

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

LORAL SPACE & COMMUNICATIONS LTD

Form 8-K

August 05, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): August 1, 2005

Loral Space & Communications Ltd.

(Exact name of registrant as specified in its charter)

Bermuda 1-14180 13-3867424
(State or other jurisdiction of incorporation) (Commission File Number) (I.R.S. Employer Identification No.)
c/o Loral SpaceCom Corporation 10016
600 Third Avenue, New York, New York
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 697-1105

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- [] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.03. BANKRUPTCY OR RECEIVERSHIP

On July 15, 2003, Loral Space & Communications Ltd. ("Loral" or the "Company") and certain of its subsidiaries (the "Debtor Subsidiaries" and collectively with Loral, the "Debtors"), filed voluntary petitions for reorganization under

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

chapter 11 of title 11 ("Chapter 11") of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") (Lead Case No. 03-4171-(RDD), Case Nos. 03-41709 (RDD) through 03-41728 (RDD)) (the "Chapter 11 Cases"). Loral and the Debtor Subsidiaries continue to manage their properties and operate their businesses as "debtors in possession" under the jurisdiction of the Bankruptcy Court and in accordance with the provisions of the Bankruptcy Code.

On August 1, 2005 (the "Confirmation Date"), the Court entered an order (the "Confirmation Order") confirming the Debtors' Fourth Amended Joint Plan of Reorganization, as modified by the Confirmation Order (the "Plan"). Following the satisfaction of various conditions, the Company will emerge from Chapter 11 on the effective date (the "Effective Date") of the Plan. The Plan and the Confirmation Order are incorporated by referenced herein.

Summary of the Plan

The following is a summary of the matters contemplated to occur either pursuant to or in connection with the confirmation and implementation of the Plan. This summary only highlights certain of the substantive provisions of the Plan and is not intended to be a complete description of, or a substitute for a full and complete reading of, the Plan. This summary is qualified in its entirety by reference to the full text of the Plan. Capitalized terms used but not defined in this Form 8-K have the meanings set forth in the Plan.

1. Structure of New Loral

On the Effective Date, Loral Space & Communications Inc., a newly-formed Delaware corporation ("New Loral") will own, through an intermediate holding company, all of the outstanding common stock of two subsidiaries: Loral Skynet Corporation, a Delaware corporation formerly known as Loral Orion, Inc. (respectively, "New Skynet" and "Orion") and Space Systems/Loral, Inc., a Delaware corporation ("SS/L"). New Skynet will succeed to the ownership of all of the assets of Orion and, directly or indirectly, the following additional assets held by the Debtors: (i) all of the equity interests in XTAR, L.L.C.; (ii) all licenses or rights to orbital slots; (iii) all of the Telstar 18 satellite transponders and equity (if any) that is not currently owned by Orion; (iv) EdS; (v) Loral Skynet do Brasil Ltda. (including all of its assets and the orbital slot license for EdS); (vi) all owned transponders on the Satmex 5 satellite owned by Satelites Mexicanos, S.A. de C.V. ("Satmex"); (vii) the joint venture rights and interests in Mabuhay Space Holdings Limited; (viii) all interests in Globalstar, L.L.C.; (ix) trademark rights relating to the satellite services business; (x) all equity in Satmex; (xi) other assets used to operate the satellites; and (xii) all of the equity interests in Loral Skynet Network Services, Inc. ("LSNS"). New Skynet will be the satellite services arm of New Loral and will continue to provide satellite services and, through LSNS, network and professional services and support. SS/L will continue its existence as the satellite design and manufacturing arm of New Loral and will own substantially all of its former assets, other than those assets transferred as described above.

