

LORAL SPACE & COMMUNICATIONS INC.  
Form DEF 14A  
April 14, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**Loral Space & Communications Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
  
- 2) Aggregate number of securities to which transaction applies:
  
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- 4) Proposed maximum aggregate value of transaction:
  
- 5) Total fee paid:
  - o Fee paid previously with preliminary materials.
  
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**May 19, 2016**

The Annual Meeting of Stockholders of Loral Space & Communications Inc. (“Loral” or the “Company”) will be held at the offices of *Willkie Farr & Gallagher LLP*, 787 Seventh Avenue, New York, New York, at 10:30 A.M., on Thursday, May 19, 2016, for the purpose of:

1. Electing to the Board of Directors the two nominees named in the accompanying Proxy Statement who have been nominated by the Board of Directors to continue to serve as Class I directors and whose current terms will expire at the Annual Meeting;
2. Acting upon a proposal to ratify the appointment of Deloitte & Touche LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2016; and
3. Acting upon a proposal to approve, on a non-binding, advisory basis, compensation of the Company’s named executive officers as described in the accompanying Proxy Statement.

The Board of Directors has fixed the close of business on March 31, 2016 as the date for determining stockholders of record entitled to receive notice of, and to vote at, the Annual Meeting.

The Board of Directors unanimously recommends that stockholders vote their shares in favor of the election of the Class I nominees and in favor of Proposals 2 and 3.

This Notice and accompanying Proxy Statement and proxy or voting instruction card will be first mailed to you and to other stockholders of record commencing on or about April 14, 2016.

Edgar Filing: LORAL SPACE & COMMUNICATIONS INC. - Form DEF 14A

All stockholders are cordially invited to attend the Annual Meeting. Stockholders may obtain directions to the Annual Meeting by contacting the Company's investor relations department at (212) 697-1105. Whether or not you plan to attend, I hope that you will vote as soon as possible. Please review the instructions on the proxy or voting instruction card regarding your voting options.

By Order of the Board of Directors

Michael B. Targoff  
*Vice Chairman of the Board*

April 14, 2016

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Notice of Annual Meeting	
Proxy Statement	
<u>Questions and Answers about the Annual Meeting and Voting</u>	1
<b><u>Proposal 1 — Election of Directors</u></b>	<b>5</b>
<u>Nominees for Election to the Board of Directors in 2016</u>	5
<u>Continuing Members of the Board of Directors</u>	6
<u>Additional Information Concerning the Board of Directors of the Company</u>	8
<u>Director Independence</u>	8
<u>Indemnification Agreements</u>	9
<u>Directors and Officers Liability Insurance</u>	9
<u>Board Leadership Structure</u>	9
<u>Board Role in Risk Oversight</u>	9
<u>Director Compensation</u>	10
<u>Board and Committee Compensation Structure</u>	10
<u>Directors Compensation for Fiscal 2015</u>	11
<u>Committees of the Board of Directors</u>	11
<b><u>Proposal 2 — Independent Registered Public Accounting Firm</u></b>	<b>14</b>
<b><u>Proposal 3 — Advisory Vote on Compensation Paid to Our Named Executive Officers</u></b>	<b>16</b>
<u>Report of the Audit Committee</u>	17
<u>Executive Compensation</u>	18
<u>Compensation Discussion and Analysis</u>	18
<u>Report of the Compensation Committee</u>	22
<u>Compensation Tables</u>	23
<u>Summary Compensation Table</u>	23
<u>Pension Benefits in Fiscal Year 2015</u>	24
<u>Potential Change in Control and Other Post Employment Payments</u>	25
<u>Ownership of Voting Common Stock</u>	27
<u>Certain Relationships and Related Transactions</u>	30

<u>Other Matters</u>	31
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	31
<u>Solicitation of Proxies</u>	31
<u>Stockholder Proposals for 2017</u>	31
<u>Communications with the Board</u>	31
<u>Code of Ethics</u>	32
<u>Householding</u>	32

**Loral Space & Communications Inc.**

**565 Fifth Avenue**

**New York, New York 10017**

PROXY STATEMENT

**Questions and Answers About the Annual Meeting and Voting**

***Why did I receive this proxy statement?***

We have sent you this Notice of Annual Meeting and Proxy Statement and proxy or voting instruction card because the Board of Directors (the “Board of Directors” or the “Board”) of Loral Space & Communications Inc. (“Loral” or the “Company”) is soliciting your proxy to vote at our Annual Meeting of Stockholders on May 19, 2016 (the “Annual Meeting”). This Proxy Statement contains information about the items being voted on at the Annual Meeting and information about us.

