

LORAL SPACE & COMMUNICATIONS INC.  
Form 10-Q  
August 06, 2014

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934**

**For the quarterly period ended June 30, 2014**

**Commission file number 1-14180**

**Loral Space & Communications Inc.**

**888 Seventh Avenue**

**New York, New York 10106**

**Telephone: (212) 697-1105**

**Jurisdiction of incorporation: Delaware**

**IRS identification number: 87-0748324**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by a check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2 of the Act). Yes  No

As of July 31, 2014, 21,414,212 shares of the registrant’s voting common stock and 9,505,673 shares of the registrant’s non-voting common stock were outstanding.

**LORAL SPACE & COMMUNICATIONS INC.**

**INDEX TO QUARTERLY REPORT ON FORM 10-Q**

**For the quarterly period ended June 30, 2014**

	<b>Page No.</b>
 <b><u>PART I — FINANCIAL INFORMATION</u></b>	
<b><u>Item 1: Financial Statements (Unaudited)</u></b>	
<u>Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013</u>	3
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2014 and June 30, 2013</u>	4
<u>Condensed Consolidated Statements of Shareholders' Equity for the six months ended June 30, 2014 and the year ended December 31, 2013</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2014 and June 30, 2013</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
<b><u>Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	25
<b><u>Item 3: Quantitative and Qualitative Disclosures About Market Risk</u></b>	42
<b><u>Item 4: Disclosure Controls and Procedures</u></b>	43
 <b><u>PART II — OTHER INFORMATION</u></b>	
<b><u>Item 1: Legal Proceedings</u></b>	44
<b><u>Item 1A: Risk Factors</u></b>	44
<b><u>Item 6: Exhibits</u></b>	44
<u>Signatures</u>	45

**PART I****FINANCIAL INFORMATION****Item 1. Financial Statements****LORAL SPACE & COMMUNICATIONS INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except share data)****(Unaudited)**

	June 30, 2014	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$74,125	\$ 5,926
Notes receivable	33,667	67,333
Income taxes receivable	12,869	13,234
Deferred tax assets	—	3,784
Other current assets	998	568
Total current assets	121,659	90,845
Long-term receivables	—	33,667
Investments in affiliates	175,532	116,820
Long-term deferred tax assets	74,791	83,708
Other assets	71	2,700
Total assets	\$372,053	\$ 327,740
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accrued employment costs	\$1,570	\$ 960
Other current liabilities	13,871	8,750
Total current liabilities	15,441	9,710
Pension and other postretirement liabilities	15,446	17,003
Long-term liabilities	93,875	93,117
Total liabilities	124,762	119,830
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock, 0.01 par value; 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common Stock:		
Voting common stock, 0.01 par value; 50,000,000 shares authorized, 21,568,706 issued	216	216

Edgar Filing: LORAL SPACE & COMMUNICATIONS INC. - Form 10-Q

Non-voting common stock, 0.01 par value; 20,000,000 shares authorized 9,505,673 issued and outstanding	95	95
Paid-in capital	1,015,812	1,015,656
Treasury stock (at cost), 154,494 shares of voting common stock	(9,592 )	(9,592 )
Accumulated deficit	(739,373 )	(777,549 )
Accumulated other comprehensive loss	(19,867 )	(20,916 )
Total shareholders' equity	247,291	207,910
Total liabilities and shareholders' equity	\$372,053	\$ 327,740

See notes to condensed consolidated financial statements

**LORAL SPACE & COMMUNICATIONS INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(LOSS)****(In thousands, except per share amounts)****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
General and administrative expenses	\$(1,336 )	\$(3,361 )	\$(2,676 )	\$(7,107 )
Operating loss	(1,336 )	(3,361 )	(2,676 )	(7,107 )
Interest and investment income	110	343	401	632
Interest expense	(4 )	(5 )	(7 )	(8 )
Other expense	(651 )	(341 )	(1,576 )	(371 )
Loss from continuing operations before income taxes and equity in net income (loss) of affiliates	(1,881 )	(3,364 )	(3,858 )	(6,854 )
Income tax provision	(9,480 )	(2,170 )	(20,152)	(4,985 )
Loss from continuing operations before equity in net income (loss) of affiliates	(11,361)	(5,534 )	(24,010)	(11,839)
Equity in net income (loss) of affiliates	64,363	132	62,194	(7,149 )
Income (loss) from continuing operations	53,002	(5,402 )	38,184	(18,988)
Loss from discontinued operations, net of tax	(1 )	(2,488 )	(8 )	(2,365 )
Net income (loss)	53,001	(7,890 )	38,176	(21,353)
Other comprehensive income, net of tax	286	491	1,049	1,863
Comprehensive income (loss)	\$53,287	\$(7,399 )	\$39,225	\$(19,490)
Net income (loss) per share:				
Basic				
Income (loss) from continuing operations	\$1.71	\$(0.18 )	\$1.23	\$(0.62 )
Loss from discontinued operations, net of tax	—	(0.08 )	—	(0.08 )
Net income (loss)	\$1.71	\$(0.26 )	\$1.23	\$(0.70 )
Diluted				
Income (loss) from continuing operations	\$1.67	\$(0.18 )	\$1.19	\$(0.62 )
Loss from discontinued operations, net of tax	—	(0.08 )	—	(0.08 )
Net income (loss)	\$1.67	\$(0.26 )	\$1.19	\$(0.70 )

Weighted average common shares outstanding:

Edgar Filing: LORAL SPACE & COMMUNICATIONS INC. - Form 10-Q

Basic	30,920	30,793	30,920	30,781
Diluted	31,004	30,793	31,004	30,781

See notes to condensed consolidated financial statements

## LORAL SPACE &amp; COMMUNICATIONS INC.

## CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Common Stock				Paid-In Capital	Treasury Stock Voting		Accumulated Other Comprehensive Loss		Shareholders' Equity
	Voting Shares Issued	Amount	Non-Voting Shares Issued	Amount		Shares	Amount	Deficit	Loss	
Balance, January 1, 2013	21,417	\$ 214	9,506	\$ 95	\$ 1,027,266	154	\$(9,592)	\$(794,128)	\$(37,394)	\$ 186,461
Net income								16,579		
Other comprehensive income									16,478	
Comprehensive income										33,057
Exercise of restricted stock units	175	2			(2)					—
Equitable adjustment to restricted stock units for dividends and distributions	120	1			(1)					—
Shares surrendered to fund withholding taxes	(143)	(1)			(8,896)					(8,897)
Adjustment to tax benefit associated with stock-based compensation					(3,128)					(3,128)
Stock-based compensation					417					417
Balance, December 31,	21,569	\$ 216	9,506	\$ 95	\$ 1,015,656	154	\$(9,592)	\$(777,549)	\$(20,916)	\$ 207,910



Edgar Filing: LORAL SPACE & COMMUNICATIONS INC. - Form 10-Q

2013			
Net income			38,176
Other			
comprehensive			1,049
income			
Comprehensive			39,225
income			
Adjustment to			
tax benefit			
associated with		156	156
stock-based			
compensation			
Balance, June	21,569	\$ 216	
30, 2014			