2. Classification and Treatment of Claims and Equity Interests

The Plan classifies Claims and Equity Interests separately and provides different treatment for different Classes of Claims and Equity Interests in accordance with the Bankruptcy Code. The following table briefly summarizes the classification and treatment of Claims and Equity Interests under the Plan:

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

Class	Type of Claim or Equity Interest	Treatment
-----	-----	-----
--	Administrative Expense Claims against the Ltd. Debtors(1)	Unimpaired; paid in full, in Cash, or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Reorganization Cases or assumed by the Ltd. Debtors as Debtors in Possession.
--	Priority Tax Claims against the Ltd. Debtors	Unimpaired; except to the extent that a holder agrees to different treatment, at the option of the Ltd. Debtors, after consultation with the Creditors' Committee, either (i) paid in full, in Cash, or (ii) paid over a six-year period from the date of assessment as provided in section 1129(a)(9)(C) of the Bankruptcy Code with interest payable at a rate of 6% per year, subject to the Ltd. Debtors' option to prepay such Claim.
--	Indenture Trustee Fees	Unimpaired; paid in full, in Cash, as Administrative Expense Claims.
Ltd. Class 1	Other Priority Claims against the Ltd. Debtors	Unimpaired; paid in full, in Cash.
Ltd. Class 2	Secured Tax the Claims against Ltd. Debtors	Impaired; except to the extent that a holder agrees to different treatment, at the option of the Ltd. Debtors, after consultation with the Creditors' Committee, (i) Cash in the amount equal to such Allowed Secured Tax Claim, including applicable interest as provided in section 506(b) of the Bankruptcy Code, on or as soon as reasonably practicable after the Effective Date, (ii) equal annual Cash payments beginning one year after the Effective Date in an aggregate amount equal to such Allowed Secured Tax Claim, with interest payable at a rate of 6% per annum over a six-year period, subject to the Ltd. Debtors' option to prepay such Claim, or (iii) upon such other terms determined by the Bankruptcy Court to provide the holder of such Allowed Secured Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Claim. If the Ltd. Debtors treat a Claim under clause (i) above, the Liens securing such Claim shall be deemed released.
Ltd. Class 3	Secured Claims against the Ltd.	Unimpaired; at the sole option of the Ltd. Debtors, (i) Cash in the amount equal to 100% of the unpaid

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

 (1) The "Ltd. Debtors" consist of all of the Debtors other than the Orion Debtors, the SpaceCom Debtors and the SS/L Debtors.

3

Class	Type of Claim or Equity Interest	Treatment
-----	-----	-----
	Debtors	amount of such Allowed Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Claim to the extent of the value of the holder's secured interest in such Collateral, (iii) the Collateral securing such Allowed Claim, or (iv) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. If the Ltd. Debtors treat a Claim under clause (i) or (ii) above, the Liens securing such Claim shall be deemed released.
Ltd. Class 4	Ltd. General Unsecured Claims	Impaired; will receive its Ltd. Class 4 Pro Rata Share(2) of the New Loral Common Stock Balance.(3)
Ltd. Class 5	Ltd. Preferred Stock Interests	Impaired; no distribution.
Ltd. Class 6	Ltd. Equity Interests	Impaired; no distribution.
Ltd. Class 7	Securities Litigation Claims	Impaired; no distribution in accordance with section 510(b) of the Bankruptcy Code.
--	Administrative Expense Claims against the Orion Debtors(4)	Unimpaired; paid in full, in Cash, or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Reorganization Cases or assumed by the Orion Debtors as Debtors in Possession.
--	Priority Tax Claims against the Orion Debtors	Unimpaired; except to the extent that a holder agrees to different treatment, at the option of the Orion Debtors, after consultation with the Creditors' Committee, either (i) paid in full, in Cash, or (ii) paid over a six-year period from the date of assessment as provided in section 1129(a)(9)(C) of the Bankruptcy Code with interest payable at a rate of 6% per year, subject to the Orion Debtors' option to prepay such Claim.

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

 (2) A "Ltd. Class 4 Pro Rata Share" is the ratio (expressed as a percentage) of the amount of an Allowed Ltd. General Unsecured Claim to the sum of (a) the aggregate amount of Allowed Ltd. General Unsecured Claims and (b) the aggregate of the Disputed Claim Amounts of All Disputed Claims in Ltd. Class 4. The "Disputed Claim Amount" is the estimated dollar value of a Disputed Claim pursuant to section 502(c) of the Bankruptcy Code or as otherwise agreed to between the holder of such Claim and the applicable Debtor or Reorganized Debtor, or as otherwise determined by the Bankruptcy Court, or if no such amount exists, the amount set forth as the liquidated amount of such Disputed Claim in the proof of claim filed in respect of such Claim.

(3) The "New Loral Common Stock Balance" is 12,420,652 shares of New Loral Common Stock.

(4) The "Orion Debtors" consist of Orion and its Debtor subsidiaries.

