

SPACEHAB INC \WA\  
Form S-4/A  
August 16, 2005  
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As filed with the Securities and Exchange Commission on August 16, 2005

Registration No. 333-126772

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Amendment**

**No. 1**

**to**

**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

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**SPACEHAB, Incorporated**

(Exact name of registrant as specified in its charter)

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**Washington**  
(State or other jurisdiction of  
incorporation or organization)

**3760**  
(Primary standard industrial  
classification code number)  
**12130 State Highway 3, Building 1**

**91-1273737**  
(I.R.S. Employer  
Identification No.)

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Webster, Texas 77598-1504

(713) 558-5000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Michael E. Kearney**

**12130 State Highway 3, Building 1**

**Webster, TX 77598**

**(713) 558-5000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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*Copies to:*

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**300 South Grand Avenue, Suite 3400**

**Los Angeles, California 90071**

**Telephone: (213) 687-5000**

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**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "  \_\_\_\_\_

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "  \_\_\_\_\_

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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**The information in this prospectus is not complete and may be changed. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject to completion, dated August 16, 2005**

**SPACEHAB, Incorporated**

**Offer to Exchange and Consent Solicitation**

**in Respect of 5.5% Senior Convertible Notes due 2010**

**for**

**Any and All Outstanding 8% Convertible Subordinated Notes due 2007**

**(\$63,250,000 in principal amount outstanding)**

**The Exchange Offer and Consent Solicitation**

*Expiration Date.* The exchange offer and consent solicitation expires at 5:00 p.m., New York City time, on [•], 2005, unless extended.

*Exchange Offer and Consent Solicitation.* If you decide to participate in the exchange offer, for each \$1,000 principal amount of our outstanding 8% Convertible Subordinated Notes due 2007 that you validly tender in accordance with the procedures in this prospectus before the exchange offer expires, you will receive \$1,000 principal amount of our new 5.5% Senior Convertible Notes due 2010, plus accrued and unpaid interest on the tendered outstanding notes. The exchange offer is open to all holders of our outstanding notes. Concurrently with this exchange offer, we are also soliciting consents to amend the indenture that governs the outstanding notes.

*Conditions.* The exchange offer is conditioned upon the satisfaction of several conditions, including, but not limited to, a minimum of \$60,087,500 aggregate principal amount of outstanding notes being tendered and the approval by the holders of our common stock of an increase in the number of authorized shares of our common stock and the issuance of our common stock upon exercise of the exchange notes. SMH Capital Advisors, Inc., the investment advisor to holders of \$40,366,000 in principal amount of the outstanding notes, has expressed its intent to tender the outstanding notes held by its clients in the exchange offer. SMH is not obligated to tender the outstanding notes under its management and its ability to tender such notes is subject to certain limitations, including any specific directions of any beneficial owner relating to those outstanding notes or the transfer of such outstanding notes out of the account managed by SMH. If you tender your outstanding notes, you are obligated to consent to the proposed amendments to the indenture governing the outstanding notes. You may not consent to the proposed amendments without tendering your outstanding notes.

*Withdrawal.* You may validly withdraw outstanding notes that you tender at any time until the exchange offer and consent solicitation expires.

*Effect of Not Tendering.* If you do not exchange your outstanding notes and the proposed amendments are adopted, you will continue to hold those notes, but the indenture governing those outstanding notes will be amended to remove the occurrence of a default on our other indebtedness as an event of default under the outstanding notes. In addition, the exchange notes being issued pursuant to this exchange offer will be senior in right of payment to any outstanding notes that you continue to hold.

**The Exchange Notes**

*Maturity.* The exchange notes will mature on October 15, 2010.

*Interest.* Interest on the exchange notes will accrue from the issue date at the rate of 5.5% per year. We will pay interest on the exchange notes semi-annually on each April 15 and October 15, commencing October 15, 2005.

*Ranking.* The exchange notes will be our general senior unsecured obligations ranking equally with our other senior unsecured debt, but will be effectively subordinated to all our secured debt, to the extent of the value of the assets securing such debt, and to all debt incurred by our subsidiaries.

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**Conversion.** The exchange notes are convertible into shares of our common stock at a conversion price ranging from \$2.12 to \$2.44 from the date of issuance until October 14, 2008. On and after October 15, 2008, the conversion price for the exchange notes will be \$2.50 per share. The exchange notes will be automatically converted into shares of our common stock at a conversion price of \$2.50 per share if the closing price of our common stock exceeds \$3.25 per share for 20 consecutive trading days at any time prior to the maturity date of the exchange notes. Our common stock is traded on The NASDAQ National Market under the symbol SPAB. On August 15, 2005, the last reported sale price of our common stock on The NASDAQ National Market was \$1.35.

**Redemption and Repurchase.** We may redeem some or all of the exchange notes at any time at 100% of the principal amount of the exchange notes being redeemed, plus accrued interest to the date of redemption and, if redeemed prior to [•], 2008, the payment of the premium described in this prospectus. If we experience a change of control, we must offer to purchase the exchange notes for 100% of their aggregate principal amount, plus accrued interest, payable, at our option, in cash or in shares of our common stock.

