether Defendants violated the federal securities laws; (2) whether Defendants issued false and misleading statements about Loral during the Class Period; (3) whether the allegedly false and misleading statements about Loral allegedly issued during the Settlement Class Period were material or actionable under the federal securities laws; (4) whether Defendants acted knowingly or recklessly in issuing allegedly false and misleading material and actionable statements; (5) whether the market price of Loral 's common stock during the Settlement Class Period was artificially inflated because of Defendants' conduct as alleged in the Amended Complaint; (6) whether other factors, such as general market and industry conditions, influenced the market price of Loral common stock during the Settlement Class Period; and (7) whether the members of the Settlement Class have sustained damages caused by Defendants' alleged actions and, if so, the proper measure of damages.

REASONS FOR ENTERING INTO THE SETTLEMENT

Lead Plaintiff, through his counsel, has conducted a thorough investigation of the claims asserted in the Amended Complaint, the underlying events and transactions described therein, and the possibility and likely amount of damages that might be awarded to the Settlement Class if the Settlement Class members prevailed on the merits of their claims.

Defendants have denied, and continue to deny, each and every allegation of liability and wrongdoing on their part, and assert that they have strong factual and legal defenses to all claims alleged in the Amended Complaint and that such claims are entirely without merit. Defendants deny that they violated the federal securities laws and deny that they made or issued any false and misleading statements about Loral during the Settlement Class Period. Further, Defendants deny that any of the allegedly false or misleading statements cited by Lead Plaintiff were material or in any way actionable under the federal securities laws. Defendants further deny that they acted knowingly or recklessly in issuing the allegedly false and misleading material and actionable statements cited by Lead Plaintiff in the Amended Complaint. In addition, even if Lead Plaintiff could prove that Defendants' statements were materially false or misleading and made with the required state of mind, Defendants are expected to vigorously dispute that the losses allegedly suffered by the members of the Settlement Class could be attributed to the statements cited by Lead Plaintiff in the Amended Complaint, and to deny that the market price of Loral 's common stock during the Settlement Class Period was artificially inflated because of Defendants' conduct as alleged in the Amended Complaint. Defendants are expected to argue, possibly successfully, that some or even all of the losses suffered by the members of the Settlement Class were attributable to causes other than the allegations of the Complaint, such as external factors like general market and industry conditions. It is also anticipated that Defendants would assert that any losses the members of the Settlement Class sustained were not the result of the Defendants' alleged actions, and that any purported connection between the price of Loral common stock and the Defendants' alleged conduct, and any calculation of damages claimed to have been sustained by all of the members of the Settlement Class, was unsupported.

Without admitting any wrongdoing or liability on their part whatsoever, Defendants nevertheless agreed to cause the payments provided for by the Stipulation to be made, provided that all claims of the Settlement Class are settled, compromised and released, in order to minimize, or avoid, the continuing burden, expense, inconvenience and distraction to Defendants of this litigation.

In light of the foregoing risks of litigating the Action to conclusion, and the expense and length of continued proceedings necessary to prosecute the litigation and any subsequent appeals, after extensive investigation, Lead Counsel engaged in intensive arm's length negotiations and mediation with counsel for Defendants and their insurer with a view to achieving the substantial benefits for the Settlement Class that are provided by the Settlement. Lead Plaintiff and Lead Counsel believe the Settlement to be fair, reasonable and adequate, and in the best interest of the members of the Settlement Class.

Having duly considered all of the foregoing and after having engaged in intensive mediation, Lead Plaintiff has entered into the proposed Settlement with the Defendants, subject to Court approval, as fully set forth in the Stipulation.

CLASS RECOVERY

The cash that Defendants caused to be deposited in the Escrow Account set up for the benefit of the Class (the "Settlement Fund"), before any award of attorneys' fees and expenses, before the accrual of interest, and before costs of class notice and claims administration, is \$3,450,000.00 (the "Settlement Amount"). Lead Counsel estimates, based on its investigation and consultation with an expert witness, that if all Settlement Class members who purchased Loral common stock during the Settlement Class Period were to file valid Proofs of Claim against the Settlement Fund, the average per share recovery for the claimants, before deductions for attorneys' fees and expenses, would be approximately \$0.22 per share. Please note that this is only an estimate and, as indicated, depends, in part, on whether all claimants file valid Proofs of Claim. (Generally, many claimants do not file Proofs of Claim, which increases the net recovery per share.)