4

Class	Type of Claim or Equity Interest	Treatment
-----	-----	-----
Orion Class 1	Other Priority Claims against the Orion Debtors	Unimpaired; paid in full, in Cash.
Orion Class 2	Secured Tax Claims against the Orion Debtors	Impaired; except to the extent that a holder agrees to different treatment, at the option of the Orion Debtors, after consultation with the Creditors' Committee, (i) Cash in the amount equal to such Allowed Secured Tax Claim, including applicable interest as provided in section 506(b) of the Bankruptcy Code, on or as soon as reasonably practicable after the Effective Date, (ii) equal annual Cash payments beginning one year after the Effective Date in an aggregate amount equal to such Allowed Secured Tax Claim, with interest payable at a rate of 6% per annum over a six-year period, subject to the Orion Debtors' option to prepay such Claim, or (iii) upon such other terms determined by the Bankruptcy Court to provide the holder of such Allowed Secured Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Claim. If the Orion Debtors treat a Claim under clause (i) above, the Liens securing such Claim shall be deemed released.
Orion Class 3	Secured Claims against the Orion Debtors	Unimpaired; at the sole option of the Orion Debtors, (i) Cash in the amount equal to 100% of the unpaid amount of

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

such Allowed Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Claim to the extent of the value of the holder's secured interest in such Collateral, (iii) the Collateral securing such Allowed Claim, or (iv) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. If the Orion Debtors treat a Claim under clause (i) or (ii) above, the Liens securing such Claim shall be deemed released.

Orion Class 4	Orion General Unsecured Claims(5)	Impaired; (A) distribution of an Orion Pro Rata Share(6) of (i) 7,579,348 shares of New Lorai Common Stock as of the Effective Date and (ii) the New Skynet Preferred Stock and (B) each holder of an Allowed Orion General Unsecured Claim may participate in a rights offering to subscribe for the New Skynet Notes on account of such Claim.
------------------	---	--

(5) In addition to holding a Claim in Orion Class 4, holders of Orion 10% Note Claims also hold Claims in Ltd. Class 4 on account of their Ltd. Guaranty Claims.

(6) An "Orion Pro Rata Share" is the ratio (expressed as a percentage) of the amount of an Allowed Orion General Unsecured Claim to the sum of (a) the aggregate amount of all Allowed Orion General Unsecured

Class	Type of Claim or Equity Interest	Treatment
-----	-----	-----
Orion Class 5	Orion Equity Interests	Unimpaired; unaltered.
--	Administrative Expense Claims against the SpaceCom Debtors(7)	Unimpaired; paid in full, in Cash, or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Reorganization Cases or assumed by the SpaceCom Debtors as Debtors in Possession.
--	Priority Tax Claims against the SpaceCom Debtors	Unimpaired; except to the extent that a holder agrees to different treatment, at the option of the SpaceCom Debtors, after consultation with the Creditors' Committee, either (i) paid in full, in Cash,

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

or (ii) paid over a six-year period from the date of assessment as provided in section 1129(a)(9)(C) of the Bankruptcy Code with interest payable at a rate of 6% per year, subject to the SpaceCom Debtors' option to prepay such Claim.

SpaceCom	Other Priority	Unimpaired; paid in full, in Cash.
Class 1	Claims against the SpaceCom Debtors	

 Claims and (b) the Disputed Claim Amounts of all Disputed Claims in Orion Class 4. The "Disputed Claim Amount" is the estimated dollar value of a Disputed Claim pursuant to section 502(c) of the Bankruptcy Code or as otherwise agreed to between the holder of such Claim and the applicable Debtor or Reorganized Debtor, or as otherwise determined by the Bankruptcy Court, or if no such amount exists, the amount set forth as the liquidated amount of such Disputed Claim in the proof of claim filed in respect of such Claim.

(7) The "SpaceCom Debtors" consist of SpaceCom and its Debtor subsidiaries, other than SS/L and its Debtor subsidiary.

6

Class	Type of Claim or Equity Interest	Treatment
-----	-----	-----
SpaceCom Class 2	Secured Tax Claims against the SpaceCom Debtors	Impaired; except to the extent that a holder agrees to different treatment, at the option of the SpaceCom Debtors, after consultation with the Creditors' Committee, (i) Cash in the amount equal to such Allowed Secured Tax Claim, including applicable interest as provided in section 506(b) of the Bankruptcy Code, on or as soon as reasonably practicable after the Effective Date, (ii) equal annual Cash payments beginning one year after the Effective Date in an aggregate amount equal to such Allowed Secured Tax Claim, with interest payable at a rate of 6% per annum over a six-year period, subject to the SpaceCom Debtors' option to prepay such Claim, or (iii) upon such other terms determined by the Bankruptcy Court to provide the holder of such Allowed Secured Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Claim. If the SpaceCom Debtors treat a Claim under clause (i) above, the Liens securing such Claim shall be deemed released.
SpaceCom	Secured Claims	Unimpaired; at the sole option of the

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

Class 3	against the SpaceCom Debtors	SpaceCom Debtors, (i) Cash in the amount equal to 100% of the unpaid amount of such Allowed Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Claim to the extent of the value of the holder's secured interest in such Collateral, (iii) the Collateral securing such Allowed Claim, or (iv) such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. If the SpaceCom Debtors treat a Claim under clause (i) or (ii) above, the Liens securing such Claim shall be deemed released.
SpaceCom Class 4	SpaceCom General Unsecured Claims	Unimpaired; paid in full, in Cash in an amount equal to such Allowed Claim plus interest thereon (without any compounding) at a rate of 6% per annum for the period from the Commencement Date through the Effective Date, on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement or understanding between the applicable SpaceCom Debtor or SpaceCom Debtors and the holder of such Claim.
SpaceCom Class 5	SpaceCom Equity Interests	Unimpaired; unaltered.

Class	Type of Claim or Equity Interest	Treatment
-----	-----	-----
--	Administrative Expense Claims against the SS/L Debtors(8)	Unimpaired; paid in full, in Cash, or in accordance with the terms and conditions of transactions or agreements relating to obligations incurred in the ordinary course of business during the pendency of the Reorganization Cases or assumed by the SS/L Debtors as Debtors in Possession.
--	Priority Tax Claims against the SS/L Debtors	Unimpaired; except to the extent that a holder agrees to different treatment, at the option of the SS/L Debtors, after consultation with the Creditors' Committee, either (i) paid in full, in Cash, or (ii) paid over a six-year period from the date of assessment as provided in section 1129(a)(9)(C) of the Bankruptcy Code with interest payable at a rate of

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

6% per year, subject to the SS/L Debtors' option to prepay such Claim.

SS/L
Class 1 Other Priority
Claims against the
SS/L Debtors

Unimpaired; paid in full, in Cash.

SS/L
Class 2 Secured Tax
Claims against
the SS/L
Debtors

Impaired; except to the extent that a holder agrees to different treatment, at the option of the SS/L Debtors, after consultation with the Creditors' Committee, (i) Cash in the amount equal to such Allowed Secured Tax Claim, including applicable interest as provided in section 506(b) of the Bankruptcy Code, on or as soon as reasonably practicable after the Effective Date, (ii) equal annual Cash payments beginning one year after the Effective Date in an aggregate amount equal to such Allowed Secured Tax Claim, with interest payable at a rate of 6% per annum over a six-year period, subject to the SS/L Debtors' option to prepay such Claim, or (iii) upon such other terms determined by the Bankruptcy Court to provide the holder of such Allowed Secured Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Claim. If the SS/L Debtors treat a Claim under clause (i) above, the Liens securing such Claim shall be deemed released.

SS/L
Class 3 Secured Claims
against the
SS/L Debtors

Unimpaired; at the sole option of the SS/L Debtors, (i) Cash in the amount equal to 100% of the unpaid amount of such Allowed Secured Claim, (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Claim to the extent of the value of the holder's secured interest in such Collateral, (iii) the Collateral securing such Allowed Claim, or (iv) such other distribution as necessary to

(8) The "SS/L Debtors" consist of SS/L and its Debtor subsidiary.

Class Type of Claim
----- or Equity Interest

Treatment

satisfy the requirements of section 1124 of the Bankruptcy Code. If the SS/L Debtors treat a Claim under clause (i) or (ii) above, the Liens securing

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

such Claim shall be deemed released.

