

MHR ADVISORS LLC  
 Form 4  
 December 24, 2008

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**RACHESKY MARK H MD**

2. Issuer Name and Ticker or Trading Symbol

**LORAL SPACE & COMMUNICATIONS INC. [LORL]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
**40 WEST 57TH STREET, 24TH FLOOR**

3. Date of Earliest Transaction (Month/Day/Year)  
**12/23/2008**

Director  10% Owner  
 Officer (give title below)  Other (specify below)

(Street)  
**NEW YORK, NY 10019**

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock					15,000 <sup>(1)</sup>	D	
Common Stock					1,105,642	I	See Footnote <sup>(2)</sup>
Common Stock					147,863	I	See Footnote <sup>(3)</sup>
Common Stock					958,336	I	See Footnote

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Common Stock						2,414,383	I	(4) See Footnote (5)
Common Stock						2,120,249	I	See Footnote (6)
Common Stock						305,004	I	See Footnote (7)
Common Stock						205,097	I	See Footnote (8)
Common Stock						722,444	I	See Footnote (9)
Non-Voting Common Stock	12/23/2008		J <sup>(10)</sup>	1,089,120	A <sub>(10)</sub>	1,089,120	I	See Footnote (2)
Non-Voting Common Stock	12/23/2008		J <sup>(10)</sup>	125,922	A <sub>(10)</sub>	125,922	I	See Footnote (3)
Non-Voting Common Stock	12/23/2008		J <sup>(10)</sup>	540,200	A <sub>(10)</sub>	540,200	I	See Footnote (4)
Non-Voting Common Stock	12/23/2008		J <sup>(10)</sup>	1,360,934	A <sub>(10)</sub>	1,360,934	I	See Footnote (5)
Non-Voting Common Stock	12/23/2008		J <sup>(10)</sup>	6,389,497	A <sub>(10)</sub>	6,389,497	I	See Footnote (9)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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Security			(Instr. 3, 4, and 5)			Date Exercisable	Expiration Date	Title	Amount or Number of Shares
			Code	V	(A)				
Series A-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(11)</sup>		16,577	<sup>(12)</sup>	<sup>(13)</sup>	Common Stock	165,770
Series A-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(11)</sup>		1,918	<sup>(12)</sup>	<sup>(13)</sup>	Common Stock	19,180
Series A-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(11)</sup>		8,223	<sup>(12)</sup>	<sup>(13)</sup>	Common Stock	82,230
Series A-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(11)</sup>		20,714	<sup>(12)</sup>	<sup>(13)</sup>	Common Stock	207,140
Series A-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(11)</sup>		97,246	<sup>(12)</sup>	<sup>(13)</sup>	Common Stock	972,460
Series B-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(14)</sup>		112,113	<sup>(15)</sup>	<sup>(13)</sup>	Common Stock <sup>(15)</sup>	1,121,130
Series B-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(14)</sup>		12,956	<sup>(15)</sup>	<sup>(13)</sup>	Common Stock <sup>(15)</sup>	129,560
Series B-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(14)</sup>		55,606	<sup>(15)</sup>	<sup>(13)</sup>	Common Stock <sup>(15)</sup>	556,060
Series B-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(14)</sup>		140,095	<sup>(15)</sup>	<sup>(13)</sup>	Common Stock <sup>(15)</sup>	1,400,950
Series B-1 Preferred Stock	\$ 30.1504	12/23/2008	J <sup>(14)</sup>		657,749	<sup>(15)</sup>	<sup>(13)</sup>	Common Stock <sup>(15)</sup>	6,577,490

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RACHESKY MARK H MD 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019	X	X		
MHR Capital Partners Master Account LP 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019		X		
MHR ADVISORS LLC 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019		X		
MHR Institutional Partners IIA LP 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019		X		
MHR Institutional Advisors II LLC 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019		X		
MHR Institutional Partners III LP 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019		X		
MHR Institutional Advisors III LLC 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019		X		
MHR FUND MANAGEMENT LLC 40 WEST 57TH STREET, 24TH FLOOR NEW YORK, NY 10019		X		

## Signatures

/s/ Hal Goldstein, Attorney  
in Fact 12/24/2008

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) These shares are restricted stock. Fifty percent of such shares have vested, 2,500 of such shares will vest on May 20, 2009, 2,500 of such shares will vest on May 22, 2009 and 2,500 of such shares will vest on May 20, 2010.
- These shares are held for the account of MHR Capital Partners Master Account LP, an Anguilla, British West Indies limited partnership ("Master Account"). MHR Advisors LLC, a Delaware limited liability company ("Advisors"), is the general partner of Master Account. Mark H. Rachesky, M.D. ("Dr. Rachesky") is the managing member of Advisors. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of Master Account. MHR Fund Management LLC ("Fund Management") has an investment management agreement with Master Account pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Master Account and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of Master Account.
- (2) the beneficial owner of the shares held for the account of Master Account. MHR Fund Management LLC ("Fund Management") has an investment management agreement with Master Account pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Master Account and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of Master Account.