***Who is entitled to vote?***

You may vote on each matter properly submitted for stockholder action at the Annual Meeting if you were the record holder of our Voting Common Stock, par value \$.01 per share (“Voting Common Stock”), as of the close of business on March 31, 2016. On March 31, 2016, there were 21,427,078 shares of our Voting Common Stock outstanding and entitled to vote at the Annual Meeting.

***How many votes do I have?***

Each share of our Voting Common Stock that you own entitles you to one vote on each matter properly submitted for stockholder action at the Annual Meeting.

***What am I voting on?***

You will be voting on the following:

- To elect to the Board of Directors the two nominees named in this Proxy Statement who have been nominated by the Board of Directors to continue to serve as Class I directors and whose current terms will expire at the Annual Meeting;
- To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2016; and
- To approve, on a non-binding, advisory basis, compensation of the Company’s named executive officers as described in this Proxy Statement.

***How do I vote?***

You may vote in the following ways:

- ***By Mail:*** If you are a holder of record, you may vote by marking, dating and signing your proxy card and returning it by mail in the enclosed postage-paid envelope. If you hold your shares in street name, please complete and mail the voting instruction card.
- ***By Telephone or Internet:*** If you hold your shares in street name, you may be able to provide instructions to vote your shares by telephone or over the Internet. Please follow the instructions on your voting instruction card.



- ***At the Annual Meeting:*** If you are planning to attend the Annual Meeting and wish to vote your shares in person, we will give you a ballot at the meeting. If your shares are held in street name, you need to bring an account statement or letter from your broker, bank or other nominee indicating that you were the beneficial owner of the shares on March 31, 2016, the record date for voting. You will also need to obtain a proxy from your bank, broker or other nominee to vote the shares you beneficially own at the meeting. **Even if you plan to be present at the meeting, we encourage you to complete and mail the enclosed card to vote your shares by proxy.**

***What if I return my proxy or voting instruction card but do not mark it to show how I am voting?***

Your shares will be voted according to the instructions you have indicated on your proxy or voting instruction card. If no direction is indicated, your shares will be voted "FOR" the election of the Class I nominees and "FOR" Proposals 2 and 3.

***May I change my vote after I return my proxy or voting instruction card?***

You may change your vote at any time before your shares are voted at the Annual Meeting in one of three ways:

- Notify our Corporate Secretary in writing before the Annual Meeting that you are revoking your proxy;
- Submit another proxy by mail, telephone or the Internet (or voting instruction card if you hold your shares in street name) with a later date; or
- Vote in person at the Annual Meeting.

***What does it mean if I receive more than one proxy or voting instruction card?***

It means you have multiple accounts at the transfer agent and/or with banks and stockbrokers. Please vote all of your shares.

***What constitutes a quorum?***

Any number of stockholders, together holding at least a majority in voting power of the capital stock of the Company issued and outstanding and generally entitled to vote in the election of directors, present in person or represented by proxy at any meeting duly called, shall constitute a quorum for the transaction of all business. Abstentions and "broker non-votes" are counted as shares "present" at the meeting for purposes of determining whether a quorum exists. A "broker non-vote" occurs when shares held of record by a bank, broker or other holder of record for a beneficial owner are deemed present at the meeting for purposes of a quorum but are not voted on a particular proposal because that record holder does not have discretionary voting power for that particular matter under the applicable rules of the Nasdaq National Market and has not received voting instructions from the beneficial owner.

*What vote is required in order to approve Proposals 1 and 2?*

**Proposal 1 (Election of Directors):** The two nominees named in this Proxy Statement who have been nominated by the Board of Directors to continue to serve as Class I directors will be elected to the Class I directorships by plurality vote. This means that the two nominees with the most votes cast in their favor will be elected to the Class I directorships. Votes withheld from one or more director nominees will have no effect on the election of any director from whom votes are withheld. If you do not want to vote your shares for a nominee, you may indicate that in the space provided on the proxy card or the voting instruction card or withhold authority as prompted during telephone or Internet voting. In the unanticipated event that a director nominee is unable or declines to serve, the proxy will be voted for such other person as shall be designated by the Board of Directors to replace the nominee, or in lieu thereof, the Board may reduce the number of directors.

**Proposal 2 (Ratification of Appointment of Deloitte & Touche LLP):** This proposal requires the affirmative vote of the holders of a majority of the voting power of our outstanding Voting Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal 2. Abstentions will have the effect of votes against the proposal. "Broker non-votes," if any, will not have any effect on the adoption of the proposal.