CLAIMS ADMINISTRATION AND RECOGNIZED LOSS FORMULA

Settlement Class members must submit a timely and valid Proof of Claim and Release form ("Proof of Claim") to share in the Settlement Fund. The Proof of Claim is included with this Notice. Please follow the instructions in the Proof of Claim carefully and note the requirement for documentation of your transactions in Loral securities.

The administration of the Settlement Fund and Proofs of Claim will be handled by The Garden City Group, Inc. (the "Claims Administrator"). For each purchaser of Loral common stock during the Settlement Class Period from whom a timely and valid Proof of Claim is received by the Claims Administrator ("Authorized Claimant"), the Claims Administrator will determine the *pro rata* share of the Net Settlement Fund (the Settlement Amount including interest net of taxes and less all approved costs, attorneys' fees, and expenses) based upon each Authorized Claimant's "Recognized Loss" utilizing the formulae and procedures set forth under this heading. Each Authorized Claimant will receive a *pro rata* share of the Net Settlement Fund determined by the ratio that such Authorized Claimant's Recognized Loss bears to the Recognized Losses of all such Authorized Claimants. The Recognized Loss formula and computation is not intended to be an estimate of what an Authorized Claimant might have been able to recover at trial, or of what an Authorized Claimant will be paid pursuant to the Settlement.

An Authorized Claimant's Recognized Loss, for which it will receive a *pro rata* recovery, will be computed as follows (as set forth below, the "Plan of Allocation"):

For shares of common stock purchased between July 31, 2002 and March 31, 2003, inclusive, and

- (a) retained at the end of trading on October 14, 2003, the Recognized Loss shall be the lesser of:
 - i. \$2.89 per share, or
 - ii. the difference between the purchase price per share and \$0.23 per share.
- (b) sold between July 31, 2002 and March 31, 2003, inclusive, the Recognized Loss shall be zero (\$0.00).
- (c) sold between April 1, 2003 and July 15, 2003, inclusive, the Recognized Loss shall be the lesser of:
 - i. \$0.32 per share, or
 - ii. the difference between the purchase price per share and the sale price per share.
- (d) sold between July 16, 2003 and October 14, 2003, inclusive, the Recognized Loss shall be the lesser of:
 - i. \$2.89 per share, or
 - ii. the difference between the purchase price per share and the sale price per share, or
 - iii. the difference between the purchase price per share and the average closing price of Loral common stock between July 16, 2003 and the date of sale.

For shares of common stock purchased between April 1, 2003 and June 29, 2003, inclusive, and

- (a) Retained at the end of trading on October 14, 2003, the Recognized Loss shall be the lesser of:
 - i. \$2.57 per share, or
 - ii. the difference between the purchase price per share and \$0.23 per share.
- (b) sold between April 1, 2003 and July 15, 2003, inclusive, the Recognized Loss shall be zero (\$0.00).

- (c) sold between July 16, 2003 and October 14, 2003, inclusive, the Recognized Loss shall be the lesser of:
- i. \$2.57 per share, or
 - ii. the difference between the purchase price per share and the sale price per share, or
 - iii. the difference between the purchase price per share and the average closing price of Loral common stock between July 16, 2003 and the date of sale.

For shares of common stock sold at a profit during the Class Period, the Recognized Loss is zero (\$0.00).

In determining the Recognized Loss of Authorized Claimants and their *pro rata* recoveries, the following rules will apply:

- i. **FIFO**: Where an Authorized Claimant engaged in multiple purchases and/or sales of Loral common stock, the first-in, first-out method ("FIFO") will be applied to determine the relevant purchases and sales.
- ii. **De minimis**: No payment will be made on any claims where the payable loss is \$10.00 or less, but the Authorized Claimant will nevertheless be bound by the final judgment entered by the Court.

The Proof of Claim and Release form must be submitted by mail and postmarked no later than February 3, 2009, addressed as follows:

Loral Space & Communications Shareholders' Securities Litigation
c/o The Garden City Group, Inc.
PO Box 9324
Dublin, OH 43017-4224
1-866-394-2787

REQUESTING EXCLUSION FROM THE CLASS

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS, YOU MAY BE ELIGIBLE TO SHARE IN THE BENEFITS OF THIS SETTLEMENT AND WILL BE BOUND BY ITS TERMS UNLESS YOU EXCLUDE YOURSELF FROM THE CLASS.