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(3) These shares are held for the account of MHR Capital Partners (100) LP, a Delaware limited partnership ("Capital Partners (100)"). Advisors is the general partner of Capital Partners (100). Dr. Rachesky is the managing member of Advisors. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of Capital Partners (100). Fund Management has an investment management agreement with Capital Partners (100) pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Capital Partners (100) and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of Capital Partners (100).

(4) These shares are held for the account of MHR Institutional Partners II LP, a Delaware limited partnership ("Institutional Partners II"). MHR Institutional Advisors II LLC, a Delaware limited liability company ("Institutional Advisors II"), is the general partner of Institutional Partners II. Dr. Rachesky is the managing member of Institutional Advisors II. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of Institutional Partners II. Fund Management has an investment management agreement with Institutional Partners II pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Institutional Partners II and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of Institutional Partners II.

(5) These shares are held for the account of MHR Institutional Partners IIA LP, a Delaware limited partnership ("Institutional Partners IIA"). Institutional Advisors II is the general partner of Institutional Partners IIA. Dr. Rachesky is the managing member of Institutional Advisors II. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of Institutional Partners IIA. Fund Management has an investment management agreement with Institutional Partners IIA pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Institutional Partners IIA and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of Institutional Partners IIA.

(6) These shares are held for the account of MHR Institutional Partners LP, a Delaware limited partnership ("Institutional Partners"). MHR Institutional Advisors LLC, a Delaware limited liability company ("Institutional Advisors ") is the general partner of Institutional Partners. Dr. Rachesky is the managing member of Institutional Advisors. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of Institutional Partners. Fund Management has an investment management agreement with Institutional Partners pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Institutional Partners and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of Institutional Partners.

(7) These shares are held for the account of MHRM LP, a Delaware limited partnership ("MHRM"). Institutional Advisors is the general partner of MHRM. Dr. Rachesky is the managing member of Institutional Advisors. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of MHRM. Fund Management has an investment management agreement with MHRM pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of MHRM and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of MHRM.

(8) These shares are held for the account of MHRA LP, a Delaware limited partnership ("MHRA"). Institutional Advisors is the general partner of MHRA. Dr. Rachesky is the managing member of Institutional Advisors. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of MHRA. Fund Management has an investment management agreement with MHRA pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of MHRA and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of MHRA.

(9) These shares are held for the account of MHR Institutional Partners III LP, a Delaware limited partnership ("Institutional Partners III"). MHR Institutional Advisors III LLC, a Delaware limited liability company ("Institutional Advisors III") is the general partner of Institutional Partners III. Dr. Rachesky is the managing member of Institutional Advisors III. In such capacity, Dr. Rachesky may be deemed to be the beneficial owner of the shares held for the account of Institutional Partners III. Fund Management has an investment management agreement with Institutional Partners III pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Institutional Partners III and, accordingly, Fund Management may be deemed to beneficially own the shares held for the account of Institutional Partners III.

(10) These shares of Non-Voting Common Stock were issued on December 23, 2008 pursuant to an order of the Court of Chancery of the State of Delaware in the In re: Loral Space & Communications Inc. Consolidated Litigation (the "Court Order") in lieu of all the shares of Series A-1 Preferred Stock and Series B-1 Preferred Stock previously held and acquired on February 27, 2007 and such shares issued subsequently in respect thereof. These shares of Non-Voting Common Stock were not purchased or otherwise acquired for purposes of Section 16(b) under the Exchange Act of 1934, as amended (the "Exchange Act") and no investment decision was made with respect thereto.

(11) These shares of Series A-1 Preferred Stock were cancelled on December 23, 2008 pursuant to the Court Order. Such shares were not sold or otherwise disposed of for purposes of Section 16(b) under the Exchange Act and no investment decision was made with respect thereto.

(12) Prior to the cancellation of the shares of Series A-1 Preferred Stock as described in footnote 11, such shares were convertible at any time.

(13) None.

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(14) These shares of Series B-1 Preferred Stock were cancelled on December 23, 2008 pursuant to the Court Order. Such shares were not sold or otherwise disposed of for purposes of Section 16(b) under the Exchange Act and no investment decision was made with respect thereto.

(15) Prior to the cancellation of the shares of Series B-1 Preferred Stock as described in footnote 14, such shares were convertible into shares of common stock, par value \$.01 per share, of the Issuer (the "Common Stock") only upon the Majority Ownership Date, as defined and described further in the Schedule 13D/A filed with the Securities and Exchange Commission by the Reporting Persons on February 28, 2007. Prior to the Majority Ownership Date, the Series B-1 Preferred Stock was only convertible into shares of Class B-1 Non-Voting Common Stock, par value \$0.01, of the Issuer (the "Class B-1 Non-Voting Stock"), provided that the Issuer had filed an amendment to its Certificate of Incorporation authorizing the issuance of the Class B-1 Non-Voting Stock (the "Class B Non-Voting Stock Authorization"). Prior to the Class B Non-Voting Stock Authorization, the shares of Series B-1 Preferred Stock were not convertible into any other securities of the Issuer.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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