*What is the standard for approving the non-binding, advisory proposal (Proposal 3)?*

**Proposal 3 (Advisory Vote on Compensation Paid to Named Executive Officers):** This proposal requires the affirmative vote of the holders of a majority of the voting power of our outstanding Voting Common Stock present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal 3. Abstentions will have the effect of votes against the proposal. "Broker non-votes," if any, will not have any effect on the adoption of the proposal. The results of this vote are not binding on the Board, whether or not it is adopted by the aforementioned voting standard. In evaluating the vote on this advisory resolution, the Board will consider the voting results in their entirety.

*May my broker vote my shares?*

Brokers may no longer use discretionary authority to vote shares on the election of directors or non-routine matters if they have not received instructions from their clients. It is important, therefore, that you cast your vote if you want it to count in the election of directors (Proposal 1) or in the advisory vote on compensation paid to our named executive officers (Proposal 3). Your broker has the authority to exercise discretion with respect to ratification of appointment of Deloitte & Touche LLP (Proposal 2) if it has not received your instructions for that proposal because that matter is treated as routine under applicable rules.

***How will voting  
on any other  
business be  
conducted?***

We do not know of any business or proposals to be considered at the Annual Meeting other than those set forth in this Proxy Statement. If any other business is properly presented at the Annual Meeting, the proxies received from our stockholders give the proxy holders the authority to vote on the matter in their sole discretion. In accordance with our Bylaws, no business (other than the election of the two Class I nominees and Proposals 2 and 3) may be brought before the Annual Meeting unless such business is brought by or at the direction of the Board or a committee of the Board.

***Who will count  
the votes?***

Computershare will act as the inspector of election and will tabulate the votes.

**Important Notice Regarding the Availability of Proxy Materials**

**for the Stockholder Meeting to Be Held on May 19, 2016**

**The 2016 Proxy Statement, a form of proxy and Loral's Annual Report on Form 10-K for the year ended December 31, 2015 are available at: [www.loral.com](http://www.loral.com).**

## PROPOSAL 1 — ELECTION OF DIRECTORS

The Company has three classes of directors serving staggered three-year terms, with each of Class I and Class II consisting of two directorships and Class III consisting of three directorships. The terms of the Class I, II and III directorships expire on the date of the Annual Meeting in 2016, 2017 and 2018, respectively.

At the Annual Meeting, stockholders will be asked to elect the two nominees named in this Proxy Statement who have been nominated by the Board of Directors to continue to serve as Class I directors and whose current terms will expire at the Annual Meeting. Mr. Arthur L. Simon and Mr. John P. Stenbit, each of whom is a current Class I director, are the nominees to serve as Class I directors for a new three-year term. One Class III directorship is currently vacant and will be vacant at the time of the Annual Meeting and until the Board either reduces its size or elects a candidate to fill such vacancy. Each nominee, if elected, will serve for a term of three years and will remain in office until a qualified successor director has been elected or until he or she resigns or is removed from the Board. Class I directors will be elected by plurality vote. **The Board of Directors unanimously recommends a vote *FOR* the director nominees.**

### *Nominees for Election to the Board of Directors in 2016*

The following are brief biographical sketches of each of our nominees, including their experience, qualifications, attributes and skills, which, taken as a whole, have enabled the Board to conclude that each nominee should, in light of the Company's business and structure, serve as a director of the Company.

### **Nominees for Class I Directorships — Term Expiring in 2019**

**Arthur L.  
Simon**

Age: 84

Director Since: November 2005

Class: Class I

Business Experience: Mr. Simon is retired. Prior to his retirement, Mr. Simon was a partner at Coopers & Lybrand L.L.P., Certified Public Accountants, from 1968 to 1994.

Other Directorships (current): Director and member of the Audit and Nominating/Corporate Governance Committees of L-3 Communications Corporation

Qualifications: Mr. Simon's qualifications for service on our Board include his significant experience in the satellite industry, having served as a director of the Company and its predecessors for more than 20 years. He also has significant accounting and internal controls background and expertise, having served in a public accounting firm for 38 years, 25 of which were as a partner, and having co-founded the aerospace/defense contracting group at his former firm. In addition, he brings to the Company substantial business knowledge gained while serving as an independent director of another public company in the aerospace and defense industry.