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See **Risk Factors** beginning on page 14 for a discussion of certain risks that you should consider before participating in the exchange offer and consent solicitation.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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The Co-Dealer Managers for the Exchange Offer and the Solicitation Agents for the Consent Solicitation are:

**Jefferies & Company, Inc.**

**Sanders Morris  
Harris Inc.**

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The date of this prospectus is [•], 2005

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This exchange offer and consent solicitation is not being made to, nor will we accept tenders of outstanding notes from, holders of outstanding notes in any jurisdiction in which this exchange offer or the acceptance of outstanding notes would not be in compliance with the securities or blue sky laws of such jurisdiction.

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**WHERE YOU CAN FIND MORE INFORMATION**

This prospectus is part of a registration statement that we have filed with the SEC. You should read this prospectus and the information incorporated by reference, including the exhibits to the registration statement.

We file annual, quarterly, and current reports; proxy statements; and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. Our filings are located in the EDGAR database on that website. You may also read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the SEC's public reference room in Washington, D.C. by calling the SEC at 1-800-SEC-0330.

All of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to such reports as well as other filings we make pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934 are also available free of charge through our Internet website. The address of our Internet website is [www.spacehab.com](http://www.spacehab.com). Our SEC filings are available through our website as soon as reasonably practicable after they are electronically filed or furnished to the SEC. However, information on our website is not incorporated by reference.

We incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus. Information that was filed prior to the date of this prospectus that is updated or superseded by information contained in this prospectus is considered a part of this prospectus only as so updated or superseded. Information that we later file with the SEC will automatically update and supersede the information contained in this prospectus and the documents incorporated by reference. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until we terminate this offering:

Our Annual Report on Form 10-K for the fiscal year ended June 30, 2004, as amended by our Form 10-K/A filed on July 20, 2005;

Our Quarterly Reports on Form 10-Q for the periods ended September 30, 2004, December 31, 2004, and March 31, 2005, as amended by our Form 10-Q/A filed on July 20, 2005;

Our Current Reports on Form 8-K filed on September 10, 2004, October 12, 2004, May 3, 2005, May 19, 2005, May 26, 2005, June 2, 2005, July 1, 2005, July 14, 2005, July 20, 2005 and August 16, 2005 (to the extent these items were filed with the SEC and not furnished);

Our Proxy Statement on Schedule 14A for our 2004 Annual Meeting filed on October 28, 2004; and

The description of our common stock, no par value per share, contained in our Registration Statement on Form S-1 filed on October 5, 1995.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this document. You may request a copy of this information at no cost by writing or telephoning us at the following address and telephone number: Attention: Investor Relations, SPACEHAB, Incorporated, 12130 State Highway 3, Building 1, Webster, Texas 77598, telephone: (713) 558-5000.

**The exchange offer and consent solicitation is expected to expire at 5:00 p.m., New York City time, on [•], 2005 and you must make your exchange decision by this expiration date. To obtain timely delivery of the requested information, you must request this information by [•], 2005 or the date that is no later than five business days before the expiration date.**

In making your decision regarding participation in the exchange offer and consent solicitation, you should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with any other information. We are not making an offer of these securities in places where offers and sales are not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus, or that information incorporated by reference into this prospectus is accurate as of any date other than the date such information was filed with the SEC. Our business, financial condition, results of operations, and prospectus may have changed since that date.



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**FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact or statements relating to the exchange offer and consent solicitation, are forward-looking statements for purposes of federal and state securities laws. Forward-looking statements may include the words may, will, plans, believes, estimates, expects, intends and other similar expressions. Such statements are subject to risks and uncertainties that could cause our actual results to differ materially from those projected in the statements. Such risks and uncertainties include, but are not limited to:

whether we will fully realize the economic benefits under our NASA and other customer contracts;

continued utilization by NASA and others of our habitat and logistics modules and related commercial space assets and services;

completion of the International Space Station, and the continued availability and use of the U.S. space shuttle;

technological difficulties and potential legal claims arising from any technological difficulties;

product demand and market acceptance risks, including our ability to develop and sell products and services to be used by the manned and unmanned space programs that replace the space shuttle program;

the effect of economic conditions in the U.S. or other space faring nations that could impact our ability to support or gain customers;

uncertainty in government funding and support for key space programs;

the impact of competition on our ability to win new contracts;

delays and uncertainties in future space shuttle and International Space Station programs;

the U.S. Government's commitment to President Bush's Vision for Space Exploration;

delays in the timing of performance of other contracts;

resolution of our claims against NASA relating to the loss of our research double module on the *Columbia* orbiter; and

risks described in the Risk Factors section of this prospectus.