Each member of the Settlement Class will be bound by all determinations and judgments of the Court in connection with the Settlement, whether favorable or unfavorable, unless such Settlement Class member shall mail, by first class mail, postage prepaid, a written request for exclusion from the Settlement Class, addressed to: Claims Administrator, Loral Space & Communications Shareholders' Securities Litigation, Exclusions, c/o The Garden City Group, Inc., P.O. Box 9324, Dublin, OH 43017-4224. Such request for exclusion shall be in a form that sufficiently identifies (i) the name, address, and telephone number of the Person(s) requesting exclusion, (ii) all transaction(s) involving Loral common stock, including the date(s), the number of shares of common stock, and price(s) of the transaction(s), and (iii) that the person wishes to be excluded from the Settlement Class. A request for exclusion shall not be effective unless submitted in the form described above and must be received on or before December 3, 2008, fifteen (15) calendar days before the Settlement Hearing, by the Claims Administrator in accordance with the instructions set forth in this Notice. All risk of non-delivery or delayed delivery of any request for exclusion from the Settlement Class is borne by the person seeking exclusion from the Settlement Class. *Any person filing a request for exclusion that is approved by the Court will not be considered a member of the Settlement Class and accordingly will not be bound by any orders or judgments entered in respect of the Settlement and will not be entitled to receive any benefits provided by the Settlement in the event it is finally approved by the Court.*

RELEASES

If the proposed Settlement is approved, the Court will enter an Order and Final Judgment in the form proposed in the Stipulation. If such Order is finally entered, all "Releasing Parties" (as defined below) (i) shall be conclusively deemed to have fully, finally and forever released, relinquished, and discharged all Settled Claims against the Released Parties, (ii) shall be conclusively deemed to have and by operation of the Judgment shall have fully, finally, and forever released, relinquished, and discharged the Released Parties from all claims arising out of or in connection with the institution, prosecution, or assertion of the Action or the Settled Claims, (iii) shall be conclusively deemed to have covenanted not to sue the Released Parties in any action alleging any Settled Claims, and (iv) shall forever be enjoined and barred from asserting any of the Settled Claims against any of the Released Parties in any action or proceeding of any nature, whether or not such members of the Settlement Class have executed and delivered a Proof of Claim, whether or not such members of the Settlement Class have participated in the Settlement Fund, whether or not such members of the Settlement Class have filed an objection to the Settlement, the proposed plan of allocation, or any application by Lead Counsel for an award of attorneys' fees and expenses, and whether or not the claims of such members of the Settlement Class have been approved or allowed, as those terms are defined below:

1. "Released Parties" means Defendants and Loral, their past or present subsidiaries, divisions, joint ventures, affiliates, subdivisions, parents, successors, and predecessors, estates and assigns, executors and administrators, officers, directors, shareholders, agents, personal or legal representatives, trustees, partners, principals, employees, attorneys, insurers, reinsurers, agents, advisors, investment advisors, auditors, accountants, and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant or Loral has or had a controlling interest or which is related to or affiliated with any of the Defendants or Loral, and the legal representatives, heirs, successors in interest or assigns of any of the Defendants or Loral.
2. "Releasing Parties" means Lead Plaintiff and all members of the Settlement Class, on behalf of themselves, their heirs, executors, administrators, successors, and assigns.
3. "Settled Claims" means any and all claims, debts, demands, rights, causes of action or liabilities, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class, derivative or individual in nature, including both known claims and Unknown Claims (as defined below) (i) that have been asserted in this action by the Settlement Class Members (as defined below), including but not limited to all claims or causes of action relating to or predicated on any statements (or omissions) by Loral or Defendants during the Class Period regarding (a) Loral's revenue recognition and reporting of general and administrative (G&A) expenses; (b) the state of the Company's satellite manufacturing business; (c) the status of any of Loral's satellite contracts with any Chinese companies; and (d) Loral's cash position, financial condition, creditworthiness, solvency or viability as a going concern; or (ii) that could have been asserted by any of the Settlement Class Members against any of the Released Parties based upon or arising from the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth or referred to in any of the complaints filed by Lead Plaintiff.
4. "Unknown Claims" means any and all Settled Claims which Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Defendants' Claims which any Defendant does not know or suspect to exist in his, her or its favor, including those which, if known by him, her or it, might have affected his, her or its decision(s) with respect to the Settlement.