**John P. Stenbit**

Age: 75

Director Since: June 2006

Class: Class I

Business Experience: Mr. Stenbit is a consultant for various government and commercial clients. Mr. Stenbit is also Director and Chairman of the Audit Committee of Defense Group Inc., a private corporation, a Trustee of The Mitre Corp., a not-for-profit corporation, and a member of the Advisory Boards of the National Security Agency and the Science Advisory Group of the US Strategic Command. From 2001 to his retirement in March 2004, he was Assistant Secretary of Defense of Networks and Information Integration/Department of Defense Chief Information Officer.

Other Directorships (current): Director and member of the Nomination, Evaluation and Corporate Governance Committee and Compensation and Human Resources Committee of ViaSat, Inc.

Qualifications: Mr. Stenbit's qualifications for service on our Board include his significant experience in the aerospace and satellite industries, having previously served as a senior executive of TRW for 10 years in positions with financial oversight responsibilities. He also has had a distinguished career of government service focused on the telecommunications and command and control fields. In addition, he brings to the Company a breadth of business knowledge gained while serving as an independent director of other technology companies.

***Continuing Members of the Board of Directors***

The following are brief biographical sketches of each of our directors whose term continues beyond 2016 and who is not subject to election this year, including his or her experience, qualifications, attributes and skills, which, taken as a whole, have enabled the Board to conclude that each director should, in light of the Company's business and structure, serve as a director of the Company.

**Class II Directors —Term Expiring in 2017**

**John D. Harkey, Jr.**

Age: 55

Director Since: November 2005

Class: Class II

Business Experience: Mr. Harkey has been Chairman and Chief Executive Officer of Consolidated Restaurant Companies, Inc. since 1998.

Other Directorships (current): Director of Emisphere Technologies, Inc.

Other Directorships (previous within the last five): Director of Energy Transfer Equity, L.P., Leap Wireless International, Inc. and Regency Energy Partners LP

years):

Qualifications: Mr. Harkey's qualifications for service on our Board include his ability to provide the insight and perspectives of a successful and long-serving active chief executive officer of a major restaurant company. His current and prior experience serving on the boards of several other public companies in diverse industries allows him to offer a broad perspective on corporate governance, risk management and operating matters facing corporations today.

**Michael B.**

**Targoff**

Age: 71

Director Since: November 2005

Class: Class II

Business Experience: Mr. Targoff has been Vice Chairman of Loral since November 21, 2005 and a consultant to the Company since December 15, 2012. Mr. Targoff was Chief Executive Officer of Loral from March 1, 2006 to December 14, 2012 and President of Loral from January 8, 2008 to December 14, 2012. Mr. Targoff also has been a Director and member of the Audit Committee of Telesat Canada ("Telesat"), a subsidiary of Telesat Holdings Inc. ("Telesat Holdings"), since the Company acquired its interest in Telesat Holdings in October 2007. From 1998 to February 2006, Mr. Targoff was founder and principal of Michael B. Targoff & Co., a private investment company.

Other

Directorships Director of ViaSat, Inc. and Leap Wireless International, Inc.

(previous within

the last five

years):

Qualifications: Mr. Targoff's qualifications for service on our Board include his extensive understanding and knowledge of our business and the satellite industry, as well as demonstrated leadership skills and operating experience, acquired during more than 20 years of serving as a senior executive of the Company and its predecessors. As a director of other public and private companies in the telecommunications industry, Mr. Targoff also brings to the Company a broad-based business knowledge and substantial financial expertise.

**Class II Directors —Term Expiring in 2018**

**Mark H. Rachesky, M.D.**

Age: 57

Director Since: November 2005

Class: Class III

Business Experience: Dr. Rachesky has been non-executive Chairman of the Board of Loral since March 1, 2006. Dr. Rachesky also has been non-executive Chairman of the Board and a member of the Compensation and Corporate Governance Committee of Telesat since the Company acquired its interest in Telesat Holdings in October 2007. Dr. Rachesky founded MHR Fund Management LLC ("MHR") and has been its President since 1996. MHR is an investment manager of various private investment funds that invest in inefficient market sectors, including special situation equities and distressed investments.

Other Directorships (current): Director and member of the Governance and Nominating Committee and Compensation Committee of Emisphere Technologies, Inc.; Non-executive Chairman of the Board and member of the Strategic Advisory Committee and Compensation Committee of Lions Gate Entertainment Corp.; Director and member of the Nominating and Governance Committee, Finance Committee and Compensation Committee of Navistar International Corporation; Director and member of the Governance and Nominating Committee and Compensation Committee of Titan International Inc.

Other Directorships (previous within the last five years): Director of Leap Wireless International, Inc.