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Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and, therefore, we cannot assure you that the forward-looking statements included in this prospectus will prove to be accurate. In light of the significant uncertainties inherent in our forward-looking statements, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described under the heading Risk Factors beginning on page 14 of this prospectus and elsewhere in this prospectus, or in the documents incorporated by reference herein. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events or otherwise. In making these statements, we disclaim any obligation to address or update each factor in future filings with the SEC or communications regarding our business or results, and we do not undertake to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. In addition, any of the matters discussed above may have affected our past results and may affect future results, so that our actual results may differ materially from those expressed in this prospectus and in prior or subsequent communications.

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**PROSPECTUS SUMMARY**

*This summary highlights information from this prospectus, but does not contain a complete description of our business or all material features of the exchange offer and consent solicitation. To understand all of the terms of the exchange offer and consent solicitation and for a more complete understanding of our business, you should carefully read the entire prospectus, particularly the section entitled "Risk Factors," and the materials to which we have referred you. You should also consult with your own legal and tax advisors.*

*In this prospectus, SPACEHAB, the Company, we, us, our and ours refer to SPACEHAB, Incorporated and its subsidiaries, unless the context otherwise requires. In this prospectus, we use the term "outstanding notes" to refer to the 8% Convertible Subordinated Notes due 2007 that we issued in October 1997 and the term "exchange notes" to refer to the 5.5% Senior Convertible Notes due 2010 that we have registered under the Securities Act of 1933 and are offering in exchange for the outstanding notes as described in this prospectus.*

**Our Company**

**Overview**

We provide services that focus on the needs of organizations requiring access to the unique environment of space for commercial, scientific and other reasons. We are a leading provider of services that facilitate commercial access to space, and were the first company to commercially develop, own and operate pressurized space habitat modules. Serving the international community, we have experience supporting both manned and unmanned missions to space. We offer many levels of products and services by providing:

access to space through the use of our research and logistics modules and unpressurized integrated cargo carriers;

expertise on the habitability and occupational challenges of space;

facilities and support services needed to prepare satellites and payloads for launch;

engineering, analysis, and payload operations services;

program integration and control;

product design and development; and

space media, education, and retail goods.

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As an enabler of access to space, we provide these products and services to the space industry through the following three primary business units:

*SPACEHAB Flight Services.* Our Flight Services business unit provides research and logistics expertise and hardware, including a habitat module and unpressurized integrated cargo carriers provided to NASA for use on the U.S. space shuttle fleet.

*Astrotech Space Operations.* Our Astrotech spacecraft processing business unit provides facilities and support for the preparation of satellites and payloads for launch on expendable launch vehicles.

*SPACEHAB Government Services.* Our Government Services business unit provides project management and specialized engineering analysis, products, and services to NASA and other customers.

*SPACEHAB Flight Services.* The primary goal of our Flight Services business unit is to enable government and commercial enterprises to overcome the habitability and occupational challenges of space. Through the provision of experts, specialized hardware, and established processes, we help our customers access the resources of space. We offer a range of engineering, integration, operations, and ground support services that we tailor to meet our clients' specific requirements. Our Flight Services business unit provides a habitat module and unpressurized integrated cargo carriers to NASA for use on the U.S. space shuttle fleet and the International Space Station. We sell research and logistics services to NASA and commercial customers who want to use our

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modules and unpressurized carriers for specific space applications. Our modules provide space-based research facilities and pressurized cargo services for use aboard the space shuttle. Our single module, when installed in the payload bay of a space shuttle, more than doubles the space available to astronauts for research, habitation, and storage, while still leaving space in the shuttle bay for unpressurized cargo. We also have a second module that can be attached to our single module and used in the space shuttle in a double configuration. We outfit each module for research, logistics, or a combination of both depending on customer needs. Our unpressurized integrated cargo carrier systems are used to ferry equipment, supplies, and tools to the International Space Station onboard the space shuttle. As of August 12, 2005, our modules and integrated cargo carriers have flown on 19 missions on the space shuttle, including 13 logistics missions (six to the International Space Station and seven to the Russian space station *Mir*). For the July 2005 return-to-flight mission, we provided an integrated cargo carrier that was permanently attached to the International Space Station. Following the launch of the Space Shuttle *Discovery* in July 2005, NASA announced that the space shuttle fleet will be grounded for an indefinite period of time until loss of foam from the shuttle's external fuel tank can be remedied. In addition to our flight assets, we offer a full range of ground-based pre- and post-flight experiment and payload processing services and in-flight operations support.

