

LORAL SPACE & COMMUNICATIONS LTD
STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2001	2000	2001	2000
Segment Revenues:				
Fixed satellite services:				
Skynet	\$ 98.0	\$ 96.9	\$ 388.9	\$ 324.6
Affiliates ⁽¹⁾	35.4	35.2	141.7	136.4
Total fixed satellite services	133.4	132.1	530.6	461.0
Satellite manufacturing and technology	218.8	228.4	814.8	1,002.3
Data services	21.1	39.0	98.3	129.8
Operating segment revenues	373.3	399.5	1,443.7	1,593.1
Affiliate eliminations ⁽¹⁾	(35.4)	(35.2)	(141.7)	(136.4)
Intercompany eliminations	(65.4)	(75.1)	(232.4)	(232.6)
Operating revenues as reported	<u>\$ 272.5</u>	<u>\$ 289.2</u>	<u>\$ 1,069.6</u>	<u>\$ 1,224.1</u>
Segment EBITDA:				
Fixed satellite services:				
Skynet	\$ 70.3	\$ 63.0	\$ 276.2	\$ 205.0
Affiliates ⁽¹⁾	16.3	17.9	70.4	76.8
Total fixed satellite services	86.6	80.9	346.6	281.8
Satellite manufacturing and technology	(12.1)	(36.5)	24.2	35.5
Data services ⁽²⁾	3.7	(20.4)	(12.5)	(51.6)
Corporate expenses	(3.8)	(11.3)	(37.5)	(44.4)
Segment EBITDA before eliminations	74.4	12.7	320.8	221.3
Affiliate eliminations ⁽¹⁾	(16.3)	(17.9)	(70.4)	(76.8)
Intercompany eliminations	(5.4)	1.7	(27.8)	(14.3)
EBITDA as reported	52.7	(3.5)	222.6	130.2
Depreciation and amortization	(61.7)	(55.7)	(227.8)	(216.3)
Operating loss	(9.0)	(59.2)	(5.2)	(86.1)
Interest and investment expense, net ⁽³⁾	(34.2)	(20.9)	(155.1)	(94.2)
Gain on investments	-	-	-	70.8
Pretax loss	(43.2)	(80.1)	(160.3)	(109.5)
Income tax benefit ⁽³⁾	1.9	13.4	9.7	4.4
Loss after taxes	(41.3)	(66.7)	(150.6)	(105.1)
(Loss) income applicable to Globalstar activities ⁽³⁾	2.1	(1,095.2)	(24.9)	(1,368.0)
Equity in affiliate (losses) income and other ⁽⁴⁾	(13.4)	(10.1)	(43.1)	3.4
Extraordinary gain on debt restructuring	22.1	-	22.1	-
Net loss	(30.5)	(1,172.0)	(196.5)	(1,469.7)
Preferred dividends	(11.9)	(16.1)	(80.7)	(67.5)
Net loss - common shareholders	<u>\$ (42.4)</u>	<u>\$ (1,188.1)</u>	<u>\$ (277.2)</u>	<u>\$ (1,537.2)</u>
Weighted shares outstanding - Basic and Diluted	<u>335.9</u>	<u>297.6</u>	<u>323.8</u>	<u>295.8</u>
Loss per share - Basic and Diluted	<u>\$ (0.13)</u>	<u>\$ (3.99)</u>	<u>\$ (0.86)</u>	<u>\$ (5.20)</u>

(1) Includes 100% of Europe*Star's and Satmex's revenues and EBITDA (Europe*Star commenced revenue service in 2001).

(2) The three and twelve months ending December 31, 2000, include costs for Broadband investment of \$15.0 million and \$21.7 million, respectively.

(3) For the three and twelve months ending December 31, 2000, warrant and dividend income, net of taxes related to Globalstar has been recharacterized from interest and investment expense, net to loss applicable to Globalstar activities.

(4) The twelve months ending December 31, 2000, includes a \$33 million after tax gain representing Loral's share of Satmex's net insurance recovery on the loss of a satellite.

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**Supplemental Financial Data
(In millions)**

	Three Months Ended December 31,		Year Ended December 31,	
	2001	2000	2001	2000
BOOKINGS				
Fixed satellite services:				
Skynet	\$ 81.3	\$ 220.4	\$ 442.2	\$ 1,302.0
Affiliates ⁽¹⁾	71.6	5.2	171.4	318.3
Total fixed satellite services	152.9	225.6	613.6	1,620.3
Satellite manufacturing and technology	404.9	460.1	795.0	1,371.5
Data services	11.4	(27.8)	64.6	152.9
Affiliate eliminations ⁽¹⁾	(71.6)	(5.2)	(171.4)	(318.3)
Intercompany eliminations	30.5	(1.3)	(11.7)	(606.4)
Total bookings	528.1	651.4	1,290.1	2,220.0
Debookings	(208.2)	(132.4)	(641.4)	(224.7)
Net bookings	\$ 319.9	\$ 519.0	\$ 648.7	\$ 1,995.3

	December 31, 2001	December 31, 2000
FUNDED BACKLOG		
Fixed satellite services:		
Skynet	\$ 1,402.9	\$ 1,865.8
Affiliates ⁽¹⁾	404.2	546.1
Total fixed satellite services	1,807.1	2,411.9
Satellite manufacturing and technology	1,567.3	1,653.1
Data services	97.9	190.8
Global mobile telephone service ⁽²⁾	-	-
Total funded backlog	3,472.3	4,255.8
Affiliate eliminations ⁽¹⁾	(404.2)	(546.1)
Intercompany eliminations	(320.2)	(541.5)
Net funded backlog	\$ 2,747.9	\$ 3,168.2
CASH & UNUSED BANK CREDIT ⁽²⁾	\$ 229.3	\$ 459.0

**Condensed Balance Sheets
(In millions)**

	December 31, 2001	December 31, 2000
Cash and equivalents	\$ 159.9	\$ 394.0
Other current assets	403.9	437.6
Total current assets	563.8	831.6
Property, plant & equipment, net	1,977.4	1,944.8
Cost in excess of net assets acquired, net	891.7	918.8
Other assets	953.0	983.1
Total assets	\$ 4,385.9	\$ 4,678.3
Current portion of debt	\$ 135.3	\$ 110.7
Other current liabilities	440.8	383.9
Total current liabilities	576.1	494.6
Long-term debt	2,227.9	2,346.1
Other long-term liabilities	231.0	251.2
Shareholders' equity	1,350.9	1,586.4
Total liabilities and shareholders' equity	\$ 4,385.9	\$ 4,678.3

(1) Includes 100% of Satmex and Europe*Star.

(2) Includes unused bank credit of \$69.4 million and \$65.0 million as of December 31, 2001 and 2000, respectively.