Qualifications: Dr. Rachesky's qualifications for service on our Board include his demonstrated leadership skills as well as his extensive financial expertise and broad-based business knowledge and relationships. In addition, as the President of MHR, with a demonstrated investment record in companies engaged in a wide range of businesses over the last 20 years, together with his experience as chairman and director of other public and private companies, Dr. Rachesky brings to the Company broad and insightful perspectives relating to economic, financial and business



conditions affecting the Company and its strategic direction.

Janet T. Yeung

Age: 51

Director Since: May 2015

Class: Class III

Business Experience: Since May 2012, Ms. Yeung has been Principal and General Counsel of MHR. From July 2008 to May 2012, Ms. Yeung was Principal and Counsel of MHR. From 2000 to June 2008, Ms. Yeung was Vice President and Deputy General Counsel of Loral and its predecessor.

Qualifications: Ms. Yeung's qualifications for service on our Board include her having previously served as an officer of the Company and, as a result, her familiarity with and extensive knowledge of the Company and the satellite industry. In addition, through her broad and deep experience in structuring, negotiating and implementing a wide variety of corporate transactions and financings during her tenure at the Company and at MHR, she has gained a considerable understanding of the matters that face the Company which enable her to offer the Board a broad perspective and advice on corporate governance, risk management and legal matters facing the Company today.

#### ***Additional Information Concerning the Board of Directors of the Company***

During 2015, the Board of Directors held eight meetings. No director attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors and of committees of the Board of which he was a member. We do not have a policy regarding directors' attendance at annual meetings. Two members of the Board attended the 2015 Annual Meeting of Stockholders in person, and four members attended the meeting by telephone.

#### **Director Independence**

The Company is listed on the Nasdaq Stock Market and complies with the Nasdaq listing requirements regarding independent directors. Under Nasdaq's Marketplace Rules, the definition of an "independent director" is a person other than an executive officer or employee of the company or any other individual having a relationship which, in the opinion of the issuer's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Our Board of Directors has reviewed such information as the Board has deemed appropriate for purposes of determining whether any of the directors has a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, including the beneficial ownership by our directors of Voting Common Stock (see "Ownership of Voting Common Stock – Voting Common Stock Ownership by Directors and Executive Officers") and transactions between the Company on the one hand, and our directors and their affiliates, on the other hand (see "Certain Relationships and Related Party Transactions"). Based on such review, the Board of Directors has determined that all of our current directors, except for Mr. Targoff, were in 2015, and are currently, independent directors; independent directors,

therefore, constitute a majority of our Board. Non-management directors meet periodically in executive session without members of the Company's management at the conclusion of regularly scheduled Board meetings. Mr. Targoff is not a member of any of the compensation, nominating or audit committees of the Company.

## Indemnification Agreements

We have entered into Officers' and Directors' Indemnification Agreements (each, an "Indemnification Agreement") with our directors and officers (each officer and director with an Indemnification Agreement, an "Indemnatee"). The Indemnification Agreement requires us to indemnify the Indemnatee if the Indemnatee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding (as that term is used in the Indemnification Agreement), except with regard to any Proceeding by or in our right to procure a judgment in our favor, against all Expenses and Losses (as those terms are used in the Indemnification Agreement), including judgments, fines, penalties and amounts paid in settlement, subject to certain conditions, actually and reasonably incurred in connection with such Proceeding, if the Indemnatee acted in good faith for a purpose which he or she reasonably believed to be in or not opposed to our best interests. With regard to Proceedings by or in our right, the Indemnification Agreement provides similar terms of indemnification; no indemnification will be made, however, with respect to any claim, issue or matter as to which the Indemnatee shall have been adjudged to be liable to us, unless a court determines that the Indemnatee is entitled to indemnification for such portion of the Expenses as the court deems proper, all as detailed further in the Indemnification Agreement. The Indemnification Agreement also requires us to indemnify an Indemnatee where the Indemnatee is successful, on the merits or otherwise, in the defense of any claim, issue or matter therein, as well as in other circumstances delineated in the Indemnification Agreement. The indemnification provided for by the Indemnification Agreement is subject to certain exclusions detailed therein. Loral Holdings Corporation guarantees the due and punctual payment of all of our obligations under the Indemnification Agreements.