SS/L Class 4	SS/L General Unsecured Claims	Unimpaired; paid in full, in Cash in an amount equal to such Allowed Claim plus interest thereon (without any compounding) at a rate of 6% per annum for the period from the Commencement Date through the Effective Date, on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement or understanding between the applicable SS/L Debtor or SS/L Debtors and the holder of such Claim.
SS/L Class 5	SS/L Equity Interests	Unimpaired; unaltered.

3. Securities to be Issued Under the Plan

Pursuant to the Plan, New Loral and New Skynet, as applicable, are authorized without further act or action under applicable law, regulation, order, or rule to issue the following securities: (a) the New Loral Common Stock, (b) the New Skynet Preferred Stock, (c) the New Skynet Notes, (d) the Subscription Rights and (e) the Options.

(a) New Loral Common Stock. As of the Effective Date, the authorized common stock of New Loral will consist of 40,000,000 shares of New Loral Common Stock, par value \$.01 per share. Pursuant to the Plan, an aggregate of 20,000,000 shares of New Loral Common Stock will be issued to holders of Allowed Orion General Unsecured Claims and holders of Allowed Ltd. General Unsecured Claims. The rights of holders of New Loral Common Stock will be subject to the New Loral Certificate of Incorporation and New Loral By-laws and applicable Delaware law. The New Loral Common Stock issued to creditors pursuant to the Plan will be subject to dilution by shares of New Loral Common Stock issued under the New Management Stock Plan. New Loral will use its commercially reasonable efforts to cause the shares of New Loral Common Stock to be registered under Section 12 of the Securities Exchange Act of 1934, as amended, and listed on the Nasdaq market system or other national securities exchange for which it may qualify as soon as practicable after the Effective Date.

(b) New Skynet Preferred Stock. The New Skynet Preferred Stock is non-convertible preferred stock of New Skynet, \$0.01 par value per share, 2,000,000 shares of which shall be authorized for issuance, of which 1,000,000 shares shall be issued as of the Effective Date. Pursuant to the Plan, on the Effective Date, New Skynet shall issue to holders of Orion General Unsecured Claims New Skynet Preferred Stock with an aggregate liquidation preference of \$200,000,000 plus accrued but unpaid dividends (the "Liquidation Preference"). The New Skynet Preferred Stock will have an annual dividend equal to 12% of the Liquidation Preference, which shall be mandatorily payable semi-annually in Cash, in arrears; provided, however, that such dividend may be payable in kind (i.e., in additional shares of New Skynet Preferred Stock) under certain circumstances as set forth in the Certificate of Designation of the New Skynet Preferred Stock.

(c) New Skynet Notes. Pursuant to the Plan, in connection with the offering of Subscription Rights to the holders of Orion General Unsecured Claims described, New Skynet shall issue senior secured notes

in the principal amount of \$120,000,000 plus the Backstop Fee, the terms of which are governed by the New Skynet Notes Indenture, dated as of the Effective Date, between New Skynet and an indenture trustee to be selected by New Skynet. The New Skynet Notes will be guaranteed by certain of New Skynet Subsidiaries on a senior secured basis. The New Skynet Notes will have a ten-year term, bearing interest at the rate of 14% per annum payable semi-annually in arrears; provided, however, that such interest may be payable in kind (i.e., in additional New Skynet Notes) under certain circumstances as set forth in the New Skynet Indenture.

(d) Subscription Rights. Pursuant to the Plan, holders of Orion General Unsecured Claims were entitled to Subscription Rights, which are non-transferable, non-certificated rights to subscribe for the New Skynet Notes in the aggregate principal amount of \$120,000,000. Upon expiration of the Rights Offering on July 29, 2005, \$98,321,000 of the New Skynet Notes had been subscribed for. The amount of New Skynet Notes that are not subscribed for pursuant to the Rights Offering will be purchased by the Backstop Purchasers pursuant to the Backstop Commitment Agreement. In consideration for its agreement to backstop the Rights Offering, each Backstop Purchaser will, subject to the Backstop Commitment Agreement, receive its pro rata share of the Backstop Fee, consisting of \$6 million of New Skynet Notes, as well as a reimbursement of certain expenses. The proceeds of the Rights Offering will be used to (i) purchase substantially all of the non-Orion satellite services assets and (ii) fund the cash portion of the distributions to be made to holders of Allowed Claims in SpaceCom Class 4 and SS/L Class 4.

(e) Options. The New Management Stock Plan provides for a New Management Incentive Program (the "New Management Incentive Program") consisting of a stock option plan for the Reorganized Debtors' management and other key employees. The New Management Incentive Program will provide for Options to acquire shares of New Lorol Common Stock representing up to 6.5% of the fully diluted common stock of New Lorol as of the Effective Date, or approximately 1.39 million shares.

4. Discharge and Injunction

The rights afforded in the Plan and the payments and distributions to be made thereunder will discharge all existing debts and claims, and except as provided in the Plan with regard to the Orion Equity interests, SpaceCom Equity interests and SS/L Equity interests held by the Debtors, will terminate all equity interests, of any kind, nature, or description whatsoever against or in the Debtors or any of their assets or properties to the fullest extent permitted by Section 1141 of the Bankruptcy Code. Except as provided in the Plan, upon the Effective Date, all existing claims against the Debtors and equity interests in the Debtors will be, and will be deemed to be, discharged and terminated, and all holders of claims and equity interests will be precluded and enjoined from asserting against the Reorganized Debtors, their successors or assignees, or any of their assets or properties, any other or further claim or equity interest based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of claim or proof of equity interest, and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date.

Upon the Effective Date and in consideration of the distributions to be made under the Plan, except as otherwise expressly provided in the Plan, each holder (as well as any trustees and agents on behalf of each holder) of a claim or equity interest and any affiliate of such holder will be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

Section 1141 of the Bankruptcy Code, of and from any and all claims, equity interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons will be forever precluded and enjoined, pursuant to Section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged claim against or terminated equity interest in the Debtors.

Except as otherwise expressly provided in the Plan, all persons or entities who have held, hold or may hold claims or equity interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals and affiliates, are permanently enjoined, from and after the Effective Date, from (I) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such claim or equity interest against the Debtors or Reorganized Debtors, (II) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or

10

order against the Debtors or Reorganized Debtors, (III) creating, perfecting, or enforcing any encumbrance of any kind against the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors, or (IV) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or Reorganized Debtors or against the property or interests in property of the Debtors or Reorganized Debtors with respect to any such claim or equity interest. Such injunction will extend to any successors of the Debtors and Reorganized Debtors and their respective properties and interest in properties.

Information Regarding Equity Interests

The Company has 44,107,782 shares of common stock, 3,745,485 shares of Series C preferred stock and 734,135 shares of Series D preferred stock issued and outstanding as of the date of this report. As discussed above, on the Effective Date, the currently outstanding shares of the Company's common and preferred stock will be cancelled without any distribution to be made to the holders of such shares. See sections 3(a), (b) and (e) above for a discussion of the equity interests to be issued by New Lorai pursuant to the Plan.

Certain Financial Information

Information regarding the assets and liabilities of the Company is set forth in the Company's monthly operating report for the period of April 22, 2005 through May 20, 2005 filed with the Bankruptcy Report in the form attached hereto as Exhibit 99.1.

11

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

Exhibit No. -----	Description -----
2.1	Debtors' Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated June 3, 2005. (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 8, 2005.)

Edgar Filing: LORAL SPACE & COMMUNICATIONS LTD - Form 8-K

- 2.2 Modification to Debtors' Fourth Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated August 1, 2005.
- 2.3 Bankruptcy Court Order, dated August 1, 2005, confirming the Debtors' Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as modified.
- 99.1 Company's Monthly Operating Report for the period of April 22, 2005 through May 20, 2005 filed with the Bankruptcy Report.

12

SIGNATURES

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

Loral Space & Communications Ltd.

August 5, 2005

By: /s/ Janet Yeung

Name: Janet Yeung
Title: Vice President, Deputy General
Counsel and Assistant Secretary

13

Exhibit Index

Exhibit No. -----	Description -----
2.1	Debtors' Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated June 3, 2005. (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 8, 2005.)
2.2	Modification to Debtors' Fourth Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated August 1, 2005.
2.3	Bankruptcy Court Order, dated August 1, 2005, confirming the Debtors' Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as modified.
99.1	Company's Monthly Operating Report for the period of April 22, 2005 through May 20, 2005 filed with the Bankruptcy Report.

14