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NEWS
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LORAL TO RAISE \$300 MILLION IN NEW EQUITY CAPITAL TO PURSUE GROWTH OPPORTUNITIES

*Agreement with MHR to provide sizable equity expansion to facilitate
growth opportunities in the satellite communication industry*

New York – October 17, 2006 – Loral Space & Communications Inc. (NASDAQ:LORL) announced today that it has entered into an agreement under which affiliates of MHR Fund Management LLC, Loral's largest shareholder, will purchase from Loral \$300 million of convertible perpetual preferred stock. Loral plans to use the proceeds from this financing, together with its existing resources, to pursue both internal and external growth opportunities in the satellite communications industry, including strategic transactions or alliances.

Loral's agreement with MHR was negotiated through and unanimously recommended by a special committee of independent directors of Loral formed especially to advise the board on Loral's financing alternatives. The committee's legal and financial advisors were King & Spalding LLP and North Point Advisors, respectively. Loral's financial advisor in connection with this transaction was Morgan Stanley & Co. Inc. and MHR was advised by Deutsche Bank.

"This financing significantly expands Loral's equity base and greatly enhances Loral's ability to grow its business and take advantage of emerging opportunities in both the satellite services and satellite manufacturing markets," said Michael B. Targoff, Loral's chief executive officer. "An equity investment of this size is an extraordinary achievement for Loral and it strengthens our ability to play an enhanced role in the satellite industry. We are grateful for MHR's confidence and support and for the efforts of the special committee."

Since Loral's restructuring began in 2003, Loral has demonstrated consistent improvements in performance. Space Systems/Loral, its manufacturing subsidiary, has booked 14 new satellite construction contracts, more than any other commercial manufacturer over the same period. Its fixed satellite services business, Loral Skynet, has continued to show strong, steady results from its core leasing business. Loral is expanding its satellite fleet with the construction of Telstar 11N and is exploring additional capacity opportunities that would leverage its substantial current and historical customer relationships.

MHR will purchase \$41 million and \$259 million of new Loral Space & Communications Inc. 7 _ percent Series A and Series B convertible perpetual preferred stock, respectively. Each such share of preferred stock is convertible into ten shares of Loral Space &

Communications Inc. common stock or Class B common stock, each at an initial conversion price of \$30.15 per share of common stock. The Series B common stock will be issued if Loral obtains shareholder approval for the creation of this new class of non-voting common stock, which Loral expects to seek at the next annual meeting of its stockholders. This conversion price reflects a premium of 12 percent to the closing price of Loral's shares of common stock on October 16, 2006.

Dividends on the preferred stock will be payable in kind through January 2011. Thereafter, subject to Loral satisfying certain financial requirements, dividends will be payable in cash or stock at Loral's option. Loral may cause the preferred stock to be converted into common stock after 5.5 years if the common stock is trading above 125 percent of the conversion price for a specified period.

Under the agreement, MHR will have the right to nominate one new member to Loral's board.

The transaction is subject to customary closing conditions, including approval under the Hart-Scott-Rodino Antitrust Improvement Act.

Loral Space & Communications is a satellite communications company. It owns and operates a fleet of telecommunications satellites used to broadcast video entertainment programming, distribute broadband data, and provide access to Internet services and other value-added communications services. Loral also is a world-class leader in the design and manufacture of satellites and satellite systems for commercial and government applications including direct-to-home television, broadband communications, wireless telephony, weather monitoring and air traffic management. For more information, visit Loral's web site at www.loral.com.

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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.