## Directors and Officers Liability Insurance

We have purchased insurance from various insurance companies against obligations we might incur as a result of our indemnification obligations of directors and officers for certain liabilities they might incur and insuring such directors and officers for additional liabilities against which they might not be indemnified by us. We have also procured coverage for our own liabilities in certain circumstances. For the period from February 1, 2016 to January 31, 2017, we purchased a director and officer liability policy and a separate fiduciary liability policy. Our cost for the annual insurance premiums for these policies is \$567,340 in the aggregate.

## Board Leadership Structure

Our Bylaws do not require that the positions of Chairman of the Board and Chief Executive Officer be held by the same person or by different individuals, and our Board does not have a formal policy with respect to the separation or combination of these offices. After our corporate office restructuring resulting from the sale (the "SS/L Sale") in 2012 of our former subsidiary, Space Systems/Loral, LLC (formerly known as Space Systems/Loral, Inc.) ("SS/L"), including the termination of Mr. Targoff's employment as Chief Executive Officer and President of the Company, the Board did not believe that going forward it was necessary for the Company to employ a Chief Executive Officer. Thus, the

position of Chief Executive Officer during 2015 was, and currently is, vacant.

#### Board Role in Risk Oversight

The Board recognizes its duty to assure itself that the Company has effective procedures for assessing and managing risks to the Company's governance, strategy and planning, operations and infrastructure, compliance and reporting. The Board has delegated to the Audit Committee the responsibility for monitoring and overseeing the Company's processes and procedures for risk assessment, risk management and compliance, including periodic reports on compliance with law and Company policies and consequent corrective action, if any. At the request of the Audit Committee, management has developed and implemented a comprehensive enterprise risk management program. This program identifies and focuses on the particular risks that the Company faces, determines the risks that could have a material adverse effect on the Company, establishes and documents a mitigation plan for all significant risks and identifies risks that may not be able to be mitigated. The enterprise risk management program is linked to the Company's program for compliance with Sarbanes Oxley 404 and is coordinated with entity level controls and financial risk and fraud assessment processes that are also in place. The Chair of the Audit Committee reports on any significant risk matters to the Board as part of his reports on the Committee's meetings and activities.

**Director Compensation****Board and Committee Compensation Structure**

The compensation structure adopted by the Board of Directors and in effect for 2015 was designed to achieve the following goals:

- fairly pay directors for work required for a company of Loral's size and scope; and
- provide a compensation structure that is simple, transparent and easy to understand.

The compensation structure in effect for 2015 was as follows:

**Board and Committee Compensation Structure**

	Annual Fee <sup>(1)</sup>	In-Person Meeting Fee <sup>(2)</sup>	Telephonic Meeting Fee (over 30 minutes) <sup>(3)</sup>	Medical
Board of Directors	\$75,000	\$ 1,500	\$ 1,000	Eligible for Loral Medical Plan at Company's expense if not otherwise employed full-time
Executive Committee	No extra fees unless set on an ad hoc basis by Board of Directors			
Audit Committee				
Chairman	\$70,000	\$ 1,000	\$ 500	
Member	\$60,000	\$ 1,000	\$ 500	
Compensation Committee				
Chairman	\$5,000	\$ 1,000	\$ 500	
Member	\$2,000	\$ 1,000	\$ 500	

Nominating  
Committee

Chairman	\$5,000	\$ 1,000	\$ 500
Member	\$2,000	\$ 1,000	\$ 500

Annual fees are payable to all directors, including Company employees and consultants; fee is payable in three (1) installments: on or about the date of the Company's Annual Meeting of Stockholders and four and eight months thereafter.

(2) In-person meeting fees are not paid to Company employees or consultants.

Telephonic meeting fees are not paid to Company employees or consultants. For meetings of less than 30 minutes (3) in duration, per-meeting fees may be paid if, in the discretion of the Chairman of the Board or Committee, as applicable, meaningful preparation was required in advance of the meeting.

## Directors Compensation for Fiscal 2015

For fiscal year 2015, Loral provided the compensation set forth in the table below to its directors.

**2015 Director Compensation**

Name	Fees Earned or Paid in Cash (\$)	All Other Compensation (\$)	Total
Mark H. Rachesky, M.D.	\$84,000	—	\$84,000
Michael B. Targoff	\$75,000	\$ 1,514,300	(1) \$1,589,300
Hal Goldstein <sup>(2)</sup>	\$27,000	\$ 4,689	(2) \$31,689
John D. Harkey, Jr.	\$149,500	—	\$149,500
Arthur L. Simon	\$152,500	—	\$152,500
John P. Stenbit	\$187,500 <sup>(3)</sup>	—	\$187,500
Janet T. Yeung <sup>(4)</sup>	\$52,000	—	\$52,000

(1)