***Astrotech Space Operations.*** Our Astrotech spacecraft processing business unit provides government and commercial customers with a commercial alternative to using government-owned facilities to prepare their satellites for launch in the United States. We believe that growing wireless telecommunication demands, such as direct-broadcast radio and television, cellular telephones, and broadband internet services, as well as the continued need for video and long-distance telephone transmissions, will provide us with opportunities to expand our customer base. Our modern facilities are used by payload customers launching on a wide range of expendable launch vehicles, including Atlas, Delta, Pegasus, Sea Launch, and Taurus, as well as secondary payloads flown on the space shuttle. Our largest facility, which we own, supports spacecraft processing for launches in Cape Canaveral and is capable of processing larger five meter class satellites and payload fairings for Lockheed Martin's and Boeing's Evolved Expendable Launch Vehicle Programs. The satellite and payload fairings for the Evolved Expendable Launch Vehicle Programs are significantly larger than other launch vehicles currently in use and require larger facilities for processing. We also lease facilities located on Vandenberg Air Force Base to support launches on the west coast. In addition, we manage the facilities at the Port of Long Beach that are used to process satellites and payloads being launched from an equatorial sea-based platform by Sea Launch Company, LLC. As of June 30, 2005, we had supported the processing of more than 225 satellites and payloads.

***SPACEHAB Government Services.*** Our Government Services business unit has provided specialized engineering support services for the U.S. Government, including NASA, and various commercial industries for over 30 years. Specifically, we have supported the Government in the areas of:

large-scale configuration and data management programs, including for the construction of the International Space Station;

specialized design, development, and fabrication of flight hardware;

low- to high-fidelity mockup design and construction; and

safety and quality support services.

***Space Media, Inc.*** In addition to our three primary business units, we also have a majority-owned subsidiary that creates proprietary space-themed content for education and commerce. By leveraging our access to engineers, marketing and industry professionals, and aerospace subcontractors, we are able to provide the space enthusiast with a variety of services and products. These services range from outfitting a comprehensive space exhibit to providing astronaut appearances and product endorsements. This business unit owns and operates an online retailing outlet, TheSpaceStore.com, and a retail store adjacent to NASA's Johnson Space Center in Houston. Our website and retail store offer hundreds of products, providing distinctive and personalized gifts, clothing, mission patches, space collectibles, and more. Through the STARS Program, we provide educational and outreach services to schools around the globe through which we help students develop and fly their own experiments in space.



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### **Strategy**

Our strategic vision is to be a recognized market leader in providing services to support space operations and utilization with consistent growth, high employee morale, and a realistic shareholder return on investment. Extracted from that vision, our strategies encompass the following:

deliver excellence on current work;

leverage our mission/program support expertise;

provide technical support on space programs;

expand and enhance existing payload-processing facilities;

design solutions that encourage private commercial investment in space;

develop space-related hardware;

support alignment of domestic and foreign resource sharing; and

identify new applications for our technology and expertise.

We believe that our business units are tactically aligned with our overriding corporate strategy in a manner that is poised to achieve our operational and financial goals. Our units are focused on three areas in the near term:

utilizing the expertise of our Flight Services business unit to provide support for the space shuttle's return-to-flight and subsequent missions, assembly and utilization of the International Space Station, and the evolution of NASA's exploration initiatives;

expanding our Astrotech spacecraft processing business unit's revenue base through new markets and services in an effort to increase utilization of our modern, commercially-operated facilities and extensive payload processing expertise; and

supporting the International Space Station Program Office through our Government Services business unit under cost reimbursable government contracts, further defining ourselves as a principal in configuration and data management services.

We are continuing to identify new business opportunities within our core competencies to maintain and expand our role as a NASA team member and commercial space access facilitator. For example, we recently completed a six-month NASA study contract valued at approximately \$1.0 million to support the space agency's new exploration initiatives. The purpose of this contract was to design a technical solution to accomplish the agency's objectives for lunar exploration and to identify systems that could also be used on missions to Mars and other

destinations. Our winning proposal documented our approach for designing an architecture that takes advantage of commercial efficiencies; specifically, how private industry can benefit from investing in transporting people to the moon and elsewhere. We believe that our approach results in lower program costs and provides the additional benefit of applying existing capabilities and mature technology. Following our initial six-month effort, NASA awarded us an additional six-month contract, also valued at approximately \$1.0 million, to continue and expand upon our initial work.

Our NASA study contract involves us in President Bush's space exploration vision at the onset, allowing us to promote the value of commercial solutions and private enterprise in NASA's growing initiatives. NASA is now in the process of defining the next steps for the national vision and will be issuing multiple proposals for the development of a crew exploration vehicle and a lunar vehicle, and the use of mature technologies that will assist in the process of exploring the moon and beyond. We believe that our expertise in the areas of logistics services, crew habitability, payload integration, and ground processing positions us to benefit from NASA's new initiatives.

In order to meet the evolving needs of NASA's exploration program and potential commercial customers, we are in the process of developing a commercial payload service. We believe that retirement of the shuttle eliminates a significant payload transport capability both to and from space for which NASA has not identified a



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replacement. Additionally, the retirement of the shuttle results in the loss of an orbiting platform that can host short duration technology maturation experiments. Our goal is to enable the smooth transition of a portion of space shuttle based International Space Station payload transport capabilities to commercial payload transport services. We are designing our proposed commercial payload service so that it can evolve with minimal redesign efforts as NASA migrates from International Space Station operations in low Earth orbit to lunar operations and beyond. Our proposed commercial payload service would consist of a variety of spacecraft that could be launched using existing expendable, unmanned launch vehicles, from smaller rockets to Boeing's Delta IV and Lockheed Martin's Atlas V Evolved Expendable Launch Vehicle Programs. We believe that we will have a payload transport carrier by 2008.

## **Recent Developments**

In April 2005, we consummated the sale and lease back of our 58,000 square-foot payload processing facility in Cape Canaveral, Florida in a transaction with Tamir Silvers LLC for \$4.8 million. This payload processing facility hosts payload integration activities for our modules and integrated cargo carriers. This lease offers the flexibility to respond to new opportunities and re-evaluate our facility requirements for both our nearby Cape Canaveral and Titusville, Florida locations upon the proposed retirement of the space shuttle in 2010. The contract terms provide for a lease by us of 100% of the facility for an initial period of five years, with an option period for an additional five years. Currently, we have subleases in place that occupy approximately 20% of the available space with another 20% available for prospective tenants.

On May 26, 2005, we exercised a right of first refusal contained in the lease for our 90,000 square foot corporate administrative facility and an adjacent three acres of land in Webster, Texas. We purchased the building and the adjacent three acres of land from American National Insurance Corporation for \$2.0 million. We sold the building, excluding the three acres of adjacent undeveloped land for \$3.25 million pursuant to a sale-leaseback arrangement. We have leased back 100% of the facility for an initial period of ten years, with two five-year options. We retained the adjacent three acres parcel for future development or sale.

In January 2004, Lloyd's of London, our insurer for the research double module, filed a complaint in the United States District Court for the Western District of Washington seeking the return of the \$17.7 million Lloyd's had paid to us under the research double module insurance policy. On May 12, 2005 we and Lloyd's agreed to jointly pursue recovery against NASA with us in full control of the appeals process. Lloyd's will participate in any recovery both pursuant to our administrative claim and our tort claim against NASA, net of legal costs, in accordance with a pre-agreed schedule under which our liability to Lloyd's ranges from a minimum of \$500,000 if we do not recover any additional amounts to approximately \$17.7 million if we recover over \$70.0 million from NASA. Also in accordance with the agreement, Lloyd's dismissed its complaint against us with prejudice. We will record a charge in our fourth quarter financial statements of \$500,000 pending a final resolution of our actions against NASA. For a discussion of our claims against NASA see Business Legal Proceedings.

On July 20, 2005, we restated our statements of cash flows for the year ended June 30, 2003 and the nine months ended March 31, 2005 to revise the classification of insurance and contractual indemnification proceeds that we received in connection with the loss of our research double module. We originally classified these proceeds, which totaled \$17.7 million in insurance proceeds and \$8.2 million in indemnification proceeds, as cash flows from operating activities; however, such proceeds should have been classified as cash flows from investing activities. Our restatement properly classifies such amounts.

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The address of our principal executive offices is 12130 State Highway 3, Building 1, Webster, Texas 77598. Our telephone number is (713) 558-5000. Our Internet website address is [www.spacehab.com](http://www.spacehab.com). Information contained in or connected to our Internet website is not a part of this prospectus.



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**The Exchange Offer and Consent Solicitation**

The material terms of this exchange offer and consent solicitation are summarized below. However, in addition, we encourage you to read the detailed descriptions in the sections entitled **The Exchange Offer and Consent Solicitation** and **Summary Comparison of Key Differences Between the Outstanding Notes and the Exchange Notes** for further information about the exchange offer and the consent solicitation.

We are making this exchange offer and consent solicitation in order to increase our liquidity by reducing our interest expense, extend the maturity of the outstanding notes since we do not believe that we would be able to make the required principal payment on the outstanding notes in 2007, and modify the terms of the notes, including the conversion price, so that they more closely resemble current market terms for convertible notes.

We believe that the corporate restructuring and refinancing steps taken to date are inadequate to provide sufficient cash flow to fund research and development efforts necessary to develop new space assets that we believe will be required to ensure our long term viability and competitiveness. Furthermore, if the outstanding notes remain outstanding, we do not believe that we will have the financial flexibility necessary to obtain future financing to fund needed research and development efforts. In addition to limiting our ability to fund research and development, if the exchange offer is not completed, we will be required to direct substantial available cash flows during the next two years to the repayment of the outstanding notes by 2007. Since we do not believe that these cash flows will be sufficient to repay the outstanding notes in 2007, we may also be required to divest core assets to generate sufficient funds to repay the outstanding notes at maturity and, if such divestitures are not successful, to seek a restructuring of our debt.

We believe that the actions that would need to be taken to repay the outstanding notes in 2007 would substantially narrow our future prospects. The cash flows redirected to the repayment of, and any divestiture of assets to repay, the outstanding notes may not generate sufficient funds to fully repay the outstanding notes. Due to the adverse effects that the outstanding notes will have on our future liquidity and ability to restructure and refocus our business at a time when our largest market is changing dramatically, we are proposing to exchange the outstanding notes for exchange notes pursuant to the terms of the exchange offer described below.

**The Exchange Offer**

We are making this exchange offer for all of our outstanding 8% Convertible Subordinated Notes due 2007. For every \$1,000 in principal amount of outstanding notes that you validly tender prior to the expiration of the exchange offer, you will receive \$1,000 in principal amount of 5.5% Senior Convertible Notes due 2010, plus accrued and unpaid interest on the outstanding notes that you tender. The exchange notes will bear a different CUSIP number from the outstanding notes.

**Consent Solicitation**

In addition to the exchange offer, we are soliciting consents to amend provisions of the indenture governing the outstanding notes. If you tender your outstanding notes in the exchange offer and they are accepted, you will be consenting to amend the indenture that governs the outstanding notes to remove the occurrence of a default on our other indebtedness as an event of default under the outstanding notes. Duly executed consents to the proposed amendment from holders representing at least a majority of the principal amount of the outstanding notes are required to amend the indenture governing the outstanding notes.

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<b>Exchange Offer and Consent Solicitation Expiration Date</b>	The expiration date for the exchange offer and consent solicitation is 5:00 p.m., New York City time, on [●], 2005, unless we extend the expiration date. It is possible that we will extend the exchange offer. See The Exchange Offer and Consent Solicitation Expiration Date; Extensions; Amendments.
<b>Withdrawal Rights</b>	You may withdraw outstanding notes you tendered by furnishing a notice of withdrawal to the exchange agent or by complying with applicable ATOP procedures at any time before 5:00 p.m., New York City time, on the expiration date or at any time after midnight, New York city time, on [●], 2005 if the outstanding notes have not been accepted for exchange. See The Exchange Offer and Consent Solicitation Withdrawal of Tenders.
<b>Accrued Interest on the Exchange Notes and the Outstanding Notes</b>	You will receive accrued and unpaid interest on any outstanding notes accepted in the exchange offer, calculated from the last interest payment date up to but excluding the issue date of the exchange notes. The exchange notes will bear interest from the issue date at a rate of 5.5% per year. We will pay interest on the exchange notes in cash semi-annually on each April 15 and October 15, commencing October 15, 2005.
<b>Conditions to the Exchange Offer</b>	The exchange offer is conditioned upon the satisfaction of several conditions, including, but not limited to, a minimum of \$60,087,500 aggregate principal amount of outstanding notes being tendered and the approval by the holders of our common stock of an increase in the number of authorized shares of our common stock and the issuance of common stock upon exercise of the exchange notes. See The Exchange Offer and Consent Solicitation Conditions. SMH Capital Advisors, Inc. is a registered investment advisor who has been granted discretionary authority to sell, tender, or exchange an aggregate principal amount of \$40,366,000 of the outstanding notes by the beneficial owners of those outstanding notes. While SMH Capital Advisors' ability to tender the outstanding notes under its management is subject to certain limitations, including any specific directions of any beneficial owner relating to those outstanding notes or the transfer of such outstanding notes out of the account managed by SMH Capital Advisors, SMH Capital Advisors has expressed its intent to tender all outstanding notes under its management at the time of the closing of the exchange offer. SMH Capital Advisors is under no obligation to tender any of the outstanding notes under its management and we cannot make any assurances that it will tender the outstanding notes that it holds. In addition, an affiliate of SMH Capital Advisors, Sanders Morris Harris Inc., is acting as a co-dealer manager in connection with this transaction and will receive compensation for serving in such capacity. See The Exchange Offer and Consent Solicitation Co-Dealer Managers and Soliciting Dealer Fees.

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<b>Consent to Amendments</b>	If you tender your outstanding notes for exchange, you are obligated to consent to the proposed amendments. You may not consent to the proposed amendments without tendering your outstanding notes.
<b>Dissenter s Rights</b>	Holders of the outstanding notes do not have any appraisal or dissenters rights under the Washington Business Corporation Act or the indenture in connection with the exchange offer and consent solicitation.
<b>Governmental Approvals</b>	No governmental approvals or consents must be received to consummate the exchange offer and consent solicitation.
<b>Procedures for Tendering Outstanding Notes Held in the Form of Book-Entry Interests</b>	<p>The outstanding notes were issued as global securities and were deposited with Wachovia Bank, National Association who holds the outstanding notes as the custodian for the Depository Trust Company (DTC). Beneficial interests in the outstanding notes are held by participants in DTC on behalf of the beneficial owners of the outstanding notes. We refer to beneficial interests in notes held by participants in DTC as notes held in book-entry form. Beneficial interests in notes held in book-entry form are shown on, and transfers of the notes can be made only through, records maintained in book-entry form by DTC and its participants.</p> <p>If you are a holder of an outstanding note held in the form of a book-entry interest and you wish to tender your book-entry interest for exchange in the exchange offer, you must transmit to Wachovia Bank, National Association, as exchange agent, on or prior to the expiration date of the exchange offer, the following:</p> <ul style="list-style-type: none"><li>a computer-generated message transmitted by means of DTC s Automated Tender Offer Program (ATOP) system that, when received by the exchange agent will form a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal; and</li><li>a timely confirmation of book-entry transfer of your outstanding notes into the exchange agent s account at DTC, according to the procedure for book-entry transfers described in this prospectus under the heading The Exchange Offer and Consent Solicitation Procedures for Tendering Outstanding Notes Held in Book-Entry Form.</li></ul>
<b>Procedures for Tendering Outstanding Notes Held in Certificated Form</b>	If you hold your outstanding notes in certificated form and wish to accept the exchange offer, sign and date the letter of transmittal, and deliver the letter of transmittal, along with certificates for the outstanding notes and any other required documentation, to the exchange agent on or before the expiration date in accordance with the instructions contained in this prospectus and the letter of transmittal.

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<b>Special Procedures for Beneficial Owners</b>	If you are a beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and wish to tender those outstanding notes in the exchange offer, please contact the registered holder as soon as possible and instruct them to tender on your behalf and comply with the instructions in this prospectus and the letter of transmittal.
<b>Guaranteed Delivery Procedures</b>	If you are unable to deliver the outstanding notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable ATOP procedures prior to the expiration date, you may tender your outstanding notes according to the guaranteed delivery procedures described in this prospectus under the heading "The Exchange Offer and Consent Solicitation - Guaranteed Delivery Procedures."
<b>Acceptance of Outstanding Notes and Delivery of Exchange Notes</b>	If the conditions described under "The Exchange Offer and Consent Solicitation - Conditions" are satisfied, we will accept for exchange any and all outstanding notes that are properly tendered and not withdrawn before the expiration date. See "The Exchange Offer and Consent Solicitation - Procedures for Tendering." If we close the exchange offer, the exchange notes will be delivered promptly following the expiration date. Otherwise, we will promptly return any outstanding notes that are not accepted.
<b>Consequences of Failure to Exchange</b>	If you do not exchange your outstanding notes and the proposed amendments are adopted, you will continue to hold those notes, but the indenture governing those outstanding notes will have been amended to remove the occurrence of a default on our other indebtedness as an event of default under the outstanding notes. In addition, the exchange notes being issued pursuant to this exchange offer will be senior in right of payment to any outstanding notes that you continue to hold. See "Material U.S. Federal Income Tax Considerations" for a discussion of U.S. federal income tax considerations of the failure to exchange your outstanding notes.
<b>Federal Income Tax Considerations</b>	We intend to take the position that the exchange of outstanding notes for exchange notes as a tax-free recapitalization for purposes of United States federal income taxation. If the exchange qualifies as a recapitalization, you generally will not recognize taxable gain or loss as a result of the exchange. See "Material U.S. Federal Income Tax Considerations" for a discussion of U.S. federal income tax considerations you should consider before tendering outstanding notes in the exchange offer. You should also consult your own tax advisor as to the consequences to you of participating in the exchange offer or your decision not to participate in the exchange offer.
<b>Co-Dealer Managers</b>	Jefferies & Company, Inc. and Sanders Morris Harris Inc.

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**Soliciting Dealer Fees**

If you validly tender, and we accept from you, \$500,000 or less in aggregate principal amount of the outstanding notes, we will pay your broker a soliciting dealer fee of an amount equal to 1.5% of those tendered and accepted outstanding notes. For more information, please see [The Exchange Offer and Consent Solicitation Soliciting Dealer Fees](#).

**Information Agent**

CapitalBridge is serving as information agent for the exchange offer and consent solicitation. The address for the information agent is listed under [The Exchange Offer and Consent Solicitation Information Agent](#). If you would like more information about the exchange offer and consent solicitation, you should call the information agent at (877) 746-3583 (toll-free). The facsimile number for the information agent is (201) 499-3600.

**Exchange Agent**

Wachovia Bank, National Association is serving as exchange agent for the exchange offer and consent solicitation. The address for the exchange agent is listed under [The Exchange Offer and Consent Solicitation Exchange Agent](#). If you would like more information about the exchange offer, you should call the exchange agent at (704) 590-7413. The facsimile number for the exchange agent is (704) 590-7628.

See [The Exchange Offer and Consent Solicitation](#) for more detailed information concerning the terms of the exchange offer and consent solicitation.

**Table of Contents****Summary Comparison of Key Differences Between the Outstanding Notes and the Exchange Notes**

The following is a summary of the key differences between the provisions of our outstanding 8% Convertible Subordinated Notes due 2007 and our new 5.5% Senior Convertible Notes due 2010 that are being offered in exchange for the outstanding notes and the reasons we believe these changes will help us to implement our strategic restructuring plan. This summary only describes the material differences between the indenture governing the outstanding notes and the indenture governing the exchange notes. We urge you to review each of these indentures to review additional changes that may be important to you.

<b>Outstanding 8% Convertible</b>	<b>New 5.5% Senior Convertible</b>
<b>Subordinated Notes due 2007 Indenture</b>	<b>Notes due 2010 Indenture</b>
<p><b>Interest Rate.</b> The outstanding notes bear interest at 8% per year.</p> <p><b>Maturity Date.</b> The maturity date for the outstanding notes is October 15, 2007.</p> <p><b>Ranking.</b> The outstanding notes are subordinated to all of our senior indebtedness.</p> <p><b>Conversion Price.</b> The conversion price for the outstanding notes is \$13.625 per share of common stock.</p> <p><b>Mandatory Conversion.</b> The outstanding notes do not have any mandatory conversion provisions.</p> <p><b>Redemption.</b> The outstanding notes can currently be redeemed at a redemption price equal to 101.7778% of the principal amount. From October 15, 2005 until October 14, 2006 the outstanding notes will be redeemable at a price equal to 100.8889% of the principal amount. On and after October 15, 2006, the outstanding notes are redeemable at a redemption price equal to 100% of the principal amount. In connection with any redemption, accrued and unpaid interest to the redemption date is also payable to the holders of the outstanding notes.</p> <p><b>Limitation on Senior Secured Indebtedness and Acquired Indebtedness.</b> The indenture governing the outstanding notes does not limit the incurrence of additional indebtedness.</p>	<p><b>Interest Rate.</b> The exchange notes bear interest at 5.5% per year.</p> <p><b>Maturity Date.</b> The maturity date for the exchange notes is October 15, 2010.</p> <p><b>Ranking.</b> The exchange notes will be senior indebtedness.</p> <p><b>Conversion Price.</b> The conversion price for the exchange notes will initially be \$2.12 and will increase semi-annually until October 15, 2008, when the conversion price will be set at \$2.50.</p> <p><b>Mandatory Conversion.</b> If our stock price exceeds \$3.25 for 20 consecutive trading days, the exchange notes will be automatically converted into shares of our common stock.</p> <p><b>Redemption.</b> The exchange notes can be redeemed at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of redemption. In addition, if the exchange notes are redeemed prior to [•], 2008 we will be required to pay a make-whole premium equal to the present value of interest payments remaining from the date of redemption until [•], 2008, discounted using the treasury rate on the date of redemption plus 1%.</p> <p><b>Limitation on Senior Secured Indebtedness and Acquired Indebtedness.</b> The indenture governing the exchange notes prohibits us from incurring more than \$20 million in additional senior secured indebtedness and, unless a leverage ratio test is met, from assuming or incurring indebtedness in connection with acquisitions. For a description of this covenant see Description of the Exchange Notes Certain Covenants Limitation on Incurrence of Senior Secured Indebtedness and Assumption of Acquired Indebtedness</p>



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**Outstanding 8% Convertible**

**Subordinated Notes due 2007 Indenture**

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**Limitation on Dividends.** The indenture governing the outstanding notes does not limit the payment of dividends.

**Change of Control.** In the event of a change of control, holders of the outstanding notes have the right to require us to repurchase their outstanding notes at a price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest. The provisions in the indenture governing the outstanding notes regarding a change of control can not be amended without the consent of all affected holders.

**New 5.5% Senior Convertible**

**Notes due 2010 Indenture**

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**Limitation on Dividends.** The indenture governing the exchange notes prohibits us from paying dividends on our common stock unless the dividends are paid in shares of our non-redeemable capital stock or common stock of any of our subsidiaries. The indenture governing the exchange notes will not limit our ability to repurchase or redeem our common stock.

**Change of Control.** The indenture governing the exchange notes contains provisions substantially similar to the provisions in the indenture for the outstanding notes that permits holders of the exchange notes to require us to repurchase their exchange notes at a price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest. Unlike the indenture for the outstanding notes, we are permitted to repurchase exchange notes upon a change of control in cash or in shares of our common stock, valued at the average closing price of our common stock for the 15 trading days immediately preceding the second trading day before we give notice of a change of control. The provisions in the indenture governing the exchange notes regarding a change of control can be amended with the approval of the holders of at least a majority in principal amount of the outstanding exchange notes.

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**The Exchange Notes**

The following is a summary of the terms of the exchange notes. For a more complete description of the differences between the outstanding notes and the exchange notes, see Summary Comparison of Key Differences Between the Outstanding Notes and the Exchange Notes.

<b>Issuer</b>	SPACEHAB, Incorporated.
<b>Title</b>	5.5% Senior Convertible Notes due 2010.
<b>Maturity Date</b>	October 15, 2010
<b>Interest Payment Dates</b>	Interest will be payable semi-annually on April 15 <sup>th</sup> and October 15 <sup>th</sup> , commencing October 15, 2005.
<b>Ranking</b>	<p>The exchange notes will be the unsecured and unsubordinated debt of SPACEHAB, Incorporated. Accordingly, they will rank:</p> <p>equally with all of our existing and future unsecured and unsubordinated debt;</p> <p>effectively subordinated to any future secured debt to the extent of the assets securing such debt, including our senior credit facility;</p> <p>effectively su</p>