With respect to any and all Settled Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Releasing Parties shall be conclusively deemed to, and by operation of the Judgment shall, waive and relinquish, to the fullest extent permitted by law, the provisions, rights, and benefits of Section 1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Also with respect to any and all Settled Claims and Defendants' Claims, the Releasing Parties, shall be conclusively deemed to, and upon the Effective Date and by operation of the Final Judgment shall, waive any and all provisions, rights and benefits conferred by the law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Section 1542 of the California Civil Code set forth above. Lead Plaintiff and Defendants acknowledge, and the Settlement Class Members shall be deemed by operation of the Order and Final Judgment to have acknowledged, that the foregoing waiver was separately bargained for by the Parties and is a key element of the settlement of which this release is a part.

THE SETTLEMENT HEARING

The Settlement Hearing will be held on December 18, 2008, at 3:00 p.m., or such other time as the Court may approve, before the Honorable John E. Sprizzo, United States District Judge, at the United States District Court for the Southern District of New York, 500 Pearl Street, Courtroom 14C, New York, NY, to determine whether: (a) the proposed Settlement should be approved as fair, reasonable and adequate, and whether an order approving the Settlement should be entered thereon; (b) the Plan of Allocation of the Settlement Fund should be approved; and (c) to award attorneys' fees and reimbursement of expenses to Lead Counsel from the Settlement Fund in the amounts requested. The date and time of this Settlement Hearing may be changed at the Court's discretion without notice.

Any member of the Settlement Class may appear at the Settlement Hearing, with or without counsel, and show cause, if any: (a) why the proposed Settlement of this Action should not be approved as fair, reasonable and adequate, and whether and order approving the Settlement should be entered thereon; (b) the Plan of Allocation of the Settlement Fund should not be approved; and (c) why attorneys' fees should not be awarded and expenses reimbursed in the amounts requested by Lead Counsel; **provided, however**, that no member of the Settlement Class or any other person shall be heard or entitled to contest the matters in items (a)-(c) above, unless, no later than fifteen (15) calendar days before the Settlement Hearing, or by December 3, 2008, that person has served, by hand, first class mail or reputable express carrier upon each of the counsel for the parties to these actions, to wit:

Fred T. Isquith
Demet Basar
Stacey T. Kelly
WOLF HALDENSTEIN ADLER
FREEMAN & HERZ LLP
270 Madison Avenue
New York, NY 10016

Francis J. Menton
Jeanne M. Luboja
Russell D. Morris
WILLKIE FARR & GALLAGHER LLP
787 Seventh Avenue
New York, NY 10019

***Counsel for Plaintiff and the
Settlement Class***

Counsel for Defendants

and filed with the Clerk of the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007, the following materials: (i) a notice of intention to appear; (ii) a statement specifying the person's name, address, telephone number, purchases and sales of Loral stock during the Settlement Class Period, including the dates, the number of shares of common stock, and the price paid or received per share for each purchase or sale; (iii) a statement of such person's position with respect to the matter is items (a)-(c) above, as well as all documents and writings which such person will ask the Court to consider, and the names of witnesses, if any, the person seeks to present at the Settlement Hearing.

Any person or entity who fails to object in the manner prescribed in the paragraph immediately above shall be deemed to have waived any objections that person or entity may have and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement as incorporated in the Stipulation, to the award of attorneys' fees and expenses and interest thereon to Lead Counsel, or to the allocation of the Settlement Fund, unless otherwise allowed by the Court for good cause shown. Objections directed solely to the proposed Plan of Allocation, or the award of fees or expenses to counsel will not affect the finality of the Settlement, if the Settlement is approved by the Court.

All members of the Settlement Class who do not request exclusion therefrom, in the manner provided herein, will be represented by Class Counsel in connection with the Settlement, but may, if they so desire, also enter an appearance through counsel of their own choice and at their own expense.

CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) certifying the Class for purposes of this Settlement only; (2) entry of the Order and Final Judgment by the Court, as provided for in the Stipulation; and (3) the occurrence of the Effective Date, as that term is defined in the Stipulation. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation may be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of the date the Stipulation was signed.

PROOF OF CLAIM AND RELEASE FORM

To participate in the Settlement Fund you must timely complete, execute and file a valid Proof of Claim and Release form ("Proof of Claim"). A Proof of Claim form is enclosed with this Notice. You may receive more than one copy of this Notice and the Proof of Claim, but you should submit only one Proof of Claim.

The Proof of Claim must be completed in accordance with the Instructions on the Proof of Claim, and must enclose all documentation required by the Instructions.

The Proof of Claim must be filed with the Court-appointed Claims Administrator at the following address, so that it is postmarked no later than February 3, 2009.

Loral Space & Communications Shareholders' Securities Litigation
c/o The Garden City Group, Inc.
PO Box 9324
Dublin, OH 43017-4224
1-866-394-2787

A Proof of Claim will be deemed filed only on the date it is received by the Claims Administrator. All risk of non-delivery or delayed delivery of any Proof of Claim is borne by the proposed claimant.

Members of the Settlement Class who do not exclude themselves from the Settlement Class and who fail to submit a timely and valid Proof of Claim will nevertheless be bound by the Settlement, if finally approved, and all orders and judgments entered by the Court in connection therewith.

Each person or entity submitting a Proof of Claim thereby submits to the jurisdiction of the Court for purposes of the Action, the Settlement and any proceedings relating to such Proof of Claim, and agrees that such Proof of Claim will be subject to review and further inquiry as to such person's or entity's status as a member of the Settlement Class and the allowable amount of the claim.

NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

If you purchased Loral common stock during the Settlement Class Period as a nominee for the benefit of another person, you are hereby requested to forward immediately to the beneficial owner(s) within ten (10) days after you receive this Notice: (a) a copy of this Notice, or (b) provide the names and addresses of such person(s) to Claims Administrator, Loral Space & Communications Shareholders' Securities Litigation, c/o The Garden City Group, Inc., P.O. Box 9324, Dublin, OH 43017-4224, in which case such person(s) will be sent a copy of the Notice by Class Counsel or the Claims Administrator. You may obtain additional copies of this Notice by sending a request to the Claims Administrator at the above address.

Brokers and other nominees will be reimbursed by the Claims Administrator for the first-class postage expenses actually incurred for each Notice and Proof of Claim form mailed to members of the Settlement Class. For reimbursement of reasonable processing charges, you must submit to the Claims Administrator, so that it is received by the Claims Administrator by December 3, 2008, a signed and detailed description of the types, rates and necessity of such charges and the number of persons to whom notice was mailed. Such submissions are subject to review and approval by the Claims Administrator, who shall have the right to deny unreasonable claims for reimbursement, subject to final consideration thereof by the Court.

YOUR FAILURE TO COMPLY PROMPTLY WITH THIS REQUEST MAY IMPAIR THE OPPORTUNITY FOR THE BENEFICIAL PURCHASERS ON WHOSE BEHALF YOU ACTED TO PARTICIPATE IN THE SETTLEMENT FUND.

ADDITIONAL INFORMATION

This Notice merely provides a brief summary of the litigation and the proposed Settlement. For a more detailed statement of the matters involved in the litigation, you may refer to the pleadings, the Stipulation, and the orders entered by the Court and to certain other papers filed in the litigation. These papers may be inspected at the Office of the Clerk of the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007. In addition, if you have any questions regarding the information contained in this Notice, you may contact Class Counsel by writing to:

Fred T. Isquith, Esq.
Demet Basar, Esq.
Stacey T. Kelly, Esq.
**WOLF HALDENSTEIN ADLER
FREEMAN & HERZ LLC**
270 Madison Avenue
New York, New York 10016
(212) 545-4600 (t)
(212) 545-4653 (f)

DO NOT CONTACT THE COURT OR CLERK OF THE COURT. IF YOU HAVE ANY QUESTIONS, YOU SHOULD DIRECT THEM TO CLASS COUNSEL IDENTIFIED IMMEDIATELY ABOVE OR TO THE CLAIMS ADMINISTRATOR IDENTIFIED ON PAGE 7.

Dated: October 8, 2008

Clerk of the Court
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK