Court File No.: CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

MOTION RECORD

September 28, 2011

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TAB 1

Court File No. CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

NOTICE OF MOTION
(returnable October 7, 2011)

TerreStar Networks Inc. ("TSNI") in its capacity as the foreign representative (the "Foreign Representative") of each of TSNI, TerreStar National Services Inc., TerreStar License Inc., 0887729 B.C. Ltd. ("088 B.C."), TerreStar Networks Holdings (Canada) Inc. ("Holdings Canada") and TerreStar Networks (Canada) Inc. ("TerreStar Canada" and together with 088 B.C. and Holdings Canada, the "TerreStar Canada Debtors") (collectively, the "Debtors") will make a motion to Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court") on October 7, 2011 at 10:00 a.m. (Eastern Standard Time) or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR AN ORDER:

1. In the form attached as Schedule "A" hereto, *inter alia*:

(a) abridging the time for service of the Notice of Motion and Motion Record and dispensing with further service thereof, if necessary;

(b) recognizing and implementing in full force and effect in Canada the following order of the United States Bankruptcy Court for the Southern District of New York (the "U.S. Bankruptcy Court") in the chapter 11 cases of the Debtors, jointly administered under Case No. 10-15446 (SHL) (the "U.S. Bankruptcy Proceeding"): Order Pursuant to 11 U.S.C. §§ 105 and 363 Authorizing the Debtors to Repay Certain Amounts Due and Owing Under the 15% Notes Indenture (the "Second Debt Repayment Order"), in the form approved and entered by the U.S. Bankruptcy Court following the hearing to be held on October 4, 2011;

2. Such further and other relief as counsel may request and this Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. On October 19, 2010, the Debtors commenced voluntary proceedings under chapter 11 of title 11 of the United States Code in the U.S. Bankruptcy Court;

2. On October 19, 2010, Justice Morawetz made an order (the "Interim Initial Order") that granted certain interim relief, including, among other things, a general stay of proceedings in Canada against the Debtors;

3. On October 20, 2010, the U.S. Bankruptcy Court entered a number of orders, including, an order authorizing the Applicant to act as a "foreign representative" on behalf of each of the Debtors' estates in connection with foreign recognition proceedings to be commenced in Canada;

4. On October 21, 2010, Justice Morawetz granted two orders, an "Initial Order" and a "Supplemental Order" (collectively, the "Initial Recognition Order") that, among other things (i) declared the jointly administered chapter 11 cases of the Debtors to be a "foreign main proceeding" pursuant to Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("CCAA"), (ii) recognized the Applicant as the "foreign representative" of each of the Debtors, (iii) appointed Deloitte & Touche Inc. as the information officer in these proceedings, and (iv) recognized and made effective in Canada certain other "first day" orders entered by the U.S. Bankruptcy Court;

Debt Repayment

5. On August 3, 2011, the U.S. Bankruptcy Court entered an order (the "First Debt Repayment Order"), agreed upon by the Debtors' major stakeholders, approving the repayment of approximately USD $975 million of the Debtors' secured debt obligations. The First Debt Repayment Order left open the possibility of future debt paydowns;

6. A corresponding order of this Court recognizing the First Debt Repayment Order was entered on August 4, 2011;

7. On August 11, 2011, the Debtors received USD $1.345 billion in proceeds (the "Funding Date Payment") from the purchaser of substantially all of their assets, and shortly thereafter the Debtors repaid slightly more than USD $975 million of the obligations under the Debtors' debtor-in-possession financing facility (approximately USD $85 million), TSNI's purchase money credit agreement (approximately USD $90 million) and the indenture governing the 15% senior secured payment-in-kind notes due 2014 (the "15% Notes") (USD $800 million, consisting entirely of principal and prepetition interest) (cumulatively, the "First Paydown"),

thereby stopping much (but not all) of the interest accrual on the Debtors' secured obligations and helping to maximize ultimate unsecured creditor recoveries;

8. As of September 15, 2011, excluding disputed amounts asserted to be owed, approximately USD $265.2 million of principal and postpetition interest remained outstanding under the 15% Notes, which consists of (i) USD $143,959,275 of principal and (ii) USD $121,252,471 of accrued postpetition simple interest. Simple interest on the remaining principal balance is currently accruing at a rate of approximately USD $1.86 million per month;

9. On September 13, 2011, the Debtors filed with the U.S. Bankruptcy Court a motion (the "Second Paydown Motion") seeking authorization to use the Funding Date Payment to repay, on the terms set forth in the Second Paydown Motion, the remaining USD $143,959,275 due and owing under the 15% Notes (the "Second Paydown");

10. The Second Paydown is critical to maximize distributions for the Debtors' remaining creditors, as the proposed repayment will preserve, potentially, and assuming, a three month period between September 13, 2011 (the date the Second Paydown Motion was filed) and the effective date of a plan of reorganization in the U.S. Bankruptcy Proceeding, approximately USD $5.5 million in value that would otherwise be used to satisfy the Debtors' interest obligations under the 15% Notes;

11. Holdings Canada and TerreStar Canada are guarantors of the 15% Notes. The Second Paydown would benefit these estates and their creditors for the reasons stated above and in the Second Paydown Motion. As such, the Applicant is requesting that the Canadian Court grant an order that the Second Debt Repayment Order be recognized and be given full force and effect in all provinces and territories of Canada;

12. The Applicant believes that recognition of the Second Debt Repayment Order by the Canadian Court is necessary for the protection of the Debtors' property situate in Canada and the interests of the Debtors' creditors;

13. The provisions of the CCAA, including Part IV and subsection 49(1) thereof;

14. Rules 3.02 and 16 of the Rules of Civil Procedure; and

15. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

16. The Affidavit of Douglas Brandon sworn September 28, 2011;

17. The Affidavit of Douglas Brandon to be sworn on or about October 5, 2011;

18. The Second Debt Repayment Order; and

19. Such further and other materials as counsel may request and this Court may permit.

September 28, 2011

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Schedule "A"

Court File No. CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 7th DAY
JUSTICE MORAWETZ	)	OF OCTOBER, 2011

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

RECOGNITION ORDER
(October 7, 2011)

THIS MOTION, made by TerreStar Networks Inc. ("TSNI") in its capacity as the foreign representative (the "Foreign Representative") of each of TSNI, TerreStar National Services Inc., TerreStar License Inc., 0887729 B.C. Ltd., TerreStar Networks Holdings (Canada) Inc. and TerreStar Networks (Canada) Inc. (collectively, the "Debtors") pursuant to section 49(1) of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("CCAA"), for an Order, substantially in the form attached to the Foreign Representative's notice of motion dated September [], 2011 (the "Notice of Motion"), recognizing the Second Debt Repayment Order (as that term is defined below) granted by the United States Bankruptcy Court for the Southern District of New York (the "U.S. Bankruptcy Court") in the chapter 11 cases commenced by the Debtors, lead case number 10-15446 (SHL), was heard this day at Toronto, Ontario.

ON READING the Notice of Motion, the Affidavits of Douglas Brandon sworn on September 28, 2011 and October 5, 2011, respectively, and on hearing submissions of counsel for the Foreign Representative, counsel for the Information Officer, those other parties present,

and no one appearing for any other person on the service list, although served as appears from the Affidavits of Service of Jarvis Hetu sworn on September 28, 2011 and October 5, 2011, respectively, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and that further service of the Notice of Motion and the Motion Record upon any interested person not served is dispensed with.

RECOGNITION OF ORDERS OF THE U.S. BANKRUPTCY COURT

2. **THIS COURT ORDERS AND DECLARES** that, without in any way limiting or impairing the Initial Recognition Order and the Supplemental Order of this Court, each dated October 21, 2010, save and except as may be provided pursuant to, and in order to give effect to, the terms of the Second Debt Repayment Order, the Order Pursuant to 11 U.S.C. §§ 105 and 363 Authorizing the Debtors to Repay Certain Amounts Due and Owing Under the 15% Notes Indenture (the "Second Debt Repayment Order") of the U.S. Bankruptcy Court as attached as Schedule "A" hereto, is hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49(1) of the CCAA, and shall be implemented and become effective in all provinces and territories of Canada upon the issuance of this Order in accordance with its terms.

SCHEDULE "A"

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

Court File No. CV-10-8944-00CL

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

RECOGNITION ORDER

October 7, 2011

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

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APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF MOTION

(returnable October 7th, 2011)

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TAB 2

Court File No. CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AFFIDAVIT OF DOUGLAS BRANDON
(sworn September 28, 2011)

I, Douglas Brandon, of the City of Reston, in the Commonwealth of Virginia, MAKE OATH AND SAY:

1. I am the general counsel and secretary of TerreStar Networks Inc. ("TSNI"). I swear this affidavit in support of TSNI's motion for recognition by this Court of the Second Debt Repayment Order (as that term is defined below) that the Debtors are seeking to have entered by the U.S. Bankruptcy Court, in the U.S. Bankruptcy Proceeding (as each of those terms are defined below), pursuant to section 49(1) of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("CCAA"). Except as otherwise indicated herein, the facts set forth in this Affidavit are based upon my personal knowledge and upon my review of relevant documents and information provided to me. Where I do not possess such personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. On October 19, 2010, TSNI and each of TerreStar National Services Inc., TerreStar License Inc., 0887729 B.C. Ltd. ("088 B.C."), TerreStar Networks Holdings (Canada) Inc. ("Holdings Canada") and TerreStar Networks (Canada) Inc. ("TerreStar Canada" and together with 088 B.C. and Holdings Canada, the "TerreStar Canada Debtors") (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the *United States Code* (the "U.S. Bankruptcy Code") (as jointly administered under lead case number 10-15446

(SHL), the "U.S. Bankruptcy Proceeding") in the United States Bankruptcy Court for the Southern District of New York (the "U.S. Bankruptcy Court").

3. On October 19, 2010, Justice Morawetz entered an order (the "Interim Initial Order") granting certain interim relief including, among other things, a general stay of proceedings against the Debtors.

4. On October 21, 2010, Justice Morawetz entered two orders, an "Initial Order" and a "Supplemental Order" (collectively, the "Initial Recognition Order") that, among other things, recognized the U.S. Bankruptcy Proceeding as a foreign main proceeding pursuant to Part IV of the CCAA, recognized TSNI as the foreign representative (the "Foreign Representative") of the Debtors, appointed Deloitte & Touche Inc. as the information officer in these proceedings, and recognized certain orders that had been granted by the U.S. Bankruptcy Court. A copy of the Initial Order and the Supplemental Order are attached hereto as Exhibit "A" and "B", respectively.

5. All references to monetary amounts in this affidavit are in U.S. dollars.

The Second Debt Repayment Order

The First Paydown

6. On July 6, 2011, the Debtors filed with the U.S. Bankruptcy Court a Motion for Entry of an Order (the "First Debt Repayment Order") Pursuant to 11 U.S.C. §§ 105 and 363 Authorizing the Debtors to Repay Existing Secured Claims (the "First Paydown Motion"). Pursuant to the First Paydown Motion, the Debtors sought authorization to use the Funding Date Payment (as that term is defined below) to repay in full the obligations under the Debtors' postpetition debtor-in-possession financing facility (the "DIP Facility"), TSNI's purchase money credit agreement (the "PMCA") and the indenture (the "Indenture") governing the 15% senior secured payment-in-kind notes due 2014 (the "15% Notes", the trustee thereof, the "15% Notes Trustee" and the noteholders thereunder, the "15% Noteholders").

7. In connection with the First Paydown Motion, certain of the Debtors' unsecured creditors voiced concerns with regard to the extent of the proposed paydown of the 15% Notes because

they believed that such a paydown would prejudice certain pending litigation including (i) the validity of certain liens on the Debtors' assets asserted by the 15% Notes Trustee and (ii) the priority status of certain prepetition advances made under the PMCA.

8. On December 17, 2010 Sprint Nextel Corporation ("Sprint") commenced an adversary proceeding in the U.S. Bankruptcy Court (the "Lien Litigation"), in which the statutory committee of unsecured creditors appointed in the U.S. Bankruptcy Proceeding (the "Creditors' Committee") later intervened as a co-plaintiff, seeking a declaratory judgment that, among other things, any purported lien, including, for greater certainty, the lien in favour of the 15% Noteholders, against the licenses granted to certain of the Debtors by the Federal Communications Commission and corresponding proceeds or value generated thereby, is invalid.

9. On July 13, 2011 in the U.S. Bankruptcy Proceeding, the Creditors' Committee separately commenced an adversary proceeding (the "PMCA Litigation") seeking to re-characterize as equity and/or equitably subordinate $5 million of "principal" that the Debtors allegedly received under the PMCA in August 2010 and any paid-in-kind "interest" that accrued with respect thereto.

10. Given the pending Lien and PMCA Litigation, and following good faith negotiations and discussions with certain of the Debtors' most significant and active creditor constituents, the Debtors agreed to repay, with respect to the 15% Notes, only a portion of the obligations thereunder (approximately $800 million) (the "Resolution").[1]

11. On August 3, 2011, the U.S. Bankruptcy Court entered the First Debt Repayment Order which authorized the Debtors to repay approximately $975 million of the Debtors' secured debt obligations. The First Debt Repayment Order reflected the Resolution and left open the possibility of future debt paydowns.

[1] On account of certain of the Debtors' creditors' concerns with regard to the full paydown of the PMCA in light of the pending PMCA Litigation, the Debtors agreed to repay a portion of the obligations thereunder (approximately $90 million). Rather than seek to paydown the remaining obligations due under the PMCA through the Second Paydown Motion (as that term is defined herein), the Debtors, Harbinger (as that term is defined herein), the lenders under the PMCA, the collateral agent under the PMCA and the Creditors' Committee reached a settlement on all of the outstanding issues related to the PMCA, including the PMCA Litigation (the "PMCA Settlement"), and on September 21, 2011, filed with the U.S. Bankruptcy Court a motion seeking approval of the PMCA Settlement as memorialized in a stipulation signed by all of the parties listed thereto. A summary of the PMCA Settlement will be provided in the tenth report of the Information Officer to be filed with this Court.

12. A corresponding order of this Court recognizing the First Debt Repayment Order was entered on August 4, 2011 (the "First Debt Repayment Recognition Order"). A copy of the First Debt Repayment Recognition Order is attached hereto as Exhibit "C".

13. On August 11, 2011, the Debtors received $1.345 billion in proceeds (the "Funding Date Payment") from the purchaser of substantially all of their assets, and shortly thereafter on the same date, the Debtors repaid slightly more than $975 million of the obligations under the DIP Facility (approximately $85 million), the PMCA (approximately $90 million) and the 15% Notes ($800 million, consisting entirely of principal and prepetition interest) (cumulatively, the "First Paydown"), thereby stopping much (but not all) of the interest accrual on the Debtors' secured obligations and helping to maximize ultimate unsecured creditor recoveries.

The Second Paydown

14. As of September 15, 2011, excluding disputed amounts asserted to be owed, approximately $265.2 million of principal and postpetition interest remained outstanding under the 15% Notes, which consists of (i) $143,959,275 of principal and (ii) $121,252,471 of accrued postpetition simple interest. Simple interest on the remaining principal balance is currently accruing at a rate of approximately $1.86 million per month.

15. In light of the above, the Debtors would like nothing more than a quick consensual resolution of the U.S. Bankruptcy Proceeding so that maximum value can be distributed to their unsecured creditors. However, even if the Debtors were able to file a plan of reorganization (the "Plan") in the U.S. Bankruptcy Court that would extinguish the claims of the 15% Noteholders, interest on the 15% Notes would continue to accrue until the effective date of the Plan (the "Effective Date"). Assuming a three-month period between September 13, 2011 (the date of filing of the Second Paydown Motion (as that term is defined below)) and the Effective Date, the nearly $144 million of remaining obligations under the 15% Notes would accrue approximately $5.5 million in additional interest over that period. The Debtors anticipate that unsecured creditors are likely to receive less than $50 million in the aggregate in the U.S. Bankruptcy Proceeding and, as such, $5.5 million is more than 10% of unsecured creditors' recovery – a very substantial amount.

16. Accordingly, on September 13, 2011, the Debtors filed with the U.S. Bankruptcy Court a Motion for Entry of an Order (the "Second Debt Repayment Order") Pursuant to 11 U.S.C. §§ 105 and 363 Authorizing the Debtors to Repay Certain Amounts Due and Owning Under the 15% Notes Indenture (the "Second Paydown Motion"). A copy of the Second Paydown Motion is attached hereto as Exhibit "D".

17. Pursuant to the Second Paydown Motion, the Debtors have sought authorization from the U.S. Bankruptcy Court to use certain of the remaining proceeds under the Funding Date Payment to repay, on the terms set forth in the Second Paydown Motion, the $143,959,275 due and owing under the 15% Notes (the "Second Paydown") in order to substantially reduce the postpetition interest accrual that decreases the funds available for distribution to unsecured creditors.

18. Nothing in the Second Paydown Motion will affect the 15% Noteholders' right to litigate (i) their alleged right to compounded postpetition interest and a make-whole premium and/or (ii) how any payments in respect of the 15% Notes obligations approved pursuant to the Second Paydown Motion should be applied under the terms of the Indenture (i.e. as principal or ratably). Further, none of the payments being made to the 15% Noteholders pursuant to the Second Debt Repayment Order will be subject to disgorgement.

19. Following the First Debt Repayment Order, the U.S. Bankruptcy Court issued a decision on August 19, 2011 in the 15% Notes Trustee's favour with regard to three of the four counts in the Lien Litigation. To the extent the plaintiffs are victorious in the final count of the Lien Litigation or on appeal, the 15% Noteholders would only be entitled to payment as an unsecured creditor in the U.S. Bankruptcy Proceeding, which status would have (but for the relief requested in the Second Paydown Motion) afforded a less-than 100% recovery on their prepetition claim. Thus, in that circumstance, approval of the Second Paydown Motion would result in the 15% Noteholders receiving payments to which they otherwise would not be entitled.

20. Despite the fact that the Second Paydown could potentially reduce recoveries to certain of the Debtors' unsecured creditors if the plaintiffs are victorious in the final count of the Lien Litigation or on appeal, the Creditors' Committee, EchoStar Corporation, the Debtors' largest secured creditor and holder of approximately 52% of the 15% Notes, and Harbinger Capital Partners LLC and certain of its managed and affiliated funds (collectively, "Harbinger"), in its

capacity as one of the Debtors' largest unsecured creditors have supported the Second Paydown Motion.

21. In the Debtors' view, minimizing and potentially eliminating interest accrual on the 15% Notes is the best means to secure recoveries for unsecured creditors. Thus, the Second Paydown is critical to maximize distributions to the Debtors' remaining creditors.

22. Holdings Canada and TerreStar Canada are guarantors of the 15% Notes. Therefore, the Second Paydown would also benefit these estates and their creditors for the reasons stated above and in the Second Paydown Motion.

Recognition of Second Debt Repayment Order

23. Given that the interests of Holdings Canada and TerreStar Canada are affected by the Second Debt Repayment Order, the Applicant is requesting that the Canadian Court grant an order that the Second Debt Repayment Order, if entered in the U.S. Bankruptcy Proceeding, be recognized and be given full force and effect in all provinces and territories of Canada.

24. This Affidavit is sworn in support of an application for an order recognizing the Second Debt Repayment Order, and for certain other ancillary relief as may be required and for no other or improper purpose.

SWORN BEFORE ME at the City of Reston, in the Commonwealth of Virginia, this 28th day of September, 2011

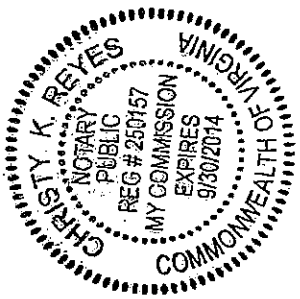
A Notary Public.

DOUGLAS BRANDON

CHRISTY K. REYES NOTARY PUBLIC REG.# 250157 MY COMMISSION EXPIRES 9/30/2014 COMMONWEALTH OF VIRGINIA

Exhibit "A" to the Affidavit of Douglas Brandon, sworn before me this 28th day of September, 2011.

A Notary Public.



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DATED AT TORONTO THIS 21 DAY OF OCTOBER 20 10
FAIT À TORONTO LE JOUR DE Joanne Nicoara
Registrar, Superior Court of Justice
REGISTRAR GREFFIER

Court File No.: CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE JUSTICE MORAWETZ	)))	THURSDAY, THE 21 DAY OF OCTOBER, 2010

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

INITIAL RECOGNITION ORDER
(October 21, 2010)

THIS APPLICATION, made by TerreStar Networks Inc. ("TSNI") in its capacity as the foreign representative (the "Foreign Representative") of Motient Holdings Inc., Motient Communications Inc., Motient License Inc., Motient Services Inc., MVH Holdings Inc., Motient Ventures Holdings Inc., TerreStar National Services, Inc., TerreStar License Inc., TerreStar New York Inc., 0887729 B.C. Ltd. ("088 B.C."), TerreStar Networks Holdings (Canada) Inc. ("TSN Holdings") and TerreStar Networks (Canada) Inc. ("TSN Canada") (together with TSNI, the "Chapter 11 Debtors") and itself, for an Order substantially in the form enclosed in the Application Record was heard, this day at Toronto, Ontario.

ON READING the Notice of Application, the Affidavit of Jeffrey W. Epstein sworn on October 19, 2010 (the "Epstein Affidavit"), the Affidavits of Alexandra North sworn on October 20, 2010 and October 21, 2010 (collectively, the "North Affidavits"), the Preliminary Report of Deloitte & Touche Inc., in its capacity as proposed information

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GREFFIER

officer (the "Information Officer") dated October 20, 2010, and the consent of Deloitte & Touche Inc. to act as Information Officer, each filed, and upon being provided with copies of the voluntary petition for commencement of chapter 11 proceedings of the Chapter 11 Debtors, and the related orders of, the United States Bankruptcy Court for the Southern District of New York (the "U.S. Bankruptcy Court") dated October 20, 2010, in respect of the bankruptcy proceedings (as jointly administered, the "U.S. Bankruptcy Proceeding") for each of the Foreign Representative and the other Chapter 11 Debtors, including the order of the U.S. Bankruptcy Court authorizing TSNI to act in the capacity of a Foreign Representative on behalf of the Chapter 11 Debtors, and upon hearing the submissions of counsel for the Foreign Representative, counsel for the proposed Information Officer, counsel for the DIP Lenders (as defined in the Epstein Affidavit), counsel for certain lenders under the Senior Secured Notes (as defined in the Epstein Affidavit) and upon being advised that no other persons were served with the Notice of Application:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and that further service of the Notice of Application and the Application Record upon any interested person not served is dispensed with.

APPOINTMENT OF THE FOREIGN REPRESENTATIVE

2. **THIS COURT ORDERS AND DECLARES** that TSNI is the Foreign Representative of the Chapter 11 Debtors pursuant to Section 45 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and is entitled to bring this application pursuant to Section 46 of the CCAA.

RECOGNITION OF THE U.S. BANKRUPTCY PROCEEDING

3. **THIS COURT ORDERS AND DECLARES** that the U.S. Bankruptcy Proceeding of the Chapter 11 Debtors is hereby recognized and given full force and effect in all provinces and territories of Canada as a "foreign main proceeding" for the purposes of Sections 47 and 48 of the CCAA.

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STAY OF PROCEEDINGS

4. **THIS COURT ORDERS** that subject to further order of this Court, and for so long as the U.S. Bankruptcy Proceeding is continuing, (the "Stay Period"), no proceeding or enforcement process in any court or tribunal in Canada (each, a "Proceeding") including a Proceeding taken or that might be taken against the Chapter 11 Debtors under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (the "BIA") or the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11, shall be commenced or continued against or in respect of the Chapter 11 Debtors or affecting their business in Canada (the "Business") or the property, assets, rights and undertaking which shall include any and all present and future property of every nature and kind whatsoever, and wheresoever situate, whether real or personal, and including all proceeds thereof, of any of the Chapter 11 Debtors in Canada and whether held by the Chapter 11 Debtors in whole or in part, directly or indirectly, as principal or nominee, beneficially or otherwise (collectively, the "Property"), except with the written consent of the Information Officer and the Foreign Representative and the relevant Chapter 11 Debtors, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Chapter 11 Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

EXERCISE OF RIGHTS OR REMEDIES

5. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, agency, governmental or quasi-governmental body, or other entity (all of the foregoing, collectively being "Persons" and each being a "Person") in respect of or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Information Officer and the Foreign Representative and the relevant Chapter 11 Debtors, or leave of this Court, provided that nothing in this Order shall (i) empower any of the Chapter 11 Debtors to carry on any business in Canada which the Chapter 11 Debtors are not lawfully entitled to carry on, (ii) empower the Chapter 11 Debtors to sell or otherwise dispose of, outside of the ordinary course of business, any of the Property in Canada that relates to the Business or empower the Chapter 11 Debtors from selling or otherwise disposing of any of its Property; *provided*

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however; that nothing herein shall limit the Chapter 11 Debtors' right to seek approval in the U.S. Bankruptcy Proceeding or from this Court to sell or otherwise dispose of any of their Property, (iii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (iv) prevent the filing of any registration to preserve or perfect a security interest, or (v) prevent the registration of a claim for lien.

NON-INTERFERENCE WITH RIGHTS

6. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Chapter 11 Debtors in respect of or affecting the Property or Business, except with the written consent of the Information Officer, the Foreign Representative and the relevant Chapter 11 Debtors, or leave of this Court.

CONTINUATION OF SERVICES

7. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Chapter 11 Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business or the Chapter 11 Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Chapter 11 Debtors, and that the Chapter 11 Debtors shall be entitled to the continued use in Canada of, among other things, their current premises, telephone numbers, facsimile numbers, internet addresses and domain names provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Chapter 11 Debtors in accordance with normal payment practices of the Chapter 11 Debtors or such other practices as may be agreed upon by the supplier or service provider, the Information

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Officer, the Foreign Representative and the relevant Chapter 11 Debtors, or as they may be ordered by this Court.

NON-DEROGATION OF RIGHTS

8. **THIS COURT ORDERS** that, notwithstanding anything else contained herein, no creditor of the Chapter 11 Debtors shall be under any obligation in Canada after the making of this Order to advance or re-advance any monies or otherwise extend any credit to the Chapter 11 Debtors except in accordance with the DIP Loan Documentation (as defined in the Supplemental Order dated October 21, 2010). Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

9. **THIS COURT ORDERS** that, subject to further order of this Court, and except as permitted by Section 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Chapter 11 Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Chapter 11 Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a plan of reorganization in respect of the Chapter 11 Debtors, if one is filed in the U.S. Bankruptcy Proceeding, is recognized by this Court and becomes effective in accordance with its terms or unless otherwise ordered by this Court.

AID AND ASSISTANCE OF OTHER COURTS

10. **THIS COURT REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states of other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

11. **THIS COURT ORDERS AND DECLARES** that the Interim Initial Order made October 19, 2010 shall be of no further force and effect upon the issuance of this Order.

12. **THIS COURT ORDERS AND DECLARES** that this Order shall be effective as of the date and time of the making of this Order and that any rights exercised or purported to be exercised by any Person on this date which would be contrary to the terms of this Order are of no force and effect, and are null and void.

13. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, any interested person may apply to this Court to vary or rescind this Order or seek other relief upon seven (7) days notice to the Foreign Representative, the Chapter 11 Debtors and their counsel, the Information Officer and its counsel, counsel to the DIP Lenders and to any other party likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

OCT 21 2010

PER / PAR:

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985 c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Court File No. CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

INITIAL RECOGNITION ORDER

OCTOBER 21, 2010

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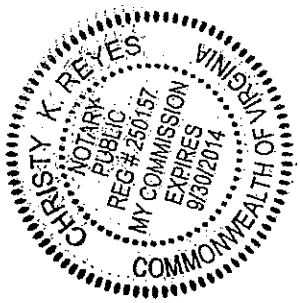
Counsel to the Applicant

Exhibit "**B**" to the Affidavit of Douglas Brandon, sworn before me this 28th day of September, 2011.

A Notary Public.



Court File No.: CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE JUSTICE MORAWETZ	)))	THURSDAY, THE 21 DAY OF OCTOBER, 2010

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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Joanne Nicoara
REGISTRAR Registrar, Superior Court of Justice
GREFFIER

SUPPLEMENTAL ORDER
(October 21, 2010)

THIS APPLICATION, made by TerreStar Networks Inc. ("TSNI") in its capacity as the foreign representative (the "Foreign Representative") of Motient Holdings Inc., Motient Communications Inc., Motient License Inc., Motient Services Inc., MVH Holdings Inc., Motient Ventures Holdings Inc., TerreStar National Services, Inc., TerreStar License Inc., TerreStar New York Inc., 0887729 B.C. Ltd. ("088 B.C."), TerreStar Networks Holdings (Canada) Inc. ("TSN Holdings") and TerreStar Networks (Canada) Inc. ("TSN Canada") (together with TSNI, the "Chapter 11 Debtors") and itself, for an Order substantially in the form enclosed in the Application Record was heard, this day at Toronto, Ontario.

ON READING the Notice of Application, the Affidavit of Jeffrey W. Epstein sworn on October 19, 2010 (the "Epstein Affidavit"), the Affidavits of Alexandra North sworn on October 20, 2010 and October 21, 2010 (collectively, the "North Affidavits"), the Preliminary Report of Deloitte & Touche Inc., in its capacity as proposed information

officer (the "Information Officer") dated October 20, 2010, and the consent of Deloitte & Touche Inc. to act as Information Officer, each filed, and upon being provided with copies of the voluntary petition for commencement of chapter 11 proceedings of the Chapter 11 Debtors, and the related orders of, the United States Bankruptcy Court for the Southern District of New York (the "U.S. Bankruptcy Court") dated October 20, 2010, in respect of the bankruptcy proceedings (as jointly administered, the "U.S. Bankruptcy Proceeding") for each of the Foreign Representative and the other Chapter 11 Debtors, including the order of the U.S. Bankruptcy Court authorizing TSNI to act in the capacity of a Foreign Representative on behalf of the Chapter 11 Debtors, and upon hearing the submissions of counsel for the Foreign Representative, counsel for the proposed Information Officer, counsel for the DIP Lenders (as defined in the Epstein Affidavit), counsel for certain lenders under the Senior Secured Notes (as defined in the Epstein Affidavit) and upon being advised that no other persons were served with the Notice of Application:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and that further service of the Notice of Application and the Application Record upon any interested person not served is dispensed with.

2. **THIS COURT ORDERS** that any defined terms not otherwise defined herein shall have the meaning given to such terms as contained in the Initial Recognition Order dated October 21, 2010 (the "IRO").

3. **THIS COURT ORDERS AND DECLARES** that the terms of this Supplemental Order shall be subject to and in furtherance of the IRO and for greater certainty, and except as set out in paragraph 17 herein, shall not amend the IRO or in any way limit the force and effect of the IRO.

RECOGNITION OF THE U.S. BANKRUPTCY ORDERS

4. **THIS COURT ORDERS AND DECLARES** that the following orders of the U.S. Bankruptcy Court attached as Schedules "A" to "E" hereto (collectively, the "Chapter 11 Orders") be and are hereby recognized and given full force and effect and are and shall be in full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

(a) an Order Authorizing TerreStar Networks Inc. to Act as Foreign Representative Pursuant to 11 U.S.C. § 1505 (the "Foreign Representative Order");

(b) an Interim Order Under Sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364 (e) and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014: (I) Authorizing Debtors to Obtain PostPetition Financing; (ii) Authorizing Debtors to Use Cash Collateral; (III) Granting Adequate Protection to Prepetition Secured Parties; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) (the "U.S. Interim DIP Financing Order");

(c) an Interim Order (a) Authorizing, but Not Directing Debtors to Continue Using their Cash Management System, Bank Accounts and Business Forms, (b) Granting Postpetition Intercompany Claims Administrative Expense Priority and (c) Authorizing Continued Intercompany Transactions (the "U.S. Cash Management Order");

(d) an Interim Order (a) Authorizing, but Not Directing, Debtors (i) to Pay Certain Prepetition Wages and Reimbursable Employee Expenses, (ii) to Pay and Honor Employee Medical and Other Benefits and (iii) Continue Employee Benefits Programs and (b) Authorizing Financial Institutions to Honor all Related Checks and Electronic Payment Requests (the "U.S. Wages Order"); and

(e) an Order Directing Joint Administration of related Chapter 11 Cases (the "U.S. Joint Administration Order");

provided, however, that in the event of any inconsistency between the terms of the Chapter 11 Orders and the IRO and this Order, the terms of the IRO and this Order shall govern with respect to the Property (as defined in the IRO).

INFORMATION OFFICER

5. **THIS COURT ORDERS** that:

(a) Deloitte & Touche Inc. be and is hereby appointed as information officer (in such capacity, the "**Information Officer**"), as an officer of this Court;

(b) The Information Officer be and is hereby authorized and empowered, but not obligated, to provide such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may request; and

(c) The Information Officer shall deliver to the Court a report at least once every three (3) months outlining the status of these proceedings, the U.S. Bankruptcy Proceeding and such other information as the Information Officer believes to be material.

6. **THIS COURT ORDERS** that the Information Officer be and is hereby authorized and empowered to provide any stakeholder of the Chapter 11 Debtors with information obtained from the Chapter 11 Debtors in response to reasonable requests for information in respect of the Business or Property of the Chapter 11 Debtors, made in writing by such stakeholder addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by the Chapter 11 Debtors is confidential, the Information Officer shall not provide such information to any stakeholder unless

otherwise directed by this Court or on such terms and conditions as the Information Officer, the Foreign Representative and the relevant Chapter 11 Debtors may agree.

7. **THIS COURT ORDERS** that the Information Officer shall not employ any employees of the Chapter 11 Debtors, shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the Chapter 11 Debtors and shall not, by fulfilling its obligations under this Order, be deemed to have taken or maintained possession, occupation, care or control of the Chapter 11 Debtors, or the Business or Property, or any part thereof, including, but not limited to, any Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation, or rehabilitation of the environment or relating to the disposal of waste or other contamination, including, but not limited to, the *Canadian Environmental Protection Act* or similar other federal or provincial legislation (the "Environmental Legislation"); *provided, however,* that nothing herein shall exempt the Information Officer from any duty to report or make disclosure imposed by applicable Environmental Legislation.

8. **THIS COURT ORDERS** that the appointment of the Information Officer shall not constitute the Information Officer to be an employer or a successor employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and safety or any other statute, regulation or rule of law or equity for any purpose whatsoever and, further, that the Information Officer shall be deemed not to be an owner or in possession, care, control, or management of the Property or Business of the Chapter 11 Debtors whether pursuant to Environmental Legislation, or any other statute, regulation or rule of law or equity under any federal, provincial or other jurisdiction for any purpose whatsoever.

9. **THIS COURT ORDERS** that the Information Officer and counsel to the Information Officer shall each be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Chapter 11 Debtors as part of the costs of

these proceedings. The Chapter 11 Debtors are authorized to pay the accounts of the Information Officer and counsel for the Information Officer on a bi-weekly basis. The payments in respect of the Information Officer and its counsel shall not be subject to approval in the U.S. Bankruptcy Proceeding. In addition, the Chapter 11 Debtors are authorized to pay the Information Officer a retainer of CDN $125,000 to be held by the Information Officer as security for payment of its and its counsel's fees and disbursements outstanding from time to time.

10. **THIS COURT ORDERS** that the Information Officer and its counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a first ranking charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of CDN $125,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Information Officer and such counsel, both before and after the making of this order in respect of the Chapter 11 Debtors' reorganization.

11. **THIS COURT ORDERS** that the fees and expenses of the Information Officer and its counsel shall be subject to the passing of accounts by this Court, and the Information Officer and its counsel shall not be required to pass their accounts in the U.S. Bankruptcy Proceeding, or in any other foreign proceeding.

12. **THIS COURT ORDERS** that the Foreign Representative, the other Chapter 11 Debtors, the Information Officer and the DIP Lenders shall incur no liability or obligation as a result of the appointment of the Information Officer or the fulfilment of the duties of the Information Officer in the carrying out of the provisions of this Order or any other order of this Court, and the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, provided that, for greater certainty, the obligations of the Information Officer shall be limited to those expressly set forth in this Order; provided, however, that with respect to the Information Officer, the foregoing shall not apply in respect of acts of gross negligence or wilful misconduct by the Information Officer as determined by final order of this Court. Further, no action or

other proceeding shall be commenced against the Foreign Representative, the other Chapter 11 Debtors, the Information Officer or the DIP Lenders in any Court or other tribunal as a result of or relating in any way to the appointment of the Information Officer, the fulfilment of the duties of the Information Officer or the carrying out of this or any other orders of this Court, unless the leave of this Court is first obtained on motion on at least seven (7) days' notice to the Information Officer, the Foreign Representative, the DIP Lenders and the parties on the service list.

DIP FINANCING

13. **THIS COURT ORDERS AND DECLARES** that, the security interests, liens and charges to be granted in and over all of the Property (the "DIP Charge"), and the priority accorded thereto, as contemplated by the *Interim Order Under Sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364 (e) and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014: (I) Authorizing Debtors to Obtain PostPetition Financing; (ii) Authorizing Debtors to Use Cash Collateral; (III) Granting Adequate Protection to Prepetition Secured Parties; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c),* entered by the U.S. Bankruptcy Court on October 20, 2010, as security for performance of the Chapter 11 Debtors' obligations under the DIP Loan Agreement (as defined in the Epstein Affidavit) and related loan documentation (together with the DIP Loan Agreement, the "DIP Loan Documentation") are hereby recognized on the terms set out in the U.S. Interim DIP Financing Order, the Property is charged in favour of the DIP Agent (as defined in the Epstein Affidavit) and such security interests, liens and charges are and shall constitute a fixed and floating security interest, lien and charge in and against the Property, senior to all other security interests, liens and charges other than the Administration Charge, the Prepetition Secured Party Liens, the Permitted Prepetition Liens and the Carve-Out (as such terms are defined in the U.S. Interim DIP Financing Order) as security for the obligations of the Canadian Debtors (as that term is defined in paragraph 14 below) and the performance of all of the obligations of the Canadian Debtors, all pursuant to, in accordance with, and, as set forth in the DIP Loan Documentation and U.S. Interim DIP Financing Order.

14. **THIS COURT ORDERS AND DECLARES** that, 088 B.C., Holdings Canada and TerreStar Canada (together, the "Canadian Debtors") are authorized and empowered, to enter into, and to execute and deliver in favour of the DIP Agent and the DIP Lenders, the DIP Loan Documentation and any mortgages, charges, hypothecs, pledges, security or other documents as are contemplated or required by the terms of the DIP Loan Documentation, including without limitation in respect of the Property, and to perform their respective obligations thereunder, and for certainty, this Court orders and declares that the execution and delivery of the DIP Loan Agreement by each of the Canadian Debtors is ratified and approved.

15. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the IRO or any other Orders granted in these proceedings:

(a) The DIP Lenders may (but are not required to) take such steps from time to time as they may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the DIP Loan Documentation; and

(b) Upon the occurrence of an event of default under the DIP Loan Documentation, provided the DIP Agent and the DIP Lenders are authorized in the U.S. Bankruptcy Proceeding, the DIP Agent and the DIP Lenders may exercise all of their rights and remedies under the U.S. Interim DIP Financing Order and the DIP Loan Documentation in accordance with the terms thereof in respect of the Business and Property and without further Order or application to this Court.

VALIDITY AND PRIORITY OF CHARGES

16. **THIS COURT ORDERS** that, without limiting 13 above, the priorities of the Administration Charge and the DIP Charge, as among them, shall be as set out in the U.S. Interim DIP Financing Order and the DIP Loan Documentation, which for greater certainty, as among them, is as follows:

First – Administration Charge (to the maximum amount of $125,000 and in respect of the Property only); and

Second – DIP Charge.

17. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the DIP Charge (collectively, the "Charges") in Canada shall not be required, and that the Charges are and shall be valid and enforceable against the Property for all purposes in Canada, including, without limitation, as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect the Charges.

18. **THIS COURT ORDERS** that the Administration Charge and the DIP Charge and the DIP Loan Documentation shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender under the DIP Loan Documentation shall not be limited or impaired in any way by (a) the pendency of these proceedings and any declarations of insolvency made in these proceedings; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy orders made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of any security interests, trusts, liens, charges, encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Chapter 11 Debtors, and notwithstanding any provision to the contrary in any such Agreement or otherwise:

(i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Loan Documentation shall create or be deemed to constitute a breach by the Chapter 11 Debtors of any Agreement to which it is a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Chapter 11 Debtors entering into the DIP Loan Documentation, the creation of the Charges, or the execution, delivery or performance of the DIP Loan Documentation; and

(iii) the payments made by the Chapter 11 Debtors pursuant to this Order, the DIP Loan Documentation, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

19. **THIS COURT ORDERS** that the DIP Charge and the Administration Charge shall attach to the Property (including, without limitation, any lease, sub-lease, offer to lease, license, permit or other contract), notwithstanding any requirement for the consent of the lessor or other party to any such lease, license, permit or contract or any other person or the failue to comply with any other condition precedent.

20. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Chapter 11 Debtors' interest in such real property leases.

AID AND ASSISTANCE OF OTHER COURTS

21. **THIS COURT REQUESTS** the aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states of other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

GENERAL PROVISIONS

22. **THIS COURT ORDERS** that the Information Officer or the Foreign Representative may, from time to time, apply to this Court for advice, directions, or for such further or other relief as they may advise in connection with the proper execution of this Order, the IRO or the discharge or variation of their respective powers and duties under this Order.

23. **THIS COURT ORDERS** that nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Chapter 11 Debtors, or in respect of the Business or the Property, upon further order of the Court.

24. **THIS COURT ORDERS** that each of the Foreign Representative, the other Chapter 11 Debtors and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order or the IRO.

SERVICE AND NOTICE

25. **THIS COURT ORDERS** that the Foreign Representative or the Information Officer, as the case may be, are at liberty to serve this Order, the IRO, any other orders in this proceeding, all other proceedings, notices and documents by prepaid ordinary mail, courier, personal delivery or electronic transmission to any interested party that has filed a notice of appearance in these recognition proceedings, at their addresses shown on their notice of appearance and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding, or if sent by ordinary mail, on the second business day after mailing.

26. **THIS COURT ORDERS** that any party to these proceedings, including the Information Officer, may serve any court materials in these proceedings (including without limitation, application records, motion records, facta and orders) on all parties

electronically by emailing a PDF or other electronic copy of such materials to parties' e-mail addresses as recorded on the service list and the Information Officer will post a copy of the materials, including this Order and the IRO, on its website at **www.deloitte.com/ca/terrestar-networks** as soon as is practicable.

27. **THIS COURT ORDERS** that within 5 days from the date of this Order, or as soon as practicable thereafter, the Information Officer shall publish a notice as required by subsection 53(b) of the CCAA substantially in the form attached to this Order as Schedule "F" in The Globe and Mail (National Edition) for one (1) day in two (2) consecutive weeks without delay following the issuance of this Order.

28. **THIS COURT ORDERS AND DECLARES** that this Order shall be effective as of the date and time of the making of this Order and that any rights exercised or purported to be exercised by any Person on this date which would be contrary to the terms of this Order are of no force and effect, and are null and void.

29. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, any interested person may apply to this Court to vary or rescind this Order or seek other relief upon seven (7) days notice to the Foreign Representative, the Chapter 11 Debtors and their counsel, the Information Officer and its counsel, counsel to the DIP Lenders and to any other party likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

OCT 21 2010

PER / PAR:

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE

LA PRÉSENT ATTEST QUE CE DOCUMENT, DONT CHACUNE DES PAGES EST REVÊTUE DU SCEAU DE LA COUR SUPÉRIEURE DE JUSTICE A TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU

DATED AT TORONTO THIS 21 DAY OF OCTOBER 20 10
FAIT À TORONTO LE JOUR DE

Joanne Nicoara
Registrar, Superior Court of Justice

REGISTRAR GREFFIER

SCHEDULES "A" – "F"

SCHEDULES "A" – "F"

SCHEDULE A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

ORDER AUTHORIZING TERRESTAR NETWORKS INC. TO ACT AS FOREIGN REPRESENTATIVE PURSUANT TO 11 U.S.C. § 1505

Upon the motion (the "*Motion*")[2] of the above-captioned debtors (collectively, the "*Debtors*") for entry of an order authorizing TerreStar Networks Inc. ("*TSN*") to act as the Foreign Representative on behalf of the Debtors' estates in any judicial or other proceedings in a foreign country, including in the Canadian Proceedings, and upon the First Day Declaration; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and this Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and notice of the Motion appearing to be adequate and appropriate under the circumstances; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefore, it is hereby ORDERED that:

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1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar New York Inc. (6394); TerreStar Networks Inc. (3931); Motient Communications Inc. (3833); Motient Holdings Inc. (6634); Motient License Inc. (2431); Motient Services Inc. (5106); Motient Ventures Holding Inc. (6191); MVH Holdings Inc. (9756); TerreStar License Inc. (6537); TerreStar National Services Inc. (6319); TerreStar Networks Holdings (Canada) Inc. (1337); TerreStar Networks (Canada) Inc. (8766) and 0887729 B.C. Ltd. (1345).

2 Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

1. The Motion is granted to the extent set forth herein.

2. TSN is hereby authorized to act as the Foreign Representative on behalf of the Debtors' estates in ~~any judicial or other proceeding held in a foreign country, including in~~ the Canadian Proceedings. As Foreign Representative, TSN shall be authorized and shall have the power to act in any way permitted by applicable foreign law, including, but not limited to: (i) seeking recognition of these chapter 11 cases in the Canadian Proceedings; (ii) requesting that the Canadian Court lend assistance to this Court in protecting the property of the Debtors' estates; and (iii) seeking any other appropriate relief from the Canadian Court that TSN deems just and proper in the furtherance of the protection of the Debtors' estates.

3. This Court requests the aid and assistance of the Canadian Court to recognize these cases as a "foreign main proceeding" and TSN as a "foreign representative" pursuant to the CCAA and to recognize and give full force and effect in all provinces and territories of Canada to this Order.

4. The Debtors are authorized to take all actions they determine necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

5. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: *October 20, 2010*
New York, New York

/s/ Sean H. Lane
United States Bankruptcy Judge

SCHEDULE B

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Joint Administration Requested

INTERIM ORDER UNDER SECTIONS 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) AND 364(e) AND 507 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 2002, 4001 AND 9014: (I) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING; (II) AUTHORIZING DEBTORS TO USE CASH COLLATERAL; (III) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES; AND (IV) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULES 4001(b) AND (c)

Upon the motion, dated October 19, 2010 (the "***Motion***"), of TerreStar Networks Inc. ("***TSN***") and each of its affiliated debtors and debtors in possession (collectively, the "***Debtors***") in the above-captioned cases (the "***Cases***") commenced on October 19, 2010 (the "***Petition Date***"), for interim and final orders under sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (as amended, the "***Bankruptcy Code***"), and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "***Bankruptcy Rules***"), and the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York (the "***Local Rules***"), seeking:

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar New York Inc. (6394); TerreStar Networks Inc. (3931); Motient Communications Inc. (3833); Motient Holdings Inc. (6634); Motient License Inc. (2431); Motient Services Inc. (5106); Motient Ventures Holding Inc. (6191); MVH Holdings Inc. (9756); TerreStar License Inc. (6537); TerreStar National Services Inc. (6319); TerreStar Networks Holdings (Canada) Inc. (1337); TerreStar Networks (Canada) Inc. (8766) and 0887729 B.C. Ltd. (1345).

(I) authorization (a) for TSN (the "*Borrower*") to obtain up to $75 million (plus fees, interest and other amounts to be capitalized in accordance with the terms of the DIP Documents (defined below)) in aggregate principal amount of postpetition financing (the "*DIP Financing*") on the terms and conditions set forth in this interim order (this "*Order*") and that certain Debtor-In-Possession Credit, Security & Guaranty Agreement (substantially in the form annexed to the Motion as Exhibit A, and as hereafter amended, supplemented or otherwise modified from time to time, the "*DIP Agreement*";[2] and, collectively with all agreements, guaranties, collateral agreements, documents and instruments delivered or executed from time to time in connection therewith, as hereafter amended, supplemented or otherwise modified from time to time, the "*DIP Documents*"), among the Borrower, the Guarantors (as defined below), EchoStar Corporation ("*EchoStar*" or the "*Initial Lender*"), and the other lenders that may become party thereto from time to time (collectively, the "*DIP Lenders*"), and The Bank of New York Mellon, as Administrative Agent and Collateral Agent (in such capacity, the "*DIP Agent*"), and (b) for each of the Debtors other than the Borrower (the "*Guarantors*"), to jointly and severally (except as provided in section 10.17 of the DIP Agreement) guaranty on a secured basis the Borrower's obligations in respect of the DIP Financing;

(II) authorization for the Debtors to execute and deliver the DIP Agreement and the other DIP Documents and to perform such other and further acts as may be necessary or appropriate in connection therewith;

[2] Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the DIP Agreement.

(III) authorization for the Debtors to use the Cash Collateral (as defined in paragraph 3(g) below) pursuant to sections 361, 362 and 363 of the Bankruptcy Code, and all other Prepetition Collateral (as defined in paragraph 3(d) below);

(IV) to grant adequate protection to the PMCA Agent, each PMCA Lender, the 15% Notes Trustee/Agent, and the 15% Noteholders (each as defined below, and together, the "***Prepetition Secured Parties***" and, excluding the 15% Noteholders, the "***Prepetition Secured Notice Parties***") with respect to such use of Cash Collateral and any diminution in the value of the Prepetition Collateral securing the Debtors' obligations (the "***Prepetition Secured Obligations***") under or in connection with: (i) that certain Terrestar-2 Purchase Money Credit Agreement, dated as of February 5, 2008 (as amended, restated, supplemented or otherwise modified from time to time, and including any mortgage, security, pledge, control or guaranty agreements or other documentation executed in connection with the foregoing, the "***PMCA***"), among TSN, as borrower, U.S. Bank National Association, as collateral agent (in such capacity, the "***PMCA Agent***"), the guarantors party thereto from time to time, and Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and EchoStar, as lenders (the "***PMCA Lenders***"); and (ii) the 15.0% senior secured payment-in-kind notes due 2014 (the "***15% Notes***") issued pursuant to that certain Indenture, dated as of February 14, 2007, among TSN, as issuer, U.S. Bank National Association, as indenture trustee and collateral agent (in such capacity, the "***15% Notes Trustee/Agent***" and together with the PMCA Agent, the "***Prepetition Agent***"), and the guarantors from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, including by that certain First Supplemental Indenture, dated as of February 7, 2008, and that certain Second Supplemental Indenture, dated as of February 7, 2008, and including any mortgage, security, pledge, control or

guaranty agreements or other documentation executed in connection with the foregoing, the "*15% Notes Indenture*" and, together with the PMCA, the "*Prepetition Loan Documents*");

(V) authorization for the DIP Agent to, subject to paragraph 8 below, upon the occurrence and continuance of an Event of Default: (a) reduce the amount of or terminate any outstanding Commitments under the DIP Agreement, (b) terminate the DIP Agreement, (c) charge the default rate of interest on the Loans, (d) declare the entirety of the Loans to be due and payable, and/or (e) subject to the Carve-Out (as defined in paragraph 6(b) below), exercise any and all remedies under applicable law (including the UCC and PPSA);

(VI) **subject to entry of the Final Order, the waiver by the Debtors of any right to seek to surcharge the DIP Collateral (as defined in paragraph 7 below) pursuant to section 506(c) of the Bankruptcy Code or any other applicable law or principle of equity, which grant constitutes an "extraordinary provision" (a "*Material Provision*") under General Order M-274 of the United States Bankruptcy Court for the Southern District of New York;**

(VII) at an interim hearing (the "*Interim Hearing*") on the Motion before this Court, pursuant to Bankruptcy Rule 4001, entry of this Order: (a) authorizing the Borrower, on an interim basis, to borrow under the DIP Agreement an aggregate principal amount, not to exceed $18 million (plus fees, interest and other amounts to be capitalized in accordance with the terms of the DIP Documents) at any time outstanding prior to the entry of the Final Order, (b) authorizing the Debtors, on an interim basis, to use the Cash Collateral and the other Prepetition Collateral, and (c) granting, on an interim basis, adequate protection to the Prepetition Secured Parties; and

(VIII) scheduling, pursuant to Bankruptcy Rule 4001, a final hearing (the "***Final Hearing***") for this Court to consider entry of a final order, substantially in the form attached to the DIP Agreement as Exhibit D (the "***Final Order***"), authorizing and approving on a final basis the relief requested in the Motion, including without limitation, for the Borrower on a final basis to utilize the DIP Financing and for the Debtors to continue to use the Cash Collateral and the other Prepetition Collateral subject to the terms of the DIP Documents and the Final Order.

The Interim Hearing having been held by this Court on October 20, 2010, and upon the record made by the Debtors at the Interim Hearing, including, without limitation, the admission into evidence of (i) the First Day Declaration, (ii) the Epstein DIP Declaration, and (iii) Zelin Declaration (each as defined in the Motion), each of which was filed on the Petition Date, and the other evidence submitted or adduced and the arguments of counsel made at the Interim Hearing and after due deliberation and consideration and sufficient cause appearing therefor;

IT IS FOUND, DETERMINED, ORDERED AND ADJUDGED, that:

1. *Jurisdiction/Venue.* This Court has core jurisdiction over the Cases, this Motion, and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. *Notice.* Based upon the Debtors' representations, notice of the Motion and the relief requested therein, and the relief requested at the Interim Hearing was served by the Debtors by electronic mail, facsimile, or overnight mail to: (a) the Office of the United States Trustee for the Southern District of New York (the "*U.S. Trustee*"); (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) The Bank of New York Mellon as agent for the Debtors' proposed

postpetition debtor-in-possession financing; (d) Emmet, Marvin & Martin LLP as counsel to the agent for the Debtors' proposed postpetition debtor-in-possession financing; (e) U.S. Bank National Association as Collateral Agent for the Debtors' purchase money credit facility and Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and EchoStar Corporation as Lenders thereunder; (f) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. in their capacity as Lenders under the Debtors' purchase money credit facility; (g) Willkie Farr & Gallagher LLP as counsel to EchoStar Corporation in its capacity as Lender under the Debtors' purchase money credit facility and Initial Lender under the Debtors' proposed postpetition debtor-in-possession financing; (h) U.S. Bank National Association as Indenture Trustee for the Debtors' 15% Senior Secured Notes; (i) U.S. Bank National Association as Indenture Trustee for the Debtors' 6.5% Senior Exchangeable Notes; (j) Quinn Emanuel Urquhart & Sullivan, LLP as counsel to an Ad Hoc group of the Debtors' 6.5% Senior Exchangeable Notes; (k) the Internal Revenue Service; (l) the Securities and Exchange Commission; (m) the United States Attorney for the Southern District of New York; and (n) the Federal Communications Commission. Under the circumstances, the notice provided of the Motion, the relief requested therein and the Interim Hearing constitutes due and sufficient notice thereof, complies with Bankruptcy Rules 4001(c) and (d) and the Local Rules, and no further notice of the relief sought at the Interim Hearing and the relief granted herein is necessary or required.

3. *Debtors' Stipulations.* Subject to the limitations contained in paragraph 16 below, the Debtors admit, stipulate, and agree that:

(a) as of the Petition Date, certain of the Debtors were justly and lawfully indebted and liable, without defense, counterclaim or offset of any kind, to the PMCA Lenders, in the amount of not less than $85.9 million of principal and accrued interest (such obligations, in addition to the obligations described below, the "***Prepetition PMCA Obligations***"), in respect of loans or other financial accommodations made by the PMCA Lenders pursuant to, and in accordance with the terms of, the PMCA, plus, in each case, accrued and unpaid interest thereon and costs and expenses and other obligations owing under the PMCA;

(b) as of the Petition Date, certain of the Debtors were justly and lawfully indebted and liable, without defense, counterclaim or offset of any kind, to the holders of 15% Notes (the "***15% Noteholders***"), in the amount of not less than $943.9 million of principal and accrued interest (such obligations, in addition other obligations described below in this paragraph, the "***Prepetition 15% Notes Obligations***" and, together with the Prepetition PMCA Obligations the "***Prepetition Obligations***"), in respect of loans or other financial accommodations made by the 15% Noteholders pursuant to, and in accordance with the terms of, the 15% Notes Indenture, plus, in each case, accrued and unpaid interest thereon and costs and expenses and other obligations owing under the 15% Notes Indenture;

(c) the liens and security interests granted to the PMCA Agent to secure the Prepetition PMCA Obligations (the "***PMCA Liens***") are (i) valid, binding, perfected, enforceable, first priority (subject to permitted exceptions under the PMCA) liens on and security interests in the personal and real property constituting "Collateral" under, and as defined in, the PMCA (including Cash Collateral, the "***PMCA Collateral***"), (ii) not subject to objection, defense, counterclaim, offset, contest, attachment, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law, and (iii) subject and

subordinate only to valid, perfected and unavoidable liens permitted under the PMCA to the extent such permitted liens are senior to the liens securing the PMCA (the "***PMCA Permitted Prepetition Liens***") and the Carve-Out (as defined in paragraph 6(b) below);

(d) the liens and security interests granted to the 15% Notes Trustee/Agent to secure the Prepetition 15% Notes Obligations (the "***15% Notes Liens***" and, together with the PMCA Liens, the "***Prepetition Secured Party Liens***") are (i) valid, binding, perfected, enforceable, first priority (subject to permitted exceptions under the 15% Notes Indenture) liens on and security interests in the personal and real property constituting "Collateral" under, and as defined in, the 15% Notes Indenture (including Cash Collateral, the "***15% Notes Collateral***" and, together with the PMCA Collateral, the "***Prepetition Collateral***"), (ii) not subject to objection, defense, counterclaim, offset, contest, attachment, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law, and (iii) subject and subordinate only to valid, perfected and unavoidable liens permitted under the 15% Notes Indenture to the extent such permitted liens are senior to the liens securing the Prepetition 15% Notes Obligations (the "***15% Notes Permitted Prepetition Liens***" and, together with the PMCA Permitted Prepetition Liens, the "***Permitted Prepetition Liens***") and the Carve-Out;

(e) the Prepetition Obligations constitute the legal, valid and binding obligations of the Debtors, enforceable in accordance with their terms (other than in respect of the stay of enforcement arising under section 362 of the Bankruptcy Code);

(f) (i) no portion of the Prepetition Obligations shall be subject to objection, defense, counterclaim, offset, avoidance, recharacterization, recovery or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law, and (ii) the Debtors do not have, and hereby forever release, any claims (as defined in section 101(5) of the Bankruptcy Code),

counterclaims, causes of action, defenses, setoff or recoupment rights, whether arising under the Bankruptcy Code or applicable nonbankruptcy law, against the Prepetition Secured Parties and their respective affiliates, subsidiaries, agents, officers, directors, employees, attorneys and advisors, in each case, solely in their capacity as Prepetition Secured Parties; and

(g) a portion of the Debtors' cash constitutes Prepetition Collateral and, therefore, is cash collateral of the Prepetition Secured Parties within the meaning of section 363(a) of the Bankruptcy Code (the "*Cash Collateral*").

4. *Findings Regarding the DIP Financing.* The Court is satisfied based upon the Debtors' representations that:

(a) The Debtors have an immediate need to obtain the DIP Financing and to use the Prepetition Collateral, including any Cash Collateral, in order to, among other things, permit the orderly continuation of their businesses, preserve the going concern value of the Debtors, pay the costs of administration of their estates and for the other purposes set forth in the DIP Documents. The Debtors' use of the Prepetition Collateral (including the Cash Collateral) and the DIP Financing is necessary to ensure that the Debtors have sufficient working capital and liquidity to preserve and maintain the going concern value of the Debtors' estates. Good cause has, therefore, been shown for entry of this Order.

(b) The Debtors are unable to obtain financing on more favorable terms from sources other than the DIP Lenders pursuant to, and for the purposes set forth in, the DIP Documents and are unable to obtain adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Debtors are also unable to obtain secured credit allowable under sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code without the Debtors granting to the DIP Agent for the benefit of itself and the DIP Lenders,

subject to the Carve-Out, (i) the DIP Liens (as defined in paragraph 7 below), including the priming DIP Liens described in paragraph 7(b) below, and (ii) the Superpriority Claims (as defined in paragraph 6(a) below), in each case on the terms and conditions set forth in this Order and the DIP Documents. Specifically, no party or parties other than the DIP Lenders would provide postpetition financing to the Debtors absent the Debtors granting such parties priming liens on the Debtors' assets pursuant to section 364(d)(1) of the Bankruptcy Code, and the Debtors were unable to satisfy the requirements of section 364(d)(1) of the Bankruptcy Code.

(c) The terms of the DIP Documents and the use of the Prepetition Collateral (including the Cash Collateral) pursuant to this Order and the DIP Agreement reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties. The Debtors will receive and have received fair and reasonable consideration in exchange for access to the DIP Financing and all other financial accommodations provided under the DIP Documents and this Order.

(d) The DIP Documents and the terms and conditions of the Debtors' use of the Prepetition Collateral (including the Cash Collateral) have been the subject of negotiations conducted in good faith and at arm's length among the Debtors, the DIP Agent, the DIP Lenders, the Prepetition Agent and the PMCA Lenders, and all of the Debtors' obligations and indebtedness arising under or in connection with the DIP Financing, including without limitation, (i) all Loans made to, and guaranties issued by, the Debtors pursuant to the DIP Agreement, (ii) the Debtors' obligation to pay all reasonable costs and expenses of (a) the Initial Lender (including all reasonable, actual and documented fees, expenses and disbursements of the Initial Lender's counsel and financial advisors, i.e., Willkie Farr & Gallagher LLP, Sullivan & Cromwell LLP, Goodmans LLP, Steptoe & Johnson LLP, and Lazard Ltd.,a nd (b) the DIP

Agent (including all reasonable, actual and documented fees, expenses and disbursements of the DIP Agent's counsel, i.e., Emmet, Marvin & Martin, LLP) in connection with the preparation, execution and delivery of the DIP Agreement and the funding of the DIP Financing, and (iii) all other obligations (including, without limitation, indemnification and fee obligations) of the Debtors under the DIP Documents and this Order now or hereafter owing to the DIP Agent or any DIP Lender (collectively, (i), (ii) and (iii), the "***DIP Obligations***") shall be deemed to have been extended by the DIP Agent and the DIP Lenders in "good faith" as such term is used in section 364(e) of the Bankruptcy Code, and in express reliance upon the protections set forth therein, and shall be entitled to the full protection of section 364(e) of the Bankruptcy Code, in the event that this Order or any provision hereof is vacated, reversed or modified on appeal or otherwise.

(e) The Debtors have requested immediate entry of this Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2) and Local Rule 4001-2. Absent the interim relief set forth in this Order, the Debtors' estates will be immediately and irreparably harmed. Consummation of the DIP Financing and authorization of the use of the Prepetition Collateral (including the Cash Collateral) in accordance with this Order and the DIP Documents are, therefore, in the best interest of the Debtors' estates and are consistent with the Debtors' fiduciary duties.

5. *Authorization Of The DIP Financing And The DIP Documents.*

(a) The Debtors are hereby authorized, without stockholder, member or board of directors (or similar body) approval, to enter into and perform their obligations under the DIP Documents and, in the case of (i) the Borrower, to borrow thereunder up to an aggregate principal amount of $18 million (plus fees, interest and other amounts to be capitalized in

accordance with the terms of the DIP Documents) for working capital and other general corporate purposes of the Debtors and to pay interest, fees and all other expenses provided for in the DIP Documents, pending entry of the Final Order, all in accordance with the terms of this Order, the DIP Agreement and the other DIP Documents, and (ii) the Guarantors, to jointly and severally (except as provided in section 10.17 of the DIP Agreement) guaranty such borrowing and all other DIP Obligations.

(b) The Debtors are authorized to use the proceeds of borrowings under the DIP Agreement and Cash Collateral in accordance with and to the extent permitted by the DIP Documents.

(c) On an interim basis, in furtherance of the foregoing and without further approval of this Court, each Debtor is authorized, and the automatic stay imposed by section 362 of the Bankruptcy Code is hereby lifted to the extent necessary, to perform all acts and to execute and deliver all instruments and documents that the DIP Agent or the Initial Lender determines to be reasonably required or necessary for the Debtors' performance of their obligations under the DIP Documents, including without limitation:

(i) the execution, delivery and performance of the DIP Documents;

(ii) the execution, delivery and performance of one or more amendments, waivers, consents or other modifications to and under the DIP Documents, in each case in such form as the Debtors, the DIP Agent and the requisite DIP Lenders may agree, and no further approval of this Court shall be required for immaterial amendments, waivers, consents or other modifications to and under the DIP Documents (and any fees paid in connection therewith) that do not (A) shorten the maturity of the Loans or (B) increase the Commitments or the rate of interest payable on the Loans under the DIP Agreement; provided, that a copy of any

amendment, waiver, consent or other modification to the DIP Documents shall be provided by the Debtors to (X) the U.S. Trustee, (Y) counsel to any statutory committee of unsecured creditors appointed in the Cases (the "*Committee*"), if any and (Z) counsel to the Prepetition Secured Notice Parties;

(iii)the non-refundable payment to the DIP Agent, its affiliates and the DIP Lenders, as the case may be, of (A) the fees set forth in the DIP Documents (including, without limitation, the fees provided for in the Fee Schedule, dated October 7, 2010, between the Borrower and the DIP Agent) and (B) such reasonable, actual, and documented costs and expenses as may be due from time to time under the DIP Documents, all as provided in the DIP Documents and all of which constitute DIP Obligations; and

(iv) the performance of all other acts required under or in connection with the DIP Documents.

(d) Upon execution and delivery of the DIP Documents, the DIP Documents shall constitute valid and binding obligations of the Debtors, enforceable against the Debtors in accordance with the terms of this Order and the DIP Documents, without the need for approval by any equity holder, member, or board of directors (or similar body) of any Debtor. No obligation, payment, transfer or grant of security under the DIP Documents or this Order shall be stayed, voidable, avoidable or recoverable under the Bankruptcy Code or under any applicable nonbankruptcy law (including without limitation, under sections 502(d), 548 or 549 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law), or subject to any defense, reduction, setoff, recoupment or counterclaim.

(e) The Debtors have provided the DIP Lenders with the 13-week cash flow projection annexed hereto as Exhibit A (the "*Initial 13-Week Projection*"). On a bi-weekly basis, the Debtors will provide the DIP Agent and DIP Lenders with an updated cash flow projection for the following 13 weeks.

6. *Superpriority Claims.*

(a) Pursuant to section 364(c)(1) of the Bankruptcy Code, all of the DIP Obligations shall constitute allowed senior administrative expense claims (the "*Superpriority Claims*") against the Debtors and, except to the extent expressly set forth in this Order in respect of the Carve-Out, such Superpriority Claims shall have priority over any and all administrative expenses, adequate protection claims and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546, 726, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims shall for purposes of section 1129(a)(9)(A) of the Bankruptcy Code be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, and which Superpriority Claims shall be payable from and have recourse to all prepetition and postpetition property of the Debtors and all proceeds thereof. For the avoidance of doubt, the DIP Obligations of any Non-Subsidiary Guarantor shall be limited to the extent set forth in section 10.17(a) of the DIP Agreement.

(b) For purposes hereof, the "*Carve-Out*" shall mean: (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under

section 1930(a) of title 28 of the United States Code; (ii) fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) with respect to the information officer (the "*Information Officer*") to be appointed by the Canadian Court in connection with the proceedings commenced pursuant to the Companies' Creditors Arrangement Act (Canada) R.S.C. 1985, c. C-36 as amended in the Ontario Superior Court of Justice (Commercial List) in Toronto, Ontario, Canada (the "*Canadian Proceedings*"), all fees and expenses required to be paid to the Information Officer in connection with the Canadian Proceedings, including to the extent secured by the charge to be granted by the Canadian Court over the Debtors' assets in Canada, in the maximum amount of CDN $125,000, to secure payment of any such fees and expenses of the Information Officer; and (iv) after the occurrence and during the continuance of an Event of Default under the DIP Documents, the payment of allowed professional fees and disbursements incurred by the Debtors or the Committee after the occurrence of the Event of Default not in excess of $800,000 (plus all unpaid professional fees and expenses allowed by this Court that were incurred prior to the occurrence of such Event of Default); provided that (X) the Carve-Out shall not be available to pay any such professional fees and expenses incurred in connection with the initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the DIP Agent, the DIP Lenders, or the Prepetition Secured Parties or liens and claims held by DIP Agent, the DIP Lenders, the Prepetition Secured Parties, (Y) so long as no Event of Default shall have occurred and be continuing, the Carve-Out shall not be reduced by the payment of fees and expenses allowed by this Court under sections 328, 330 and 331 of the Bankruptcy Code, and (Z) nothing in this Order shall impair the right of any party to object to the reasonableness of any such fees or expenses to be paid by the Debtors' estates.

7. *DIP Liens.* As security for the DIP Obligations, effective and perfected upon the date of this Order and without the necessity of the execution by the Debtors (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents, or the possession or control by the DIP Agent of any property, the following security interests and liens are hereby granted to the DIP Agent, for its own benefit and the benefit of the DIP Lenders (all property identified in clauses (a), (b) and (c) below being collectively referred to as the "***DIP Collateral***"), subject only to the Carve-Out (all such liens and security interests granted to the DIP Agent, for its benefit and for the benefit of the DIP Lenders, pursuant to this Order and the DIP Documents, the "***DIP Liens***"):

(a) *First Lien on Unencumbered Property.* Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority lien on, and security interest in, all tangible and intangible prepetition and postpetition property in which the Debtors have an interest, whether existing on or as of the Petition Date or thereafter acquired, that is not subject to valid, perfected, non-avoidable and enforceable liens in existence on or as of the Petition Date (collectively, and excluding any property that is excluded from the definition of "Collateral" in section 10.01 of the DIP Agreement, the "***Unencumbered Property***"), including without limitation, any and all unencumbered cash, accounts receivable, other rights to payment, inventory, general intangibles, contracts, securities, chattel paper, owned real estate, real property leaseholds, fixtures, machinery, equipment, deposit accounts, patents, copyrights, trademarks, tradenames, rights under license agreements and other intellectual property, instruments, investment property, goods, satellites, spare satellites, ground stations, commercial tort claims, proceeds from the disposition of Federal Communications Commission

and/or Industry Canada licenses (and the Federal Communications Commission and/or Industry Canada licenses themselves, to the fullest extent permitted by applicable law), books and records, in each case, wherever located, and the proceeds, products, rents and profits of all of the foregoing.

(b) *Liens Junior to Certain Existing Liens.* Pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected lien on, and security interest in, all tangible and intangible prepetition and postpetition property in which the Debtors have an interest, whether now existing or hereafter acquired and all proceeds thereof, that is subject to the Prepetition Secured Party Liens or the Permitted Prepetition Liens, which security interest and lien shall be junior to (i) the Prepetition Secured Party Liens and the Permitted Prepetition Liens (but only to the extent such liens secure valid and enforceable Prepetition Secured Obligations), and (ii) the Carve-Out, but senior to all other liens.

(c) *Liens Priming TSN Secured Party Liens.* Pursuant to section 364(d)(1) of the Bankruptcy Code, and based upon the consent of the TSN Secured Party (as defined below), a valid, binding, continuing, enforceable, fully-perfected, priming lien on, and security interest in, all now existing or hereafter acquired property of TerreStar Networks (Canada) Inc. that constitutes "Collateral" (as defined in the TSN Security Agreement (defined below)) (the "*TSN Collateral*") under that certain Second Amended and Restated Security Agreement, dated August 11, 2009, as amended, by and between TerreStar Networks Inc., as Secured Party (the "*TSN Secured Party*"), and TerreStar Canada Inc., as Obligor (the "*TSN Security Agreement*"). The DIP Liens on the TSN Collateral shall be senior in all respects to the security interests in, and liens on, the TSN Collateral of the TSN Secured Party (the "*TSN Security Agreement Liens*"),

but shall be junior to: (a) the 15% Notes Permitted Prepetition Liens; (b) the 15% Notes Liens; and (c) the Carve-Out.

(d) *Liens Senior to Certain Other Liens.* The DIP Liens and the Adequate Protection Liens (as defined in paragraph 12(a) below) shall not be (i) subject or subordinate to (A) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code or (B) any liens arising after the Petition Date, including without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit, commission, board or court for any liability of the Debtors or (ii) subordinated to or made *pari passu* with any other lien or security interest (other than the Permitted Prepetition Liens, the Prepetition Secured Party Liens, and the Carve-Out) under sections 363 or 364 of the Bankruptcy Code or otherwise.

8. *Remedies After Event of Default.* The automatic stay under section 362 of the Bankruptcy Code is vacated and modified to the extent necessary to permit the DIP Agent and the DIP Lenders to exercise, (i) immediately upon the occurrence and during the continuance of an Event of Default, all rights and remedies under the DIP Documents, other than those rights and remedies against the DIP Collateral as provided in clause (ii) below, and (ii) upon the occurrence and during the continuance of an Event of Default, and the giving of ten (10) days' prior written notice to the Debtors, with a copy to counsel for the Debtors, counsel to the Committee (and, if no Committee is formed, the Debtors' largest thirty (30) unsecured creditors on a consolidated basis), counsel to the Prepetition Secured Notice Parties and to the U.S. Trustee, all rights and remedies against the DIP Collateral provided for in the DIP Documents and this Order. In any hearing regarding any exercise of rights or remedies, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default

has occurred and is continuing. The DIP Agent's or any DIP Lender's delay or failure to exercise rights and remedies under the DIP Documents or this Order shall not constitute a waiver of the DIP Agent's or the DIP Lenders' rights hereunder, thereunder or otherwise, unless any such waiver is pursuant to a written instrument executed in accordance with the terms of the applicable DIP Documents.

9. *Limitation on Charging Expenses Against Collateral.* Subject to and effective upon entry of the Final Order, except to the extent of the Carve-Out with respect to the DIP Collateral and the Prepetition Collateral, no expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the DIP Collateral or the Prepetition Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law or in equity, without the prior written consent of the DIP Agent and the Prepetition Agent, and no such consent shall be implied from any other action or inaction by the DIP Agent, the DIP Lenders, or the Prepetition Secured Parties.

10. *Payments Free and Clear.* Any and all payments or proceeds remitted to the DIP Agent on behalf of the DIP Lenders or the Prepetition Agent on behalf of the Prepetition Secured Parties pursuant to the provisions of this Order or any subsequent order of this Court shall be received free and clear of any claim, charge, assessment or other liability.

11. *Use of Prepetition Collateral (including Cash Collateral).* The Debtors are hereby authorized to use the Prepetition Collateral, including the Cash Collateral, during the period from the Petition Date through and including the Termination Date under the DIP Agreement for, among other things, working capital and general corporate purposes in

accordance with the terms and conditions of this Order and the DIP Documents; provided that the Prepetition Secured Parties are granted adequate protection as hereinafter set forth.

12. *Adequate Protection.* The Prepetition Secured Parties are entitled, pursuant to sections 105, 361, 363 and 364 of the Bankruptcy Code, to adequate protection of their interests in the Prepetition Collateral, including Cash Collateral, in an amount equal to the aggregate diminution in value of the Prepetition Secured Parties' security interests in the Prepetition Collateral, including without limitation, any such diminution resulting from the sale, lease or use by the Debtors (or other decline in value) of any Prepetition Collateral, including the Cash Collateral, and the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code (such diminution in value, the "***Adequate Protection Obligations***"). As adequate protection, the Prepetition Secured Parties are hereby granted the following (the "***Adequate Protection***"):

(a) *Adequate Protection Liens.*

(i) As security for the payment of the Adequate Protection Obligations with respect to the PMCA, the PMCA Agent (for itself and for the benefit of the PMCA Lenders) is hereby granted (effective and perfected upon the date of this Order and without the necessity of the execution by the Debtors of security agreements, pledge agreements, mortgages, financing statements or other agreements) a valid, perfected replacement security interest in and lien on the PMCA Collateral (the "***PMCA Adequate Protection Lien***"), subject and subordinate only to (A) the Permitted Prepetition Liens, (B) Prepetition Secured Party Liens, (C) the DIP Liens, and (D) the Carve-Out, and senior to all other liens (including, without limitation, the TSN Liens).

(ii) As security for the payment of the Adequate Protection Obligations with respect to the 15% Notes, the 15% Notes Trustee/Agent (for itself and for the benefit of the 15% Noteholders) is hereby granted (effective and perfected upon the date of this Order and without the necessity of the execution by the Debtors of security agreements, pledge agreements, mortgages, financing statements or other agreements): (A) a valid, perfected replacement security interest in and lien on the 15% Notes Collateral, and (B) a non-avoidable, valid, enforceable and perfected security interest in and lien on all of the DIP Collateral not included in (A) above (collectively, (A) and (B), the "***15% Notes Adequate Protection Liens***" and together with the PMCA Adequate Protection Lien, the "***Adequate Protection Liens***"), each of which shall be subject and subordinate only to (W) the Permitted Prepetition Liens, (X) Prepetition Secured Party Liens, (Y) the DIP Liens, and (Z) the Carve-Out, and senior to all other liens (including, without limitation, the TSN Liens).

(b) *Section 507(b) Claims.* The Adequate Protection Obligations shall constitute superpriority claims as provided in section 507(b) of the Bankruptcy Code (the "***507(b) Claims***"), with priority in payment over any and all administrative expenses of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including without limitation, sections 326, 328, 330, 331, 503(b), 506(c), 507(a), 726, 1113 and 1114 of the Bankruptcy Code, subject and subordinate only to (i) the Carve-Out and (ii) the Superpriority Claims granted in respect of the DIP Obligations. Except to the extent expressly set forth in this Order or the Final Order, the Prepetition Secured Parties shall not receive or retain any payments, property or other amounts in respect of the 507(b) Claims unless and until all DIP Obligations shall have indefeasibly been paid in full in cash and the Commitments have been terminated.

(c) *Fees and Expenses.* The Prepetition Agent shall receive from the Debtors reimbursement of all reasonable, actual and documented fees and expenses incurred or accrued by the Prepetition Agent under and pursuant to the Prepetition Loan Documents, including, without limitation, the reasonable, actual and documented fees and disbursements of counsel to the Prepetition Agent, whether incurred or accrued prior to or after the Petition Date. None of the fees and expenses payable pursuant to this paragraph 12(c) shall be subject to separate approval by this Court (but this Court shall resolve any dispute as to the reasonableness of any such fees and expenses), and no recipient of any such payment shall be required to file any interim or final fee application with respect thereto. Subject to any *bona fide* dispute as to the reasonableness of such fees and expenses, the Debtors shall pay the reasonable, actual and documented fees and expenses provided for in this paragraph 12(c) promptly (but no later than ten (10) business days) after invoices for such fees and expenses shall have been submitted to the Debtors, and the Debtors shall promptly provide copies of such invoices to the Committee (if any) and the U.S. Trustee.

(d) *Information.* The Debtors shall promptly provide to the Prepetition Agent any written financial information or periodic reporting that is provided to, or required to be provided to, the DIP Agent or the DIP Lenders (or their advisors) and shall continue to provide to the Prepetition Agent and the Prepetition Secured Parties all financial and other reporting as provided prepetition in accordance with the Prepetition Loan Documents.

13. *Reservation of Rights of Prepetition Secured Parties.* Under the circumstances and given that the Adequate Protection is consistent with the Bankruptcy Code, this Court finds that the adequate protection provided herein is reasonable and sufficient to protect the interests of the Prepetition Secured Parties. Notwithstanding any other provision

hereof, the grant of adequate protection to the Prepetition Agent and the Prepetition Secured Parties pursuant hereto is without prejudice to the right of the Prepetition Agent to seek modification of the grant of adequate protection provided hereby so as to provide different or additional adequate protection; provided, howe ver, that any such additional or modified adequate protection shall at all times be subordinate and junior to the claims and liens of the DIP Agent and the DIP Lenders granted under this Order and the DIP Documents. Except as expressly provided herein, nothing contained in this Order (including without limitation, the authorization to use any Cash Collateral) shall impair or modify any rights, claims or defenses available in law or equity to the Prepetition Agent or any other Prepetition Secured Party.

14. *Perfection of DIP Liens and Adequate Protection Liens.*

(a) The DIP Agent and the Prepetition Agent are hereby authorized, but not required, to file or record financing statements, intellectual property filings, mortgages, notices of lien or similar instruments in any jurisdiction, take possession of or control over, or take any other action in order to validate and perfect the liens and security interests granted to them hereunder. Whether or not the DIP Agent on behalf of the DIP Lenders, or the Prepetition Agent on behalf of the respective Prepetition Secured Parties shall, in their respective sole discretion, choose to file such financing statements, intellectual property filings, mortgages, notices of lien or similar instruments, take possession of or control over, or otherwise confirm perfection of the liens and security interests granted to them hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to challenge, dispute or subordination as of the date of entry of this Order.

(b) A certified copy of this Order may, in the discretion of the DIP Agent or the Prepetition Agent, as the case may be, be filed with or recorded in filing or recording offices

in addition to or in lieu of such financing statements, mortgages, notices of lien or similar instruments, and all filing offices are hereby authorized to accept such certified copy of this Order for filing and recording.

(c) The Debtors shall execute and deliver to the DIP Agent and the Prepetition Agent, as the case may be, all such agreements, financing statements, instruments and other documents as the DIP Agent and the Prepetition Agent may reasonably request to evidence, confirm, validate or perfect the DIP Liens and the Adequate Protection Liens. All such documents will be deemed to have been recorded and filed as of the Petition Date.

(d) In furtherance of the foregoing and without further approval of this Court, each Debtor is authorized to do and perform all acts to make, execute and deliver all instruments and documents and to pay all fees that may be reasonably required or necessary for the Debtors' performance hereunder.

15. *Preservation of Rights Granted Under the Order.*

(a) No claim or lien having a priority senior to or *pari passu* with those granted by this Order to the DIP Agent, the DIP Lenders, the Prepetition Agent and other the Prepetition Secured Parties shall be granted or allowed while any portion of the DIP Obligations, the Commitments, the Adequate Protection Obligations or the 507(b) Claims remain outstanding, and the DIP Liens and the Adequate Protection Liens shall not be subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code or subordinated to or made *pari passu* with any other lien or security interest (other than the Permitted Prepetition Liens, the Prepetition Secured Party Liens, and the Carve-Out).

(b) The Debtors shall not seek, and it shall constitute an Event of Default under the DIP Agreement and a termination of the right to use Cash Collateral if any of the Debtors seeks, or if there is entered, (i) any modification of this Order without the prior written consent of the DIP Agent and the Prepetition Agent, and no such consent shall be implied by any other action, inaction or acquiescence by the DIP Agent or the Prepetition Agent, or (ii) an order converting or dismissing any of the Cases.

(c) Except as expressly provided in this Order or in the DIP Documents, the DIP Liens, the Superpriority Claims, the Adequate Protection Obligations, the Adequate Protection Liens, the 507(b) Claims and all other rights and remedies of the DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Secured Parties granted by this Order and the DIP Documents shall survive, and shall not be modified, impaired or discharged by (i) the entry of an order converting any of the Cases to a case under chapter 7 of the Bankruptcy Code, dismissing any of the Cases or by any other act or omission, or (ii) the entry of an order confirming a plan of reorganization in any of the Cases. The terms and provisions of this Order and the DIP Documents shall continue in the Cases, in any successor cases if the Cases cease to be jointly administered, or in any superseding chapter 7 cases under the Bankruptcy Code, and the DIP Liens, the Adequate Protection Liens, the Adequate Protection Obligations, the DIP Obligations, the Superpriority Claims, the Section 507(b) Claims, any other administrative expense claims granted pursuant to this Order, and all other rights and remedies of the DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Secured Parties granted by this Order and the DIP Documents shall continue in full force and effect until all DIP Obligations and all Adequate Protection Obligations are indefeasibly paid in full in cash.

16. *Effect of Stipulations on Third Parties.* The stipulations and admissions contained in this Order, including without limitation, in paragraph 3 of this Order: (a) shall be binding upon the Debtors for all purposes; and (b) shall be binding upon all other parties in interest, including without limitation, the Committee (if any), unless (i) any such Committee, which shall be deemed to have requisite standing, or any other party-in-interest with requisite standing, has duly filed an adversary proceeding (subject to the limitations contained herein, including, without limitation, in paragraph 17) by no later than (A) the date that is the later of 60 days from the date of an order approving counsel for the Committee, 60 days from the entry of the Final Order, or, if no Committee is appointed, 75 days after the date of entry of the Final Order, subject to extension by the Court, after notice and a hearing, for cause shown, and (B) any such later date agreed to in writing by the Prepetition Agent in its sole and absolute discretion (X) challenging the validity, enforceability, priority or extent of the Prepetition Obligations or the liens on the Prepetition Collateral securing such Prepetition Obligations or (Y) otherwise asserting or prosecuting any claims or causes of action arising under sections 542-553 of the Bankruptcy Code or any other claims, counterclaims or causes of action, objections, contests or defenses (collectively, the "*Claims and Defenses*") against the Prepetition Agent or any of the other Prepetition Secured Parties or their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys or advisors in connection with any matter related to the Prepetition Obligations or the Prepetition Collateral, and (ii) an order is entered by a court of competent jurisdiction and becomes final and non-appealable in favor of the plaintiff sustaining any such challenge or claim in any such duly filed adversary proceeding; provided that, as to the Debtors, all such Claims and Defenses are hereby irrevocably waived and relinquished as of the Petition Date. If no such adversary proceeding is duly and timely filed in respect of the

Prepetition Obligations, (x) the Prepetition Obligations shall constitute allowed claims, not subject to counterclaim, setoff, subordination, recharacterization, defense or avoidance, for all purposes in the Cases and any subsequent chapter 7 case, (y) the liens on the Prepetition Collateral securing the Prepetition Obligations, as the case may be, shall be deemed to have been, as of the Petition Date, and to be, legal, valid, binding, perfected and of the priority specified in paragraph 3, not subject to defense, counterclaim, recharacterization, subordination or avoidance and (z) the Prepetition Obligations, the Prepetition Agent and the Prepetition Secured Parties, as the case may be, and the liens on the Prepetition Collateral granted to secure the Prepetition Obligations shall not be subject to any other or further challenge by the Committee (if any) or any other party-in-interest, and such Committee or party-in-interest shall be enjoined from seeking to exercise the rights of the Debtors' estates, including without limitation, any successor thereto (including, without limitation, any estate representative or a chapter 7 or 11 trustee appointed or elected for any of the Debtors). If any such adversary proceeding is duly filed, the stipulations and admissions contained in paragraph 3 of this Order shall nonetheless remain binding and preclusive (as provided in the second sentence of this paragraph) on the Committee (if any) and any other party-in-interest, except as to any such stipulations and admissions that were expressly and successfully challenged in such adversary proceeding as set forth in a final, non-appealable order of a court of competent jurisdiction. Nothing in this Order vests or confers on any Person (as defined in the Bankruptcy Code) (other than the Committee (if any) as provided above), standing or authority to pursue any cause of action belonging to the Debtors or their estates, including without limitation, Claims and Defenses with respect to the Prepetition Loan Documents or the Prepetition Obligations or any liens granted by any Debtor to secure any of the foregoing. Notwithstanding anything to the

contrary in this Interim Order, nothing herein shall prejudice the right or ability of Harbinger Capital LLC or any of its affiliates to challenge the validity, enforceability, priority or amount of the Prepetition Obligations or the liens on the Prepetition Collateral securing such Prepetition Obligations.

17. *Limitation on Use of DIP Financing and DIP Collateral.* The Debtors shall use the DIP Financing and the Prepetition Collateral (including the Cash Collateral) solely as provided in this Order and the DIP Documents. Notwithstanding anything herein, no Loans under the DIP Agreement, DIP Collateral, Prepetition Collateral (including the Cash Collateral) or the Carve-Out may be used to (a) object, contest or raise any defense to the validity, perfection, priority, extent or enforceability of any amount due under the DIP Documents, the Prepetition Loan Documents or the liens or claims granted under this Order, the DIP Documents or the Prepetition Loan Documents, (b) assert any Claims and Defenses or any other causes of action against the DIP Agent, the DIP Lenders, the Prepetition Agent, the other Prepetition Secured Parties or their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys or advisors, in each case, solely in their capacity as Prepetition Secured Parties, (c) prevent, hinder or otherwise delay the DIP Agent's or the Prepetition Agent's assertion, enforcement or realization on the Prepetition Collateral or the DIP Collateral in accordance with the DIP Documents, the Prepetition Loan Documents or this Order, (d) seek to modify any of the rights granted to the DIP Agent, the DIP Lenders, the Prepetition Agent or the other Prepetition Secured Parties hereunder or under the DIP Documents or the Prepetition Loan Documents, in the case of each of the foregoing clauses (a) through (d), without such applicable party's prior written consent or (e) pay any amount on account of any claims arising prior to the Petition Date unless such payments are (i) approved by an order of this Court and (ii) permitted

under the DIP Documents; provided that, notwithstanding anything to the contrary herein, no more than an aggregate of $200,000 of the Prepetition Collateral (including the Cash Collateral), Loans under the DIP Agreement, the DIP Collateral or the Carve-Out may be used by the Committee to investigate the validity, enforceability or priority of the Prepetition Obligations or the liens on the Prepetition Collateral securing the Prepetition Obligations, or investigate any Claims and Defenses or other causes action against the Prepetition Agent or the Prepetition Secured Parties.

18. *Exculpation.* Nothing in this Order, the DIP Documents, or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Agent, any DIP Lender, or any Prepetition Secured Party any liability for any claims arising from the prepetition or postpetition activities of the Debtors in the operation of their business, or in connection with their restructuring efforts. So long as the DIP Agent, the DIP Lenders and the Prepetition Secured Parties comply with their obligations under the DIP Documents and the Prepetition Loan Documents (as applicable) and their obligations, if any, under applicable law (including the Bankruptcy Code), (a) the DIP Agent, DIP Lenders and the Prepetition Secured Parties shall not, in any way or manner, be liable or responsible for (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency or other person, and (b) all risk of loss, damage or destruction of the Collateral shall be borne by the Debtors.

19. *Order Governs.* In the event of any inconsistency between the provisions of this Order and the DIP Documents, the provisions of this Order shall govern.

20. *Master Proofs of Claim.*

(a) To facilitate the processing of claims, to ease the burden upon this Court and to reduce any unnecessary expense to the Debtors' estates, subject to entry of the Final Order, (i) the PMCA Agent is authorized (but not required) to file a single master proof of claim (a "***Master Proof of Claim***") on behalf of itself and the PMCA Lenders on account of their claims arising under the PMCA and hereunder against all Debtors in the Borrower's case only; and (ii) the 15% Notes Agent/Trustee is authorized (but not required) to file a Master Proof of Claim on behalf of itself and the 15% Noteholders on account of their claims arising under the 15% Notes Indenture and hereunder against all Debtors in the Borrower's case only.

(b) Upon filing of a Master Proof of Claim by the PMCA Agent and/or the 15% Notes Agent/Trustee (as applicable), the PMCA Agent and/or the 15% Notes Agent/Trustee (as applicable) and each PMCA Lender and/or 15% Noteholder (as applicable) and each of their respective successors and assigns, shall be deemed to have filed a proof of claim in the amount set forth opposite its name therein in respect of its claims against each of the Debtors arising under the applicable Prepetition Loan Documents and the claims (as defined in section 101 of the Bankruptcy Code) of the PMCA Agent and/or the 15% Notes Agent/Trustee (as applicable) and each PMCA Lender and/or 15% Noteholder, as applicable (and each of their respective successors and assigns) named in the Master Proof of Claim shall be allowed as if each such entity had filed a separate proof of claim in each of the Cases in the amount set forth in the Master Proof of Claim; provided that the the PMCA Agent and/or the 15% Notes Agent/Trustee (as applicable) may, but shall not be required to, amend the Master Proof of Claim from time to time to, among other things, reflect a change in the holders of the claims set forth therein or a reallocation among such holders of the claims asserted therein resulting from any transfer of any

such claims.

(c) The provisions set forth in paragraphs (a) and (b) above are intended solely for the purpose of administrative convenience and, except to the extent set forth herein or therein, neither the provisions of this paragraph nor the Master Proof of Claim shall affect the substantive rights of the Debtors, the Committee, the Prepetition Agent, the other Prepetition Secured Parties or any other party in interest or their respective successors in interest, including without limitation, the right of each Prepetition Secured Party (or its successor in interest) to vote separately on any plan of reorganization proposed in the Cases.

21. *Binding Effect; Successors and Assigns.* The DIP Documents and the provisions of this Order, including all findings herein, shall be binding upon all parties-in-interest in the Cases, including without limitation, the DIP Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Secured Parties, the Committee (if any), and the Debtors and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for any of the Debtors, an examiner appointed pursuant to section 1104 of the Bankruptcy Code, or any other fiduciary appointed as a legal representative of any of the Debtors or with respect to the property of the estate of any of the Debtors) and shall inure to the benefit of the DIP Agent, the DIP Lenders, the Prepetition Secured Parties and the Debtors and their respective successors and assigns; provided that, except to the extent expressly set forth in this Order, the DIP Agent, the Prepetition Agent, the DIP Lenders and the Prepetition Secured Parties shall have no obligation to permit the use of Cash Collateral or extend any financing to any chapter 7 trustee or similar responsible person appointed for the estates of the Debtors.

22. *Limitation of Liability.* Subject to entry of the Final Order, in determining to make any Loan under the DIP Agreement, permitting the use of Cash Collateral or in

exercising any rights or remedies as and when permitted pursuant to this Order or the DIP Documents, the DIP Agent, the Prepetition Agent, the DIP Lenders and the Prepetition Secured Parties shall not be deemed to be in "control" of the operations of the Debtors or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601 et seq. as amended, or any similar federal or state statute). Furthermore, nothing in this Order or in the DIP Documents shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Secured Parties any liability for any claims arising from the prepetition or post-petition activities of any of the Debtors and their affiliates (as defined in section 101(2) of the Bankruptcy Code).

23. Notwithstanding anything to the contrary herein or in any DIP Document, the maximum liability of any Non-Subsidiary Guarantor under the DIP Documents shall not exceed the sum of (i)(x) the aggregate amount of funds transferred (including as dividends or loans) to any Non-Subsidiary Guarantor or any subsidiary of any Non-Subsidiary Guarantor (excluding the Borrower, the Domestic Subsidiary Guarantors and the Canadian Guarantors) after the Petition Date by the Borrower, any Domestic Subsidiary Guarantor or any Canadian Guarantor (including funds transferred pursuant to section 6.03(h) of the DIP Agreement and payments to TerreStar New York Inc. specified in section 6.05 of the DIP Agreement) minus (ii) the aggregate amount of any funds contributed, loaned or otherwise paid by any Non-Subsidiary Guarantor or any subsidiary of any Non-Subsidiary Guarantor (excluding the Borrower, the Domestic Subsidiary Guarantors and the Canadian Guarantors) to the Borrower, any Domestic Subsidiary Guarantor or any Canadian Guarantor and the aggregate amount paid to the DIP

Agent or any DIP Lender under the DIP Documents by any Non-Subsidiary Guarantor plus (y) the fees and expenses incurred by the DIP Agent or any DIP Lender incurred in connection with the enforcement of the obligations of such Non-Subsidiary Guarantor under the DIP Documents under section 10.17 of the DIP Agreement; *provided, however*, that the maximum liability of all Non-Subsidiary Guarantors, taken together, under the DIP Documents shall not exceed $15,000 in the aggregate at any time (the "*Guarantee Cap*"). The Debtors may request that the Court increase the Guarantee Cap after notice and hearing; *provided, however*, that all parties reserve their rights to object to such increase request in all respects, including, but not limited to, whether the Non-Subsidiary Guarantors should be jointly and severally liable under any guarantee obligations to the DIP Lenders or the DIP Agent.

24. *Effectiveness.* This Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof as of the Petition Date, and there shall be no stay of execution of effectiveness of this Order.

25. *Final Hearing.* The Final Hearing is scheduled for November 16, 2010 at 10:00 a.m. (prevailing Eastern time) before this Court.

26. *Final Hearing Notice.* The Debtors shall promptly mail copies of this Order (which shall constitute adequate notice of the Final Hearing) to the parties having been given notice of the Interim Hearing, and to any other party that has filed a request for notices with this Court and to the Committee (if any) after the same has been appointed, or Committee counsel, if the same shall have been appointed. Any party-in-interest objecting to the relief sought at the Final Hearing shall serve and file written objections; which objections shall filed with the Clerk of the United States Bankruptcy Court for the Southern District of New York (with a courtesy copy to be sent to the Court's chambers) and be served upon (a) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036, Attn: Ira S. Dizengoff, Esq. and Arik Preis, Esq., attorneys for the Debtors; (b) Emmet, Marvin & Martin, LLP, 120 Broadway, New York, NY 10271, Attn: Elizabeth Clark, Esq., counsel to the DIP Agent, (c) the Prepetition Agent, (d) Willkie Farr & Gallagher, 787 Seventh Avenue, New York, NY 10019, counsel to the Initial Lender; Attn: Matthew A. Feldman, Esq. and Rachel C. Strickland, Esq., (e) counsel to the Prepetition Secured Notice Parties; and (f) the Office of the U.S. Trustee for the Southern District of New York, Attention: Susan Golden, Esq. and shall be filed with the Clerk of the United States Bankruptcy Court, Southern District of New York, in each case to allow actual receipt by the foregoing no later than November 9, 2010 at 4:00 p.m. (prevailing Eastern time).

27. For the avoidance of doubt, this Order and each of the provisions thereof are being entered on an interim basis and remain subject to entry of a final order.

Dated: *October 20, 2010*
New York, New York

/s/ Sean H. Lane
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Initial 13-Week Projection

13-Week Cash Flow Forecast
($ in thousands)

Week Ended	Ch. 11 Filing 1 10/01/10 E	2 10/08/10 E	3 10/15/10 E	4 10/22/10 E	5 10/29/10 E	6 11/05/10 E	7 11/12/10 E	8 11/19/10 E	9 11/26/10 E	10 12/03/10 E	11 12/10/10 E	12 12/17/10 E	13 12/24/10 E	14 12/31/10 E	Total
Cash Receipts															
Roam-Ia	-	-	-	-	10	-	-	-	40	-	-	-	-	89	138
Handset Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	321	321
Subtotal	-	-	-	-	10	-	-	-	40	-	-	-	-	410	459
Payroll															
Payroll	550	-	550	-	676	-	602	-	676	-	602	-	602	74	4,334
Health Care Benefits	133	17	-	17	133	17	-	17	133	17	-	17	133	17	651
Total Payroll & Benefits	683	17	550	17	809	17	602	17	809	17	602	17	735	91	4,985
Other Operating Costs															
Operational and Technical Facility Leases	206	-	-	-	-	206	-	-	-	93	113	-	-	-	619
CES Sites	83	-	-	-	-	83	-	-	-	-	83	-	-	-	249
North Las Vegas and Allan-Park Operations	153	55	-	-	-	153	55	-	-	-	55	-	-	-	472
Satellite Ops Consultants	-	-	-	221	-	-	-	221	-	-	-	-	221	-	662
Network Operations & Circuits	-	-	204	-	-	-	204	-	-	200	-	204	-	-	813
Information Technology/ OSS / BSS	172	32	-	283	142	166	-	486	104	-	92	40	243	61	1,842
Business Operations	-	15	-	45	-	15	-	45	-	15	-	45	-	-	180
Sales & Marketing	18	-	-	20	-	18	-	20	-	18	-	20	-	-	114
Canada	26	200	-	-	20	26	200	-	20	26	200	616	200	20	1,554
Accounting	-	25	600	20	-	100	25	-	20	-	25	-	80	-	915
Legal / Regulatory	150	-	-	-	-	150	-	-	-	150	-	-	-	-	450
Taxes / Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Costs	63	63	63	63	63	63	63	63	63	63	63	63	63	63	882
Total Other Operating Costs	872	390	867	662	225	981	547	835	217	565	632	988	807	164	7,869
Vendor Payments - Subtotal	195	3	-	1,373	127	3	319	2,486	114	3	68	100	1,282	561	6,638
Development															
Next Generation Chipset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Handset Development Work	-	-	-	550	48	15	745	-	-	15	745	-	-	-	2,118
Hughes	-	-	-	-	-	-	78	-	200	-	78	-	-	-	357
Common	-	-	-	400	140	-	-	-	140	-	-	-	-	140	820
DVSI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	950	188	15	823	-	340	15	823	-	-	140	3,295
Total Operating Disbursements	1,750	410	1,417	3,002	1,350	1,015	2,292	3,337	1,480	600	2,125	1,105	2,830	956	23,668
Memo: Cumulative DIP Draws before Prof. Fees	-	-	-	*3,002*	*6,523*	*7,406*	*9,745*	*13,150*	*14,620*	*15,232*	*17,401*	*18,538*	*21,416*	*21,973*	*21,973*
Professional Fees															
Debtor Professionals	500	500	-	-	-	-	1,000	-	-	-	1,000	-	-	-	3,000
UCC / Other Unsecured Creditors	-	-	-	-	-	-	750	-	-	-	750	-	-	-	1,500
Case Fees	-	-	-	-	-	-	750	-	-	-	750	-	-	-	1,500
Senior Notes (Adequate Protection)	-	-	-	-	750	-	-	-	750	-	-	-	-	750	2,250
DIP Lenders	-	-	150	-	750	-	-	-	750	-	-	-	-	750	2,400
Subtotal	500	500	150	-	1,500	-	2,500	-	1,500	-	2,500	-	-	1,500	10,650
Bankruptcy Expenses															
Professional Fee Retainers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility Deposit	-	-	-	500	-	-	-	-	-	-	-	-	-	-	500
Subtotal	-	-	-	500	-	-	-	-	-	-	-	-	-	-	500
Cash Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	2,250	910	1,567	3,502	2,850	1,015	4,792	3,337	2,980	600	4,625	1,105	2,830	2,456	34,818
Net Cash Flow	(2,250)	(910)	(1,567)	(3,502)	(2,840)	(1,015)	(4,792)	(3,337)	(2,941)	(600)	(4,625)	(1,105)	(2,830)	(2,046)	(34,359)

SCHEDULE C

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

INTERIM ORDER (A) AUTHORIZING, BUT NOT DIRECTING DEBTORS TO CONTINUE USING THEIR CASH MANAGEMENT SYSTEM, BANK ACCOUNTS AND BUSINESS FORMS, (B) GRANTING POSTPETITION INTERCOMPANY CLAIMS ADMINISTRATIVE EXPENSE PRIORITY AND (C) AUTHORIZING CONTINUED INTERCOMPANY TRANSACTIONS

Upon the motion (the "*Motion*")[2] of the above-captioned debtors (collectively, the "*Debtors*") for the entry of an order (a) authorizing the Debtors to continue using their existing Cash Management System, Bank Accounts and business forms, (b) granting postpetition Intercompany Claims administrative expense priority, and (c) authorizing the Debtors to continue Intercompany Transactions; and upon the First Day Declaration; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar New York Inc. (6394); TerreStar Networks Inc. (3931); Motient Communications Inc. (3833); Motient Holdings Inc. (6634); Motient License Inc. (2431); Motient Services Inc. (5106); Motient Ventures Holding Inc. (6191); MVH Holdings Inc. (9756); TerreStar License Inc. (6537); TerreStar National Services Inc. (6319); TerreStar Networks Holdings (Canada) Inc. (1337); TerreStar Networks (Canada) Inc. (8766) and 0887729 B.C. Ltd. (1345).

[2] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

appearing to be adequate and appropriate under the circumstances; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is granted as set forth herein on an interim basis.

2. The Debtors are authorized to continue using their integrated Cash Management System as described in the Motion.

3. The Debtors are authorized to: (a) continue to use, with the same account numbers, all of the bank accounts in existence as of the Petition Date, including, without limitation, those accounts identified on Exhibit B to the Motion (the "***Bank Accounts***"); (b) use, in their present form, all correspondence and business forms (including, but not limited to, letterhead, purchase orders and invoices), as well as checks written manually and other documents related to the Bank Accounts existing immediately before the Petition Date, without reference to their status as debtors in possession; *provided, however*, that upon depletion of the Debtors' correspondence and business forms, the Debtors will obtain new business forms reflecting their status as debtors in possession; and, *provided, further, however*, that as soon as practicable after the Petition Date, the Debtors will note their status as "debtors in possession" on checks that are electronically printed; and (c) treat the Bank Accounts for all purposes as accounts of the Debtors as debtors in possession.

4. Except as otherwise expressly provided in this Order, all Banks are authorized and directed to continue to service and administer the Bank Accounts as accounts of the Debtors as debtors in possession, without interruption and in the ordinary course, and to receive, process, honor and pay any and all checks, drafts, wires and automated clearing house transfers issued

and drawn on the Bank Accounts after the Petition Date by the holders or makers thereof, as the case may be.

5. The Debtors are authorized to open any new bank accounts or close any existing Bank Accounts as they may deem necessary and appropriate in the ordinary course; *provided, however,* that the Debtors may only open a new bank account with a bank designated as an Authorized Depository under the U.S. Trustee Guidelines, unless first obtaining the consent of the U.S. Trustee. For purposes of this Order, any new bank account opened by the Debtors will be deemed a Bank Account and so listed on Exhibit B to the Motion.

6. All Intercompany Claims against a Debtor by another Debtor or non-Debtor affiliate arising after the Petition Date shall be accorded administrative expense priority in accordance with sections 503(b) and 507(a)(2) of the Bankruptcy Code.

7. Subject to the terms of the DIP Facility, the Debtors are authorized, but not required, to continue using their Cash Management System to manage their cash, to pay intercompany payables, if any, to extend intercompany credit, if necessary, and to continue performing under and honoring their respective obligations and commitments related to Intercompany Transactions and the resulting Intercompany Claims that reflect intercompany receivables and payments made in the ordinary course of the business between and among the Debtors and their non-Debtor affiliates.

8. The Debtors shall keep records of any postpetition intercompany transfers and services that occur during the chapter 11 cases in accordance with their ordinary course procedures for tracking such intercompany transfers, including as described further in the Motion by: (a) creating notes to evidence Intercompany Transactions; (b) maintaining the Intercompany Credit Facility; and (c) tracking Intercompany Transactions by book entry.

9. The Debtors are authorized to direct the Banks and the Banks are authorized and directed to pay obligations in accordance with this or any separate order of this Court.

10. Except as otherwise provided in this Order or in a separate order of this Court, including, without limitation, the Interim or Final Order (A) Authorizing, but not Directing, Debtors (I) to Pay Certain Prepetition Wages and Reimbursable Employee Expenses, (II) to Pay and Honor Employee Medical and Other Benefits and (III) to Continue Employee Benefits Programs and (B) Authorizing Financial Institutions to Honor all Related Checks and Electronic Payment Requests, all Banks provided with notice of this Order maintaining any of the Bank Accounts shall not honor or pay any bank payments drawn on the listed Bank Accounts or otherwise issued prior to the Petition Date.

11. As soon as practicable after the entry of this Order, the Debtors shall serve a copy of this Order on those Banks that make disbursements pursuant to the Debtors' Cash Management System except as expressly directed by the Debtors pursuant to paragraph 10, above.

12. Notwithstanding any provision herein to the contrary, the Debtors shall not be authorized to make any payments under this Order from any amounts loaned to the Debtors pursuant to the debtor-in-possession financing unless such payments or disbursements are included in the budget contained therein or otherwise authorized to be paid pursuant to the debtor-in-possession financing agreement.

13. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion or otherwise deemed waived.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

15. Notwithstanding the possible applicability of Rules 6004(a) and 6004(h) of the Federal Rules of Bankruptcy or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

16. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

New York, New York
Date: *October 20, 2010*

/s/ Sean H. Lane
United States Bankruptcy Judge

SCHEDULE D

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

INTERIM ORDER (A) AUTHORIZING, BUT NOT DIRECTING, DEBTORS (I) TO PAY CERTAIN PREPETITION WAGES AND REIMBURSABLE EMPLOYEE EXPENSES, (II) TO PAY AND HONOR EMPLOYEE MEDICAL AND OTHER BENEFITS AND (III) TO CONTINUE EMPLOYEE BENEFITS PROGRAMS AND (B) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR ALL RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS

Upon the motion (the "***Motion***")[2] of the above-captioned debtors (collectively, the "***Debtors***") for entry of an order (a) authorizing the Debtors to (i) pay certain prepetition wages, salaries and other compensation, taxes, withholdings and reimbursable expenses, (ii) pay and honor obligations relating to medical and other benefits programs and (iii) continue their employee benefits programs on a postpetition basis (collectively and as further described in the Motion, the "***Employee Obligations***"), and (b) scheduling a final hearing (the "***Final Hearing***") to consider entry of an Order granting this and other relief on a permanent basis (the "***Final Order***"), all as more fully set forth in the Motion; and upon the First Day Declaration; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and this Court having jurisdiction to consider

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1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar New York Inc. (6394); TerreStar Networks Inc. (3931); Motient Communications Inc. (3833); Motient Holdings Inc. (6634); Motient License Inc. (2431); Motient Services Inc. (5106); Motient Ventures Holding Inc. (6191); MVH Holdings Inc. (9756); TerreStar License Inc. (6537); TerreStar National Services Inc. (6319); TerreStar Networks Holdings (Canada) Inc. (1337); TerreStar Networks (Canada) Inc. (8766) and 0887729 B.C. Ltd. (1345).

2 Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that notice of the Motion was appropriate under the particular circumstances; and this Court having reviewed the Motion and the First Day Declaration, and having heard the statements in support of the relief requested therein at the hearing; and this Court having determined that the legal and factual bases set forth in the Motion and at the hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is granted on an interim basis as set forth in this Order.

2. The Debtors are authorized, but not directed, to honor and pay, in the ordinary course of business, in accordance with the Debtors' prepetition policies and practices and in the Debtors' sole discretion (subject to the terms of this Order), prepetition amounts outstanding on account of the Employee Obligations as follows: (a) Unpaid Compensation, if any, up to a maximum of $11,725 per individual for prepetition payroll amounts outstanding; (b) Unpaid Service Fees; (c) Unremitted Deductions; (d) Unremitted Payroll Taxes; (e) Unpaid Reimbursable Expenses (in an amount not to exceed $500 per individual Employee); (f) Unpaid Medical, Dental and Vision Plan Expenses; (g) Unpaid Insurance and Disability Benefits; (h) Unremitted Supplemental Insurance Benefits; (i) Unpaid Workers' Compensation Premiums; (j) Unused Paid Time Off; and (k) Leaves of Absence.

3. The Debtors are authorized, but not directed, to continue the following Employee Obligations during the Interim Period in the ordinary course of business on a postpetition basis,

in accordance with the Debtors' prepetition policies and practices and in the Debtors' sole discretion (subject to the terms of this Order), and to pay and honor claims related thereto: (a) Employee Payroll Obligations; (b) Service Fees; (c) the Annual Employee Incentive Program; (d) Deductions; (e) Payroll Taxes; (f) Reimbursable Expenses; (g) the Medical, Dental and Vision Plans; (h) the Insurance and Disability Benefits; (i) the Supplemental Insurance Benefits; (j) the Workers' Compensation Program; (k) Paid Time Off; (l) Leaves of Absence; (n) the 401(k) Plan (including, but not limited to, Employee 401(k) Contributions and Employer 401(k) Contributions); (o) the Employee Assistance Program; (p) the Transportation Assistance Program; and (q) the Flexible Spending Programs.

4. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order, in accordance with the Motion.

5. The Debtors are authorized, but not directed, to pay all postpetition costs and expenses incidental to payment of the Employee Obligations, including all administrative and processing costs and payments to outside professionals in the ordinary course of business.

6. The Debtors are authorized to forward any unpaid amounts on account of Deductions or Payroll Taxes to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' prepetition policies and practices.

7. Pursuant to section 362(d) of the Bankruptcy Code, Employees are authorized to proceed with their workers' compensation claims in the appropriate judicial or administrative forum under the Workers' Compensation Program, and the Debtors are authorized to take all steps necessary and appropriate with respect to the resolution of any such claims.

8. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these cases with respect to prepetition amounts owed to their Employees.

9. Notwithstanding any provision herein to the contrary, the Debtors shall not be authorized to make any payments under this Order from any amounts loaned to the Debtors pursuant to the debtor-in-possession financing unless such payments or disbursements are included in the budget contained therein or otherwise authorized to be paid pursuant to the debtor-in-possession financing agreement.

10. Nothing in the Motion or this Order, nor as a result of the Debtors' payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission as to the validity or priority of any claim against the Debtors; (b) a waiver of the Debtors' or other parties in interest's rights to dispute any claim; or (c) an approval or assumption of any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code.

11. Notwithstanding the possible applicability of Bankruptcy Rules 6004(a), 6004(h), 7062, 9014 or otherwise, this Order shall be immediately effective and enforceable upon its entry.

12. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as being approved by this Order.

13. The Final Hearing on the Motion shall be held on **November 16, 2010** at **10:00 a.m.** prevailing Eastern Time. Any objections or responses to entry of the Final Order must be filed with this Court and served so as to be actually received on or before **Tuesday, November 9, 2010** before the Final Hearing by the following parties: (a) TerreStar Networks Inc., 12010 Sunset Hills Road, 6th Flr., Reston, Virginia 20190, Attn: Doug Brandon, Esq.; (b) proposed counsel to the Debtors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: Ira S. Dizengoff, Esq. and Arik Preis, Esq.; (c) the Office of the United States Trustee for the Southern District of New York; (d) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (e) Bank of New York Mellon as agent for the Debtors' proposed postpetition debtor-in-possession financing; (f) Emmet, Marvin & Martin LLP as counsel to the agent for the Debtors' proposed postpetition debtor-in-possession financing; (g) U.S. Bank National Association as Collateral Agent for the Debtors' purchase money credit facility and Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and EchoStar Corporation as Lender thereunder; (h) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. in their capacity as Lenders under the Debtors' purchase money credit facility; (i) Willkie Farr & Gallagher LLP as counsel to EchoStar Corporation in their capacity as Lenders under the Debtors' purchase money credit facility and Initial Lender under the Debtors' proposed postpetition debtor-in-possession financing; (j) U.S. Bank National Association as Indenture Trustee for the Debtors' 15% Senior Secured Notes; (k) U.S. Bank National Association as Indenture Trustee for the Debtors' 6.5% Senior Exchangeable Notes; (l) Quinn Emanuel Urquhart & Sullivan, LLP as counsel to an Ad Hoc group of the Debtors' 6.5% Senior

Exchangeable Notes; (m) the Internal Revenue Service; (n) the Securities and Exchange Commission; (o) the United States Attorney for the Southern District of New York; (p) the Federal Communications Commission; and (q) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002.

14. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion and the First Day Declaration, or are otherwise deemed waived.

15. This Court retains jurisdiction with respect to all matters arising from or related to the interpretation or implementation of this Order.

New York, New York
Date: *October 20,2010*

/s/ Sean H. Lane
United States Bankruptcy Judge

SCHEDULE E

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	
TERRESTAR NEW YORK INC.,	Chapter 11
Debtor,	Case No. 10-15445
In re:	
TERRESTAR NETWORKS INC.,	Chapter 11
Debtor,	Case No. 10-15446
In re:	
MOTIENT COMMUNICATIONS INC.,	Chapter 11
Debtor,	Case No. 10-15452
In re:	
MOTIENT HOLDINGS INC.,	Chapter 11
Debtor,	Case No. 10-15453
In re:	
MOTIENT LICENSE INC.,	Chapter 11
Debtor,	Case No. 10-15454

In re: MOTIENT SERVICES INC., Debtor,	)	Chapter 11 Case No. 10-15455
In re: MOTIENT VENTURES HOLDING INC., Debtor,	)	Chapter 11 Case No. 10-15458
In re: MVH HOLDINGS INC., Debtor,	)	Chapter 11 Case No. 10-15462
In re: TERRESTAR LICENSE INC., Debtor,	)	Chapter 11 Case No. 10-15463
In re: TERRESTAR NATIONAL SERVICES INC., Debtor,	)	Chapter 11 Case No. 10-15464
In re: TERRESTAR NETWORKS (CANADA) INC., Debtor,	)	Chapter 11 Case No. 10-15449

In re: TERRESTAR NETWORKS HOLDINGS (CANADA) INC., Debtor,	)	Chapter 11 Case No. 10-15447
In re: 0887729 B.C. LTD., Debtor.	)	Chapter 11 Case No. 10-15450

ORDER DIRECTING JOINT ADMINISTRATION OF RELATED CHAPTER 11 CASES

Upon the motion (the "*Motion*")[1] of the above-captioned debtors (collectively, the "*Debtors*") for entry of an order directing joint administration of the Debtors' related chapter 11 cases; and upon the First Day Declaration; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue appearing proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion appearing to be adequate and appropriate under the circumstances; and any objections to the requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is granted to the extent set forth herein.

[1] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

2. The above-captioned chapter 11 cases are consolidated for procedural purposes only and shall be jointly administered by this Court under Case No. 10-15446, the case number for TerreStar Networks Inc.

3. The caption of the jointly administered cases shall read as follows:

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[2]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

4. A docket entry shall be made in each of the above-captioned cases substantially as follows:

> An order has been entered in accordance with Rule 1015(b) of the Federal Rules of Bankruptcy Procedure directing the procedural consolidation and joint administration of the chapter 11 cases of Motient Communications Inc.; Motient Holdings Inc.; Motient License Inc.; Motient Services Inc.; Motient Ventures Holding Inc.; MVH Holdings Inc.; TerreStar License Inc.; TerreStar National Services Inc.; TerreStar Networks Holdings (Canada) Inc.; TerreStar Networks (Canada) Inc.; TerreStar New York Inc; and 0887729 B.C. Ltd. All further pleadings and other papers shall be filed in, and all further docket entries shall be made in, Case No. 10-15446.

5. One consolidated docket, one file and one consolidated service list shall be maintained by the Debtors and/or GCG, updated and filed with the court and kept by the Clerk of the United States Bankruptcy Court for the Southern District of New York.

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[2] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer identification number, are: TerreStar New York Inc. (6394); TerreStar Networks Inc. (3931); Motient Communications Inc. (3833); Motient Holdings Inc. (6634); Motient License Inc. (2431); Motient Services Inc. (5106); Motient Ventures Holding Inc. (6191); MVH Holdings Inc. (9756); TerreStar License Inc. (6537); TerreStar National Services Inc. (6319); TerreStar Networks Holdings (Canada) Inc. (1337); TerreStar Networks (Canada) Inc. (8766); and 0887729 B.C. Ltd. (1345).

6. The Debtors shall file a consolidated monthly operating report, but shall track and break out disbursements on a debtor-by-debtor basis and, accordingly, shall pay any fees due to the United States Trustee for the Southern District of New York on a debtor-by-debtor basis.

7. Nothing contained in the Motion or this Order shall be deemed or construed as directing or otherwise effecting a substantive consolidation of the Debtors' chapter 11 cases.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

9. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

New York, New York
Date: *October 20, 2010*

/s/ Sean H. Lane
United States Bankruptcy Judge

SCHEDULE F

Court File No.: CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

NOTICE OF RECOGNITION ORDER

PLEASE BE ADVISED that this Notice is being published pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), granted on October [ ], 2010 (the "**Recognition Order**").

PLEASE TAKE NOTICE that on October 19, 2010, TerreStar Networks Inc. ("**TSNI**"), Motient Holdings Inc., Motient Communications Inc., Motient License Inc., Motient Services Inc., MVH Holdings Inc., Motient Ventures Holdings Inc., TerreStar National Services, Inc., TerreStar License Inc., TerreStar New York Inc., 0887729 B.C. Ltd., TerreStar Networks Holdings (Canada) Inc., and TerreStar Networks (Canada) Inc. (collectively, the "**Chapter 11 Debtors**") each filed voluntary petitions under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") in United States Bankruptcy Court for the Southern District of New York (collectively, the "**Chapter 11 Cases**"). In connection with the prosecution of their Chapter 11 Cases, the Chapter 11 Debtors have appointed TSNI as their foreign representative (the "**Foreign Representative**").

PLEASE TAKE FURTHER NOTICE that the Recognition Order has been issued by the Canadian Court under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, and, among other things: (i) recognizes the Chapter 11 Cases as foreign main proceedings; (ii) recognizes TSNI as the Foreign Representative of the Chapter 11 Debtors; (iii) recognizes certain orders granted by the United States Bankruptcy Court in the Chapter 11 Cases; (iv) stays all proceedings against the Chapter 11 Debtors and their directors and officers; and (v) appoints Deloitte & Touche Inc. ("**Deloitte**") as the Information Officer with respect to the Chapter 11 Cases.

PLEASE TAKE FURTHER NOTICE that persons who wish to receive a copy of the Recognition Order or obtain any further information in respect thereof or in respect of the matters set forth in this Notice, should contact the Information Officer at the address below:

DELOITTE & TOUCHE INC. (solely in its capacity as Information Officer)
181 Bay Street, Brookfield Place, Suite 1400, Toronto, ON M5J 2V1
Attention: Jaspreet Dehl, CA, CPA (Illinois)
Tel: 416-601-6633
Fax: 416-601-6690
E-mail: jdehl@deloitte.ca

PLEASE FINALLY NOTE that the Recognition Order, and any other orders that may be granted by the Canadian Court, can be viewed at www.deloitte.com/ca/terrestar-networks.

DATED AT TORONTO, ONTARIO, this [ ] day of October 2010.

DELOITTE & TOUCHE INC.
(solely in its capacity as Information Officer)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985 c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Court File No. CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

SUPPLEMENTAL ORDER

OCTOBER 21, 2010

FRASER MILNER CASGRAIN LLP
1 First Canada Place
39th Floor, 100 King Street W.
Toronto, Ontario M5X 1B2

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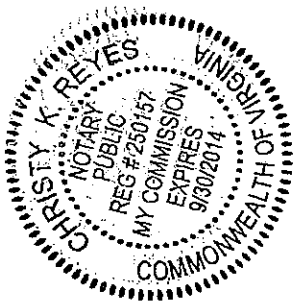
Counsel to the Applicant

Exhibit "C" to the Affidavit of Douglas Brandon, sworn before me this 28th day of September, 2011.

A Notary Public.



Court File No. CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	THURSDAY, THE 4th DAY
JUSTICE MORAWETZ	)	OF AUGUST, 2011

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

RECOGNITION ORDER
(August 4, 2011)

THIS MOTION, made by TerreStar Networks Inc. ("TSNI") in its capacity as the foreign representative (the "Foreign Representative") of each of TSNI, TerreStar National Services Inc., TerreStar License Inc., 0887729 B.C. Ltd., TerreStar Networks Holdings (Canada) Inc. and TerreStar Networks (Canada) Inc. (collectively, the "Debtors") pursuant to section 49(1) of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("CCAA"), for an Order, substantially in the form attached to the Foreign Representative's notice of motion dated July 26, 2011 (the "Notice of Motion"), recognizing certain orders granted by the United States Bankruptcy Court for the Southern District of New York (the "U.S. Bankruptcy Court") in the chapter 11 cases commenced by the Debtors, lead case number 10-15446 (SHL), and approving the fees and disbursements of the Information Officer and its counsel as set forth herein, was heard this day at Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Douglas Brandon sworn on July 26, 2011, the Affidavit of Jarvis Hétu sworn on August 3, 2011, the Ninth Report of Deloitte and Touche

Inc., in its capacity as Court-appointed Information Officer (the "Information Officer") dated July 29, 2011 (the "Ninth Report") including the affidavits of Paul Casey (the "Casey Affidavit") and Lee J. Cassey (the "Cassey Affidavit") both sworn on July 29, 2011 and on hearing submissions of counsel for the Foreign Representative, counsel for the Information Officer, counsel for EchoStar Corporation, as lender under, *inter alia*, (i) the senior secured superpriority debtor in possession credit agreement dated October 21, 2010 (as amended), with TSNI, as borrower, and the other Debtors as guarantors, and (ii) that certain senior secured payment in kind notes due 2014 issued by TSNI on February 14, 2007 and February 7, 2008, counsel for Gamma Acquisition LLC, as purchaser (the "Purchaser") under that certain purchase agreement dated June 14, 2011 with the Debtors, as sellers (the "Purchase Agreement"), those other parties present, and no one appearing for any other person on the service list, although served as appears from the Affidavits of Service of Jarvis Hétu sworn on July 26, 2011 and August 3, 2011, respectively, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and that further service of the Notice of Motion and the Motion Record upon any interested person not served is dispensed with.

RECOGNITION OF ORDERS OF THE U.S. BANKRUPTCY COURT

2. **THIS COURT ORDERS AND DECLARES** that, without in any way limiting or impairing the Initial Recognition Order and the Supplemental Order of this Court, each dated October 21, 2010, save and except as may be provided pursuant to, and in order to give effect to, the terms of the Debt Repayment Order and the Hughes Settlement Order (each as defined herein), the following orders of the U.S. Bankruptcy Court:

(a) Order Granting Debtors' Motion for Entry of an Order Under 11 U.S.C. §§ 105 and 363 Authorizing the Debtors to Repay Existing Secured Claims dated August 3, 2011 (the "Debt Repayment Order"); and

(b) Order Pursuant to Bankruptcy Code Section 363(b) and Federal Rule of Bankruptcy Procedure 9019 Approving the Stipulation Between the Debtors and Hughes Networks Systems, LLC dated July 18, 2011 (the "Hughes Settlement Order");

as attached as Schedule "A" and "B", respectively, hereto, are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49(1) of the CCAA, and shall be implemented and become effective in all provinces and territories of Canada upon the issuance of this Order in accordance with their terms.

INFORMATION OFFICER

3. **THIS COURT ORDERS** that the Ninth Report and the activities of the Information Officer as described therein be and are hereby approved.

4. **THIS COURT ORDERS AND DECLARES** that (a) the fees and disbursements of the Information Officer, as set out in the Casey Affidavit, and (b) the fees and disbursements of Bennett Jones LLP, counsel to the Information Officer, as set out in the Cassey Affidavit, respectively, incurred in connection with the this proceeding, are hereby authorized and approved.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG - 4 2011

PER/PAR:

SCHEDULE "A"

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

ORDER GRANTING DEBTORS' MOTION FOR ENTRY OF AN ORDER UNDER 11 U.S.C. §§ 105 AND 363 AUTHORIZING THE DEBTORS TO REPAY EXISTING SECURED CLAIMS

Upon the motion (the "***Motion***") of the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (this "***Order***") pursuant to sections 363 and 105(a) of title 11 of the United States Code (the "***Bankruptcy Code***") authorizing the Debtors to repay the amounts due and outstanding in full under the (i) PMCA,[2] (ii) the DIP Financing Agreement[3] and (iii) the Indenture[4]; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to

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1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar Networks Inc. (3931), TerreStar License Inc. (6537), TerreStar National Services Inc. (6319), TerreStar Networks Holdings (Canada) Inc. (1337), TerreStar Networks (Canada) Inc. (8766); and 0887729 B.C. Ltd. (1345).

2 The PMCA means the $100 million TerreStar-2 purchase money credit agreement (the "***PMCA***", a copy of which is attached hereto as Exhibit A) entered into on February 5, 2008, by and among TerreStar Networks Inc. ("***TSN***"), as the borrower, U.S. Bank National Association ("***U.S. Bank***"), as collateral agent (the "***PMCA Agent***"), Harbinger Capital Partners and Harbinger Capital Management and EchoStar Corporation ("***EchoStar***"), as original lenders.

3 The DIP Financing Agreement means the $75 million junior secured debtor-in-possession financing facility entered into on the Petition Date (as amended from time to time, the "***DIP Financing Agreement***"), by and among TSN, as borrower, each of TSN's subsidiaries, as guarantors, EchoStar, as initial lender (the "***DIP Lender***") and The Bank of New York Mellon, as administrative and collateral Agent (the "***DIP Agent***").

4 The Indenture means the Indenture entered into on February 14, 2007, by and among TSN, as issuer, and U.S. Bank, as trustee (the "***15% Notes Trustee***"), pursuant to which TSN issued $500 million aggregate principal amount of Senior Secured PIK Notes due 2014 (the "***Initial Senior Secured Notes***"). On February 7, 2008, TSN issued an additional $50 million aggregate principal amount of Senior Secured PIK Notes due 2014 (together with the Initial Senior Secured Notes, the "***15% Notes***"). A copy of the Indenture is attached hereto as Exhibit B.

28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and proper notice of the Motion was provided; and it appearing that no other or further notice need be provided; and the Court having determined that there is just cause for the relief granted herein and that such relief is in the best interest of the Debtors, their estates and creditors and all other parties in interest; and it appearing that the Debtors engaged in extensive negotiations with various stakeholders including, without limitation, the 15% Notes Trustee and PMCA Agent (which Trustee and Agent initially opposed the premature, partial payment of the 15% Notes and PMCA on the terms set forth in the Motion until obtaining the protections and reservations of rights set forth in this Order) to resolve and avoid protracted litigation over the objections such parties raised to the relief requested in the Motion; and no objections having been made to the Motion, and no objections having been made to the Debtors' proposed order by the presentment deadline of 12:30 p.m. on August 3, 2011; and after due deliberation and sufficient cause appearing therefore, it is **HEREBY ORDERED** that:

1. The Motion is granted to the extent set forth herein.

2. The Debtors are hereby authorized and directed to remit to the 15% Notes Trustee, on the Funding Date[5] or as soon as reasonably practicable thereafter (the "***15% Paydown Date***"), for distribution on account of principal plus accrued and unpaid interest as of the Petition Date, the sum of $800 million (the "***15% Partial Paydown Amount***"). The 15% Partial Paydown Amount represents the undisputed minimum recovery the 15% Notes will receive in the Debtors' chapter 11 cases, and payment of the 15% Partial Paydown Amount to the

[5] The Funding Date means the date that shall occur on or before the date that is not later than the fifth Business Day following the satisfaction and/or waiver of all conditions to the Funding as set forth in Article VII (other than conditions which by their nature can be satisfied only at the Funding) of that certain purchase agreement (the "***Purchase Agreement***"), by and among the Debtors and Gamma Acquisition LLC, and, solely for the purposes of Section 6.19 of the Purchase Agreement, DISH Network Corporation, dated as of June 14, 2011.

15% Notes Trustee shall be irrevocable and shall not be subject to any claim, challenge or defense of any kind or nature whatsoever for disallowance, avoidance, disgorgement, setoff, recoupment, subordination, recharacterization, or other defeasance by the Debtors or by any other party, whether acting on behalf of the Debtors' estates or otherwise.

3. Payment of the 15% Partial Paydown Amount shall reduce the outstanding principal obligations due under the Indenture by the 15% Partial Paydown Amount. Interest shall continue to accrue to the extent permitted under the Indenture, the 15% Notes, and applicable law on the balance of obligations due under the Indenture (collectively, the "***Remaining 15% Notes Obligations***") after application of the 15% Partial Paydown Amount until the Remaining 15% Notes Obligations are satisfied in full. For the avoidance of doubt, payment of the 15% Partial Paydown Amount shall not relieve the Debtors of liability for any of the Remaining 15% Notes Obligations, if any, including, without limitation, remaining unpaid principal and prepetition and postpetition interest (including postpetition interest accrued on the full amount of the 15% Notes from the Petition Date through the 15% Paydown Date) due under the 15% Notes and the Indenture, and the Debtors' obligations, if any, in respect of the Applicable Premium (as defined in the Indenture), any other premium, including any make-whole premium, and any default rate interest, in each case, to the extent claims for such Remaining 15% Notes Obligations are allowed. All parties expressly reserve the right to seek payment of, or to object to payment of, the Remaining 15% Notes Obligations or any portion thereof, subject in all respects to those challenges that have already been commenced by motion, objection or adversary proceeding and the binding effect of all stipulations contained in paragraph 4 of the Final DIP Order (as defined below) for which the period for asserting a Claim or Defense (as defined in the Final DIP Order) has expired (or has otherwise not been extended

by the applicable parties) and no Claim or Defense has been asserted. The liens and security interests securing the 15% Notes shall remain in full force and effect to the same extent as they existed prior to the payment of the 15% Partial Paydown Amount and shall continue to secure the Remaining 15% Notes Obligations until the Remaining 15% Notes Obligations are either satisfied in full or are disallowed by a final and non-appealable order of the Court.

4. Any fees, reimbursable expenses, or other charges (collectively, the "***15% Noteholder Fees***") payable under the Indenture as of the 15% Paydown Date shall be paid by the Debtors in the ordinary course after submission of an invoice by the 15% Notes Trustee to the Debtors on the same terms and conditions as presently exist under the Final Order Under Sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(e) and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014: (I) Authorizing Debtors to Obtain Postpetition Financing; (II) Authorizing the Debtors to Use Cash Collateral; and (III) Granting Adequate Protection to Prepetition Secured Parties [Docket No. 181] (the "***Final DIP Order***", a copy of which is attached hereto as Exhibit C). From and after the 15% Paydown Date, as adequate protection for the Remaining 15% Notes Obligations, the Debtors shall continue to pay the 15% Noteholder Fees in the ordinary course after submission of an invoice by the 15% Notes Trustee to the Debtors pursuant to the same terms and conditions set forth in the Final DIP Order; provided, however, that nothing herein shall limit or impair (i) the 15% Notes Trustee's right to seek additional adequate protection or other rights or remedies which either the 15% Notes Trustee or any holders of the 15% Notes (the "***15% Noteholders***") may have as the holder of a secured claim under the Bankruptcy Code, the Indenture, the 15% Notes, the Collateral Documents (as defined in the Indenture) or applicable non-bankruptcy law, (ii) the 15% Notes Trustee's lien or other priority in payment to which it is entitled, pursuant to the Indenture or

otherwise, against distributions to be made to the 15% Noteholders for payment of the 15% Noteholder Fees, or (iii) any party's right to object to the 15% Notes Trustee's (or any 15% Noteholder's) seeking of additional adequate protection or other rights or remedies which it or any 15% Noteholder believes it may have as the purported holder of a secured claim under the Bankruptcy Code, the Indenture, the 15% Notes, the Collateral Documents (as defined in the Indenture) or applicable non-bankruptcy law.

5. The Debtors are hereby authorized and directed to remit to the current lenders under the PMCA, on the Funding Date or as soon as reasonably practicable thereafter (the "***PMCA Paydown Date***"), for distribution in accordance with the PMCA (as modified by the facts that (a) the PMCA Paydown Amount shall not be applied to any loans which are the subject of the UCC PMCA Litigation and (b) the PMCA Paydown Amount shall not be applied to or distributed on account of any PMCA Default Interest), the sum of $91.392 million (the "***PMCA Partial Paydown Amount***"). The PMCA Partial Paydown Amount represents the undisputed minimum recovery the lenders under the PMCA (the "***PMCA Lenders***")[6] will receive in the Debtors' chapter 11 cases, and payment of the PMCA Partial Paydown Amount to the current PMCA Lenders shall be irrevocable and shall not be subject to any claim, challenge or defense of any kind or nature whatsoever for disallowance, avoidance, disgorgement, setoff, recoupment, subordination, recharacterization, or other defeasance by the Debtors or by any other party, whether acting on behalf of the Debtors' estates or otherwise; provided, however, that subject to any prior orders of this Court to the contrary, including, without limitation, the Order (A) Approving Asset Purchase Agreement and Authorizing the Sale of Assets of Debtor Outside the Ordinary Course of Business; (B) Authorizing the Sale of Assets Free and Clear of All Liens,

[6] The term "PMCA Lenders" as used herein shall, unless otherwise noted, include any present or former lenders under the PMCA.

Claims, Interests and Encumbrances; (C) Authorizing the Assumption and Sale and Assignment of Certain Executory Contracts and Unexpired Leases; and (D) Granting Related Relief [Docket No. 668], nothing herein shall affect the rights of any PMCA Lender to assert a claim against any other PMCA Lender whether under the PMCA or otherwise.

6. Payment of the PMCA Paydown Amount shall reduce the outstanding obligations due under the PMCA by the PMCA Paydown Amount. Interest shall continue to accrue to the extent permitted under the PMCA and applicable law on the balance of obligations due under the PMCA (collectively, the "***Remaining PMCA Obligations***") after application of the PMCA Partial Paydown Amount until the Remaining PMCA Obligations are satisfied in full. For the avoidance of doubt, payment of the PMCA Partial Paydown Amount shall not relieve the Debtors of liability for any Remaining PMCA Obligations under the PMCA, including, without limitation, the Debtors' obligations, if any, in respect of any applicable prepayment penalties or premiums or default interest (such default interest, if any, the ***"PMCA Default Interest"***) accrued on the PMCA Obligations, to the extent claims for such Remaining PMCA Obligations are allowed.

7. The consideration of the entitlement of the current PMCA Lenders to the PMCA Default Interest shall proceed (subject to the Court's availability), on the following litigation schedule:

(a) All interested parties shall file with the Court no later than 4:00 P.M. (prevailing Eastern Time) on the date that is ten (10) days after entry of this Order (the ***"PMCA Default Interest Brief Deadline"***) a brief not to exceed 15 pages in length addressing the PMCA Lender's entitlement (or lack thereof) to PMCA Default Interest.

(b) All interested parties that filed a brief by the PMCA Default Interest Brief Deadline shall, to the extent they desire to do so, file with the Court no later than 4:00 P.M. (prevailing Eastern Time) on the date this is fourteen (14) days after the PMCA Default Interest Brief Deadline a reply brief not to exceed 10 pages in length.

(c) This Court shall conduct a hearing on the dispute regarding the PMCA Lenders' entitlement to PMCA Default Interest on September 19, 2011 or as soon thereafter as the Court's schedule permits.

8. Notwithstanding the foregoing provisions relating to the PMCA Default Interest, all parties expressly reserve the right to seek payment of, or to object to payment of, the Remaining PMCA Obligations or any portion thereof (other than the PMCA Default Interest), at any time. Determination of disputed issues concerning the Remaining PMCA Obligations, or any portion thereof, shall remain subject in all respects to those challenges that have already been commenced by motion, objection, or adversary proceeding and the binding effect of all stipulations contained in paragraph 4 of the Final DIP Order for which the period for asserting a Claim or Defense (as defined in the Final DIP Order) has expired (or has otherwise not been extended by the applicable parties) and no Claim or Defense has been asserted. The liens and security interests securing the PMCA Obligations shall remain in full force and effect to the same extent as they existed prior to the payment of the PMCA Paydown Amount and shall continue to secure the Remaining PMCA Obligations until the Remaining PMCA Obligations are either satisfied in full or are disallowed by a final and non-appealable order of the Court.

9. Any fees, reimbursable expenses, or other charges (collectively, the "***PMCA Fees***") payable under the PMCA as of the PMCA Paydown Date shall be paid by the Debtors in

the ordinary course after submission of invoices (which, for the avoidance of doubt, may be submitted at any time prior to entry of this Order) by the PMCA Agent (on behalf of the PMCA Agent) or any current PMCA Lender (on behalf of any current PMCA Lender), as the case may be, to the Debtors. The PMCA Fees shall be paid to the PMCA Agent or a current PMCA Lender, as the case may be, according to the procedures, terms and conditions set forth in the Final DIP Order as the Final DIP Order relates to payment of fees and expenses of the Prepetition Agent (as defined in the Final DIP Order). From and after the PMCA Paydown Date, as adequate protection for the Remaining PMCA Obligations, the Debtors shall continue to pay the PMCA Fees in the ordinary course after submission of an invoice by the PMCA Agent or any current PMCA Lender, as the case may be, to the Debtors pursuant to the same terms and conditions set forth in the Final DIP Order; provided, however, that nothing herein shall limit or impair (i) the PMCA Agent's right, or the right of any current PMCA Lender, to seek additional adequate protection or other rights or remedies which the PMCA Agent or any current PMCA Lender may have as the holder of a secured claim under the Bankruptcy Code or the PMCA and the Loan Documents (as defined in the PMCA) or applicable non-bankruptcy law, (ii) the PMCA Agent's lien or other priority in payment to which it is entitled pursuant to the PMCA or otherwise, against distributions or payments to be made to the current PMCA Lenders for payment of the PMCA Fees, or (iii) any party's right to object to the PMCA Agent's (or any current PMCA Lender's) seeking of additional adequate protection or other rights or remedies which it or any current PMCA Lender believes it may have as the purported holder of a secured claim under the Bankruptcy Code or the PMCA and the Loan Documents (as defined in the PMCA) or applicable non-bankruptcy law.

10. Nothing in this Order shall in any way prejudice any claims, rights, or remedies any PMCA Lender may have under the PMCA, including, but not limited to, any claims, rights or remedies under Section 10.03 or Section 10.06 of the PMCA, and nothing in this Order shall in any way prejudice the right of any party to object to any purported claims, rights, or remedies any PMCA Lender may have under the PMCA, including, but not limited to, any claims, rights or remedies under Section 10.03 or Section 10.06 of the PMCA.

11. The Debtors shall remit to the DIP Agent, on the Funding Date or as soon as reasonably practicable thereafter (the "***DIP Paydown Date***"), for distribution in accordance with the DIP Financing Agreement, the aggregate amount (the "***DIP Paydown Amount***") of the Debtors' outstanding obligations under the DIP Financing Agreement as of the DIP Paydown Date. Payment shall be in full and final satisfaction of all of the Debtors' outstanding obligations under the DIP Financing Agreement, through the DIP Paydown Date, provided, however, that any fees, reimbursable expenses, or other charges (collectively, the "***DIP Agent Fees***") payable under the DIP Financing Agreement as of the DIP Paydown Date shall be paid by the Debtors in the ordinary course after submission of an invoice by the DIP Agent to the Debtors (with a copy to counsel for the Creditors' Committee) on the same terms and conditions as presently exist under the Final DIP Order.

12. The Debtors shall pay the 15% Partial Paydown Amount to the Paying Agent (as defined in the Indenture) or, if no such Paying Agent has been appointed, to the 15% Notes Trustee acting as Paying Agent, on or as soon as practicable after the Funding Date. Upon receiving the 15% Partial Paydown Amount, the 15% Notes Trustee shall distribute the 15% Partial Paydown Amount to the holders of the Notes in accordance with Section 6.10 of the Indenture and paragraph 3 of this Order; provided, however, that no payments shall be made on

account of post-petition interest. The record date for such distribution shall be August 9, 2011. The Debtors shall provide the 15% Notes Trustee such information as reasonably requested to enable the 15% Notes Trustee to prepare and comply with the notice requirements set forth in Section 6.10 of the Indenture.

13. The Debtors shall pay the PMCA Paydown Amount and the DIP Paydown Amount to the current PMCA Lenders and DIP Agent (as applicable) on or as soon as reasonably practicable after the Funding Date. The PMCA Paydown Amount shall be distributed to the current PMCA Lenders in accordance with the terms of the PMCA as modified by the facts that (a) the PMCA Paydown Amount shall not be applied to any loans which are the subject of the UCC PMCA Litigation and (b) the PMCA Paydown Amount shall not be applied to or distributed on account of any PMCA Default Interest. The DIP Paydown Amount shall be distributed to the DIP Lender in accordance with the terms of the DIP Financing Agreement.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion, and shall not be required to execute or file releases, termination statements, assignments, consents, or approvals, other than as may be expressly provided for in the Purchase Agreement, in order to effectuate the relief granted pursuant to this Order.

15. The provisions of this Order shall be binding and inure to the benefit of the Debtors, the Debtors' estates, the 15% Notes Trustee, the 15% Noteholders, the PMCA Agent, the PMCA Lenders, the DIP Agent, the lenders under the DIP Financing Agreement, and their respective successors and assigns (including any chapter 7 or chapter 11 trustee or other fiduciary hereafter appointed or elected as a legal representative of any of the Debtors or with respect to the property of any of the Debtors' estates).

16. This Order is hereby deemed effective immediately pursuant to Federal Bankruptcy Rules of Procedure 6004(h).

17. By entering this Order, the Court shall not be deemed to have adopted any allocations, assumptions, estimates, projections, or valuations relating to the Motion except for the limited purpose of determining the merits of the Motion, and any such allocations, assumptions, estimates, projections, or valuations shall not be binding upon, or deemed an admission by, any party in interest for any other purpose.

18. Pending the Court's availability, the Court shall hold a status hearing on or about September 19, 2011 with respect to the implementation of this Order, the status of resolution of claims under the Indenture and the PMCA, and the feasibility of making additional payments to further reduce any interest accruals under the Indenture or the PMCA.

19. For the avoidance of doubt, nothing in this Order shall constitute a determination or other ruling or decision with regard to the right of the 15% Noteholders to obtain post-petition interest on account of their 15% Notes.

20. Nothing in this Order shall prejudice the rights of the Debtors or any other party in interest to seek authority from this Court to pay down additional amounts under the Indenture or the PMCA, nor shall anything in this Order limit or impair the right of any party to object to any such request to pay down additional amounts under the Indenture or the PMCA.

21. In the event of any inconsistency between the terms of this Order and the Indenture, the 15% Notes, or the PMCA, the terms of this Order shall govern.

22. The Court shall have jurisdiction with respect to all matters arising from or related to the implementation of this Order and any disputes arising from (i) the distribution of the 15% Partial Paydown Amount to the 15% Noteholders, (ii) the distribution of the PMCA Partial

Paydown Amount to the current PMCA Lenders, and (iii) the distribution of DIP Paydown Amount to the DIP Agent. The acceptance of any such distribution by any party shall constitute consent by such party to the jurisdiction of the Court to hear and determine any such dispute or cause of action.

New York, New York
Date: **August 3, 2011**

/s/ Sean H. Lane
Honorable Sean H. Lane
United States Bankruptcy Judge

Exhibit A

The PMCA

Execution copy

$100,000,000

PURCHASE MONEY CREDIT AGREEMENT

Dated as of February 5, 2008,

among

TERRESTAR NETWORKS INC.,
as Borrower,

THE GUARANTORS PARTY HERETO,

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent,

HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD., as a Lender,
HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P., as a Lender,
ECHOSTAR CORPORATION, as a Lender,

and

THE OTHER LENDERS PARTY HERETO,

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This PURCHASE MONEY CREDIT AGREEMENT dated as of February 5, 2008 (this "AGREEMENT") is entered into among TERRESTAR NETWORKS INC., a Delaware corporation (the "BORROWER"), the guarantors party hereto from time to time, U.S. BANK NATIONAL ASSOCIATION, as collateral agent for the lenders referred to below (in such capacity, the "COLLATERAL AGENT"), HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD. ("HARBINGER"), HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P. ("HARBINGER SITUATIONS"), ECHOSTAR CORPORATION, ("ECHOSTAR"), and the other lenders party hereto from time to time (together with Harbinger, Harbinger Situations, EchoStar and their respective successors and assigns, collectively, the "LENDERS").

WHEREAS, the Borrower is party to the satellite construction contract, dated as of December 12, 2007 ("TERRESTAR-2 CONSTRUCTION AGREEMENT") with Space Systems/Loral, Inc., a Delaware corporation (the "SATELLITE MANUFACTURER") which provides for the construction and delivery of the TerreStar-2 Satellite;

WHEREAS, under the terms of the TerreStar-2 Construction Agreement, the Borrower is obligated to make at least $100,000,000 in remaining purchase price payments to the Satellite Manufacturer;

WHEREAS, the Borrower has requested that the Lenders make credit extensions to it in order to enable the Borrower to make the remaining purchase price payments to the Satellite Manufacturer pursuant to the TerreStar-2 Construction Agreement to enable the Borrower to complete the acquisition of, and rights to use, the TerreStar-2 Satellite and the other Collateral; and

WHEREAS, the Lenders are prepared to make loans to the Borrower for the purposes described herein and upon the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINED TERMS. As used in this Agreement, the following terms have the meanings specified below:

"1.4 GHZ SPECTRUM" means any spectrum between 1390 to 1395 MHz and 1432 to 1435 MHz bands.

"15% NOTES" means the Borrower's outstanding 15% Senior Secured PIK Notes due 2014.

"15% NOTES INDENTURE" means the Indenture for the 15% Notes, dated as of the 15% Notes Issue Date, between the Borrower and U.S. Bank National Association, as trustee, as supplemented on or before the Effective Date (including, as applicable, the supplemental

indenture relating to the issuance of an additional $50,000,000 principal amount of 15% Notes on or about the Effective Date).

"15% NOTES ISSUE DATE" means February 14, 2007.

"ACQUIRED DEBT" means, with respect to any specified Person, (a) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and (b) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"AFFILIATE" means with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided, that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"AGREEMENT" has the meaning assigned to such term in the Preamble.

"ASSET SALE" means:

(i) the sale, lease, conveyance or other disposition of any assets or rights; provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Borrower and its Restricted Subsidiaries taken as a whole will be governed by Sections 6.03 and not by Section 6.08; and

(ii) the issuance of Equity Interests in any of the Borrower's Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(a) except in the case of the Collateral, any single transaction or series of related transactions that involves assets having a fair market value of less than $10,000,000;

(b) a disposition of assets between or among the Borrower and any Guarantors; provided, that in the case of a sale of Collateral, the transferee will cause such amendments, supplements or other instruments to be executed, filed, and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Lien on the Collateral owned by or transferred to the transferee, together with such financing statements or comparable documents as may be required to perfect any security interests in such Collateral which may be perfected by the filing of a financing statement or a similar document under the Uniform Commercial Code or other similar statute or regulation of the relevant states or jurisdictions;

(c) a transfer of assets between or among Restricted Subsidiaries that are not Guarantors or from a Restricted Subsidiary that is not a Guarantor to the Borrower or a Guarantor;

(d) an issuance of Equity Interests by a Restricted Subsidiary of the Borrower to the Borrower or to another Restricted Subsidiary of the Borrower;

(e) the sale, lease or other disposition of equipment, inventory or products in the ordinary course of business and any sale or other disposition of damaged, worn-out, uneconomic or obsolete assets in the ordinary course of business;

(f) with respect to assets that are Collateral, the creation of a Collateral Permitted Lien and dispositions in connection with Collateral Permitted Liens, and with respect to assets that are not Collateral, the creation of any "Permitted Lien" as such term is defined in the 15% Notes and dispositions in connection with such Permitted Liens;

(g) the licensing or sublicensing of intellectual property or other general intangibles and licenses, leases or subleases of other property;

(h) except in the case of Collateral, foreclosure on assets, except to the extent that the value of the assets exceeds the amount of the obligation secured;

(i) the sale or other disposition of cash or Cash Equivalents; provided that, if such cash or Cash Equivalents arise as the result of an Asset Sale or Recovery Event, such sale or disposition is in accordance with the provisions of this Agreement;

(j) the sale or other disposition of Equity Interests in Unrestricted Subsidiaries; and

(k) a Restricted Payment that is permitted by Section 6.04 or a Permitted Investment.

"ATC" means Ancillary Terrestrial Component as defined by the FCC.

"ATC OPERATIONAL DATE" means the date that is three months after Borrower's certification to the FCC that the TerreStar-1 Satellite system is operational and that Borrower has satisfied the final FCC milestone conditioning the FCC MSS S-Band Spectrum reservation held by Borrower.

"ATTRIBUTABLE DEBT" means in respect of a Sale/Leaseback Transaction, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value will be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; provided that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "CAPITAL LEASE OBLIGATION."

"BANKRUPTCY CODE" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"BENEFICIAL OWNER" has the meaning in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable, or is exercisable only upon the occurrence of a subsequent condition. The term "Beneficially Own" has a corresponding meaning.

"BOARD OF GOVERNORS" means the Board of Governors of the Federal Reserve System of the United States of America.

"BOARD OF DIRECTORS" means:

(a) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such Person;

(b) with respect to a partnership, the board of directors of the general partner of the partnership;

(c) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(d) with respect to any other Person, the board of directors or committee of such Person serving a similar function.

"BORROWER" has the meaning assigned to such term in the Preamble.

"BUSINESS DAY" means each day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"BUYING LENDERS" has the meaning assigned to such term in Section 10.05(a).

"CANADIAN ENTITIES" means TerreStar Canada Holdings and TerreStar Canada.

"CAPITAL LEASE OBLIGATION" means at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"CAPITAL STOCK" means:

(a) in the case of a corporation, corporate stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(c) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"CASH EQUIVALENTS" means any of the following:

(a) United States dollars and in the case of any Foreign Subsidiary that is a Restricted Subsidiary, such local currencies held by them from time to time in the ordinary course of business;

(b) securities issued or directly and fully guaranteed or insured by the United States or the Canadian government or any agency or instrumentality of the United States or the Canadian government (provided that the full faith and credit of the United States or Canada, as applicable, is pledged in support of those securities) having maturities of not more than twelve months from the date of acquisition;

(c) marketable general obligations issued by any state of the United States or province of Canada, or any political subdivision of any such state or province or any public instrumentality thereof maturing within one year from the date of acquisition (provided that the full faith and credit of the United States or Canada, as applicable, is pledged in support thereof) and, at the time of acquisition, having a credit rating of "A" or better from either S&P or Moody's;

(d) certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits with any U.S. domestic or Canadian commercial bank having capital and surplus in excess of $500,000,000 and a Thomson Bank Watch Rating of "B" or better;

(e) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b), (c) and (d) above entered into with any financial institution meeting the qualifications specified in clause (d) above;

(f) commercial paper having a rating of at least A-3 from Moody's or P-3 from S&P and in each case maturing within nine months after the date of acquisition; and

(g) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (f) of this definition.

"CCTV" means CCTV Wireless, Inc., a Delaware corporation.

"CHANGE OF CONTROL" means the occurrence of any of the following:

(a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of TerreStar Parent, Borrower or any of its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Holder;

(b) the adoption of a plan relating to the liquidation or dissolution of the TerreStar Parent or Borrower;

(c) any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of TerreStar Parent or Borrower, other than a Permitted Holder, measured by voting power rather than number of shares; or

(d) the first day on which a majority of the members of the Board of Directors of TerreStar Parent or Borrower are not Continuing Directors.

"CODE" means the Internal Revenue Code of 1986.

"COLLATERAL" has the meaning in the U.S. Security Agreement.

"COLLATERAL AGENT" has the meaning assigned to such term in the Preamble.

"COLLATERAL PERMITTED LIENS" means all of the following:

(a) Liens to secure the performance of statutory obligations or other obligations of a like nature incurred in the ordinary course of business;

(b) Statutory Liens or mechanics', suppliers', materialmen's, repairmen's or other like Liens arising in the ordinary course of business;

(c) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor;

(d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, in connection with the TerreStar-2 Construction Agreement and the related escrow agreements;

(e) Liens created for the benefit of Collateral Agent or the Lenders to secure the Obligations under this Agreement or the other Loan Documents;

(f) rights of banks to set off deposits against debts owed to said bank;

(g) all right, title and interest of the Satellite Manufacturer in the Collateral pursuant to the TerreStar-2 Construction Agreement; and

(h) the Lien evidenced by the Uniform Commercial Code financing statement filed in connection with the 15% Notes Indenture naming the Borrower, as debtor, and U.S. Bank National Association, as secured party, on the Collateral, until such Lien is terminated on or prior to the borrowing date of the initial Loan hereunder in accordance with Section 4.03.

"COMMISSION" means the Securities and Exchange Commission or any successor agency.

"COMMITMENT" means the commitment of a Lender to make or otherwise fund a Loan hereunder, expressed as an amount representing the maximum aggregate amount of the Loans to be made by the Lenders hereunder, and "COMMITMENTS" means such commitments of all Lenders in the aggregate to make or otherwise fund a Loan hereunder. The amount of each Lender's Commitment, if any, is set forth on Appendix A-1, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The total amount of the Commitment is $100,000,000, as such amount may be reduced as provided in the definition of the term "UNUSED COMMITMENT".

"CONTINUING DIRECTORS" means, as of any date of determination, any member of the Board of Directors of TerreStar Parent or the Borrower who:

(a) was a member of such Board of Directors on the Effective Date; or

(b) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or by the Permitted Holders.

"DEFAULT" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"DEPOSIT ACCOUNT" means the account of the Borrower or the Satellite Manufacturer (as the case may be) designated by the Borrower to the Lenders in the most recent Notice of Borrowing delivered by the Borrower to each of the Lenders pursuant to Section 4.02(e), subject to approval by the Required Lenders (which approval shall not be unreasonably withheld or delayed).

"DISQUALIFIED STOCK" means, any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, prior to the date that is 91 days after Maturity Date. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Borrower to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that

the Borrower may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 6.04.

"DOLLARS" or "$" refers to lawful money of the United States of America.

"DOMESTIC SUBSIDIARY" means any Subsidiary that is not a Foreign Subsidiary.

"ECHOSTAR" has the meaning assigned to such term in the Preamble.

"EFFECTIVE DATE" means the date on which the conditions specified in Section 4.01 and Section 4.02 are satisfied (or waived in accordance with Section 10.02).

"ELECTING LENDERS" means, at any time, any Lender holding at least 30% of the aggregate unpaid principal amount of the Loans and the Unused Commitment; provided, that on and after the date that no Lender holds at least 30% of the aggregate unpaid principal amount of the Loans and the Unused Commitment, "ELECTING LENDERS" means, at any time, Lenders holding more than 30% of the then aggregate unpaid principal amount of the Loans and the Unused Commitment. A defaulting Lender shall be excluded for the purpose of this determination.

"ENVIRONMENTAL LAWS" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"ENVIRONMENTAL LIABILITY" means any liability, contingent or otherwise, of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"EQUITY INTERESTS" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"ERISA" means the Employee Retirement Income Security Act of 1974.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of the Pension Funding Rules and Withdrawal, is treated as a single employer under Section 414 of the Code.

"ERISA EVENT" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan (other than an event for which the 30-day notice period is waived), (b) prior to the effectiveness of the applicable provisions of

the Pension Act with respect to a Plan, the existence with respect to the Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA) or, on and after the effectiveness of the applicable provisions of the Pension Act with respect to such Plan, any failure by the Plan to satisfy the minimum funding standard (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, in each case whether or not waived, (c) the filing pursuant to, prior to the effectiveness of the applicable provisions of the Pension Act with respect to a Plan, Section 412(d) of the Code or Section 303(d) of ERISA or, on and after the effectiveness of the applicable provisions of the Pension Act with respect to the Plan, Section 412(c) of the Code or Section 302(c) of ERISA, of an application for a waiver of the minimum funding standard with respect to any Plan, (d) on and after the effectiveness of the applicable provisions of the Pension Act, a determination that any Plan is, or is expected to be, in "at-risk" status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code), (e) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan, (f) the receipt by the Borrower or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan, (g) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan pursuant to its terms or pursuant to Title IV of ERISA, or (h) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA or, on and after the effectiveness of the applicable provisions of the Pension Act, in endangered or critical status, within the meaning of Section 305 of ERISA or Section 432 of the Code.

"EVENT OF DEFAULT" means any of the events specified Article VII; provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"EXCHANGE ACT" means the Securities Exchange Act of 1934.

"EXCHANGEABLE NOTES" means Borrower's 6½% Senior Exchangeable PIK Notes due 2014, exchangeable for certain Capital Stock of TerreStar Parent.

"EXCHANGEABLE NOTES INDENTURE" means the Indenture for the Exchangeable Notes, dated as of the date hereof, between the Borrower, certain affiliates of the Borrower, as guarantors, and U.S. Bank National Association, as trustee.

"EXCLUDED TAXES" means, with respect to Collateral Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America (including any subdivision thereof), or by the jurisdiction (including any subdivision thereof) under the laws of which such recipient (or, if the recipient is treated as a disregarded entity for U.S. federal income tax purposes, the beneficial owners thereof) is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located, (c) any Taxes that would not have been imposed but for the activities of the recipient (or, if the

recipient is treated as a disregarded entity for U.S. federal income tax purposes, the beneficial owners thereof) in the jurisdiction imposing such Tax which are not related to this Agreement or any of the other Loan Documents or the transactions contemplated by the Loan Documents, including the execution and delivery of the Loan Documents and the administration of the provisions or exercise of rights and remedies under the Loan Documents; (d) United States withholding taxes imposed on amounts payable to a Lender, including a Buying Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to Indemnified Taxes; and (e) any Taxes that are attributable to Collateral Agent or such Lender's, including any Buying Lender's, failure to comply with the requirements of Section 2.08(e) of this Agreement.

"EXISTING INDEBTEDNESS" means Indebtedness of Borrower and the Restricted Subsidiaries in existence on the Effective Date, until such amounts are repaid.

"FCC" means the U.S. Federal Communications Commission, or any successor thereto.

"FCC ATC AUTHORIZATION" means the FCC authorization (FCC Application File No. SES-AMD-20070907-01253 still pending) permitting Borrower to provide ATC in the United States as additional authority pursuant to call sign E060430.

"FCC LICENSES" means any license, authorization, approval, or permit granted by the FCC pursuant to the Communications Act of 1934 to the Borrower or its Subsidiaries.

"FCC LICENSE SUBSIDIARY" means TerreStar License Inc., a Delaware corporation.

"FCC MOBILE EARTH STATION LICENSE" means the FCC license (FCC Application File No. SES-LIC-20061206-02100, as amended, still pending) authorizing Borrower to provide service to mobile earth terminals in the United States pursuant to call sign E060430.

"FCC SPECTRUM RESERVATION" means the FCC authorization permitting the Borrower to operate a MSS S-Band system in the United States pursuant to call sign S2633.

"FOREIGN SUBSIDIARY" means any (i) Subsidiary that is treated as a corporation for United States federal income tax purposes that is formed or incorporated outside of the United States, (ii) Subsidiary substantially all of the assets of which consist, directly or indirectly, of Subsidiaries described in clause (i) of this definition, (iii) entity treated as disregarded for United States federal income tax purposes that owns more than 65% of the voting stock of a Subsidiary described in clause (i) or (ii) of this definition or (iv) Subsidiary that was not formed under the laws of the United States or the District of Columbia.

"FULL IN-ORBIT INSURANCE" means insurance coverage of satellites following the period of time that is customarily covered by launch insurance that provides coverage against partial losses, constructive total losses and complete losses.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public

Accountants and statements and pronouncements of the Financial Accounting Standards Board of the Public Company Accounting Oversight Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession in the United States, which are in effect from time to time.

"GOVERNMENTAL AUTHORITY" means any international body or any nation or government, any state or political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled, through stock or capital or otherwise, by any of the foregoing.

"GUARANTEE" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

Unless the context otherwise indicates, "Guarantee" shall mean a guarantee by a Guarantor of the Borrower's payment Obligations pursuant to the terms of this Agreement.

"GUARANTEED OBLIGATIONS" has the meaning assigned to such term in Section 8.01.

"GUARANTOR" means any Person that guarantees the Obligations of the Borrower hereunder and under the other Loan Documents; provided that upon the release or discharge of such Person from its Guarantee in accordance with the provisions of the Loan Documents, such Person shall cease to be a Guarantor.

"HARBINGER" has the meaning assigned to such term in the Preamble.

"HARBINGER SITUATIONS" has the meaning assigned to such term in the Preamble.

"HAZARDOUS MATERIALS" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"HEDGING OBLIGATIONS" means with respect to any specified Person, the obligations of such Person incurred in the ordinary course of business and not for speculative purposes under:

(a) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(b) foreign exchange contracts and currency protection agreements entered into with one of more financial institutions and designed to protect the person or entity entering

into the agreement against fluctuations in currency exchanges rates with respect to Indebtedness incurred; and

(c) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"INDEBTEDNESS" means (without duplication) with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments;

(c) in respect of letters of credit, banker's acceptances or other similar instruments;

(d) representing Capital Lease Obligations and Attributable Debt;

(e) representing the balance deferred and unpaid of the purchase price of any property or services due more than 12 months after such property is acquired or such services are completed;

(f) all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary that is not a Guarantor, any preferred stock (but excluding, in each case, any accrued dividends); or

(g) representing any Hedging Obligations;

provided, that Indebtedness shall be deemed not to include (1) Guarantees incurred in the ordinary course of business and not in respect of borrowed money; (2) obligations to make payments to one or more insurers under satellite insurance policies in respect of premiums or the requirement to remit to such insurer(s) a portion of the future revenues generated by a satellite which has been declared a constructive total loss, in each case in accordance with the terms of the insurance policies relating thereto; (3) any obligations to make progress or incentive payments under any satellite manufacturing contract or to make payments under satellite launch contracts in respect of launch services provided thereunder, in each case, to the extent not overdue by more than 90 days; (4) obligations of such Person arising from agreements of such Person providing for indemnities, guarantees of performance, adjustments of purchase price, contingency payment obligations based on the performance of acquired or disposed assets or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; or (5) purchase price holdbacks in connection with purchasing in the ordinary course of business of such Person; provided, further, that: (A) in the case of clauses (1) and (4), such obligations are not reflected on the balance sheet of such Person (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this

definition); (B) in the case of clauses (2) and (3), such amounts are not required by GAAP to be treated as indebtedness on the balance sheet of such Person; and (C) in the case of clause (4), the maximum assumable liability in respect of all such obligations shall at no time exceed the gross proceeds including non-cash proceeds (the fair market value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by such Person in connection with such disposition.

In addition, the term "INDEBTEDNESS" of a Person shall be deemed to include all Indebtedness secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date will be:

(a) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(b) in the case of any Disqualified Stock of the specified Person or any Guarantor or preferred stock of a Restricted Subsidiary that is not a Guarantor, the repurchase price calculated in accordance with the terms of such Disqualified Stock or preferred stock as if such Disqualified Stock or preferred stock were repurchased on the date on which Indebtedness is required to be determined pursuant to this Agreement; provided that if such Disqualified Stock or preferred stock is not then permitted to be repurchased, the greater of the liquidation preference and the book value of such Disqualified Stock or preferred stock;

(c) in the case of Indebtedness of others secured by a Lien on any asset of the specified Person, the lesser of (i) the fair market value of such asset on the date on which Indebtedness is required to be determined pursuant to this Agreement and (ii) the amount of the Indebtedness so secured;

(d) in the case of the Guarantee by the specified Person of any Indebtedness of any other Person, the maximum liability to which the specified Person may be subject upon the occurrence of the contingency giving rise to the obligation (whether or not such contingency has occurred or is likely to occur);

(e) in the case of any Hedging Obligations, the net amount payable if such Hedging Obligations were terminated at that time due to default by such Person (after giving effect to any contractually permitted set-off); and

(f) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness.

"INDEMNIFIED TAXES" means Taxes other than Excluded Taxes.

"INDEMNITEE" has the meaning assigned to such term in Section 10.03(b).

"INDUSTRY CANADA" means the Canadian Federal Department of Industry or any successor thereto.

"INDUSTRY CANADA LICENSE" means the Approval in Principle issued by Industry Canada to TMI Communications and Company, Limited Partnership, dated May 6, 2002, as amended from time to time, which was transferred to TerreStar Canada and which authorizes TerreStar Canada to operate a 2 GHz MSS satellite in a Canadian orbital position, and in addition, to use associated service, feeder link and telemetry, telecommand and control radio spectrum for the purposes of providing MSS services in Canada.

"INFORMATION" has the meaning assigned to such term in Section 10.12.

"INFORMATION STATEMENT" shall mean the Information Statement required to be filed with the Commission with respect to the Spectrum Contribution.

"INTEREST PAYMENT DATE" has the meaning assigned to such term in Section 2.07(d).

"INTEREST RATE" means a percentage per annum equal to fourteen (14) percentage points, as such percentage may be modified from time to time by the terms of this Agreement, including, without limitation, Sections 2.07(b) and (c).

"INVESTED CAPITAL" means, at any time of determination, the sum of, without duplication, (a) total consolidated Indebtedness of the Borrower, its Restricted Subsidiaries and, to the extent they are required to be consolidated with the Borrower under GAAP, the Canadian Entities, in each case determined in accordance with GAAP; (b) cash capital contributions in the aggregate amount of $307,000,000 made by TerreStar Parent and its Subsidiaries other than the Borrower or any Subsidiaries of the Borrower to the Borrower prior to the Effective Date; (c) Net Proceeds received by the Borrower since the Effective Date from the sale of Equity Interests of the Borrower (other than proceeds of Disqualified Stock) or capital contributions by TerreStar Parent or any Subsidiary of TerreStar Parent other than the Borrower or any Subsidiary of the Borrower or any other Person other than the Borrower or any Subsidiary of the Borrower; and (d) in respect of the TerreStar Parent Funding Agreement, the greater of $95,000,000 and (x) the sum of the amount of cash contributed *plus* (y) the net value (determined as of the date of contribution after deducting estimated expenses of sale) of shares of SkyTerra common stock contributed to the Borrower pursuant thereto.

"INVESTMENT AGREEMENTS" means (a) the Master Investment Agreement, dated on or about the date hereof, by and among TerreStar Parent, the Borrower and EchoStar and (b) the Master Investment Agreement, dated on or about the date hereof, by and among TerreStar Parent, the Borrower, Harbinger and Harbinger Situations.

"INVESTMENTS" means with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (excluding Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Borrower or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Borrower

such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Borrower will be deemed to have made an Investment on the date of any such sale or disposition in an amount equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in Section 6.04(c). The acquisition by the Borrower or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment made by the Borrower or such Restricted Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person on the date of any such acquisition in an amount determined as provided in Section 6.04(c). Except as otherwise provided in this Agreement, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"IRU AGREEMENT" means the Indefeasible Right of Use Agreement between the Borrower and TerreStar Canada, as such agreement may be modified from time to time in accordance with its terms.

"LENDER" has the meaning assigned to such term in the Preamble.

"LIEN" means, with respect to any asset, any mortgage, lien, hypothecation, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"LOAN" has the meaning assigned to such term in Section 2.01.

"LOAN DOCUMENTS" means, collectively, this Agreement, the Notes, the Security Documents and any other agreement entered into, now or hereafter executed by or on behalf of the Borrower or any Guarantor, and delivered to the Collateral Agent or any Lender in connection with this Agreement or the transactions contemplated hereby.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, assets, financial condition or results of operations of TerreStar Parent, the Borrower and its Restricted Subsidiaries taken as a whole, (b) the rights of TerreStar Parent, the Borrower or any of the respective Restricted Subsidiaries in respect of any Material License, (c) the ability of the Borrower or of the Guarantors to perform any of their respective payment obligations under any Material Contract, this Agreement or any of the other Loan Documents to which they are party, (d) the validity, enforceability or priority of the Liens contemplated under the Security Documents, or (e) the ability of Collateral Agent or any Lender to exercise any of its rights and/or remedies available under this Agreement or any of the other Loan Documents, except for any change, event, occurrence, fact, condition, development or effect resulting from or arising in connection with (i) the taking of any action required by the terms of the Investment Agreements, or (ii) any actions required to be taken (or required to not be taken) at the request of any Lender or any Purchaser.

"MATERIAL CONTRACTS" shall mean the agreements set forth in Schedule I, in each case, including all amendments, modifications and supplements thereto.

"MATERIAL LICENSE" means the FCC ATC Authorization, the Industry Canada License, the FCC Spectrum Reservation, or the FCC Mobile Earth Station License.

"MATURITY DATE" means the earliest to occur of (a) February 5, 2013 and (b) July 23, 2008, if the Spectrum Contribution Approval shall not have occurred on or prior to such date.

"MAXIMUM AMOUNT" means, as of any date of calculation, the lesser of (a) the Unused Commitment as of such date and (b) the Milestone Payment required to be made by the Borrower and remaining unpaid as of such date.

"MILESTONE PAYMENT" means each payment in respect of the TerreStar-2 Satellite set forth in Schedule II required to be made by the Borrower to the Satellite Manufacturer under the TerreStar-2 Construction Agreement.

"MILESTONE PAYMENT DATE" means each date set forth in Schedule II on which a Milestone Payment is due under the TerreStar-2 Construction Agreement.

"MOODY'S" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"MSS" means mobile satellite service.

"MSS S-BAND SPECTRUM" means the spectrum bands 2000-2020 MHz and 2180-2200 MHz.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET AWARD" means any awards or proceeds in respect of any condemnation or other eminent domain proceeding.

"NET INSURANCE PROCEEDS" means any awards or proceeds in respect of any casualty insurance or title insurance claim.

"NET PROCEEDS" means (i) with respect to any Asset Sale or Recovery Event, the aggregate cash proceeds received by the Borrower or any of the Restricted Subsidiaries in respect of such Asset Sale (including any cash received upon the sale or other disposition of any non-cash consideration received in any such Asset Sale) or any such Recovery Event (including any Net Insurance Proceeds in respect thereof), net of the direct costs relating to such Asset Sale or Recovery Event, including legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale or Recovery Event, taxes paid or payable as a result of the Asset Sale or Recovery Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, amounts required to be applied to the repayment of Indebtedness, and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, and any deduction of appropriate amounts to be provided by the Borrower or any Restricted Subsidiary as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of

in such Asset Sale and retained by the Borrower and/or any Restricted Subsidiary and (ii) with respect to any issuance or sale of Capital Stock or Indebtedness, or any capital contribution, the proceeds of such issuance, sale or capital contribution, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant or other fees actually incurred in connection with such issuance, sale or capital contribution, and net of taxes paid or payable as a result thereof.

"NON-RECOURSE DEBT" means Indebtedness,

(a) as to which neither the Borrower nor any of its Restricted Subsidiaries (i) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (ii) is directly or indirectly liable as a guarantor or otherwise, or (iii) is the lender;

(b) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Borrower or any Restricted Subsidiary to declare a default on such other Indebtedness or to cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(c) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Borrower or any of its Restricted Subsidiaries.

"NOTES" means one or more promissory notes issued by the Borrower pursuant to Section 2.04(c).

"NOTICE OF BORROWING" means a notice substantially in the form of EXHIBIT A.

"OBLIGATIONS" means, any principal, premium, if any, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization, whether or not a claim for post-filing interest is allowed in such proceeding), penalties, fees, charges, expenses, indemnifications, reimbursement obligations, damages, guarantees, and other liabilities or amounts payable under the documentation governing any Indebtedness or in respect thereto.

"OECD" means the Organization for Economic Co-operation and Development.

"OFFICER" means, as to TerreStar Parent, Borrower or any Subsidiary Guarantor, as the case may be, the Chairman, President, Chief Executive Officer, Treasurer, Chief Financial Officer, Executive Vice President, Senior Vice President, Vice President, Assistant Vice President, Secretary or Assistant Secretary.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers or by one Officer and any Assistant Treasurer or Assistant Secretary of TerreStar Parent, Borrower or any Guarantor, as the case may be, and which complies with the provisions of this Agreement.

"OTHER TAXES" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made

under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"PARTICIPANT" has the meaning assigned to such term in Section 10.04(e).

"PATRIOT ACT" has the meaning set forth in Section 10.13.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"PENSION ACT" means the Pension Protection Act of 2006.

"PENSION FUNDING RULES AND WITHDRAWAL" means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Plans subject to Title IV of ERISA and set forth in, with respect to plan years ending prior to the effective date as to such plan of the Pension Act, Section 412 of the Code and Section 302 of ERISA each as in effect prior to the Pension Act and, thereafter, Sections 412 and 430 of the Code and Sections 302 and 303 of ERISA.

"PERMITTED BUSINESS" means the lines of business conducted by the Borrower and the Restricted Subsidiaries on the Effective Date and any business incidental or reasonably related thereto or which is a reasonable extension thereof as determined in good faith by the Borrower's Board of Directors and set forth in an Officers' Certificate delivered to the Lenders.

"PERMITTED HOLDER" means, (a) with respect to the Borrower, each of TerreStar Parent, Motient Ventures Holding Inc., MVH Holdings Inc., Harbinger (or any Affiliate thereof) and Echostar (or any Affiliate thereof) and (b) with respect to TerreStar Parent, each of Motient Ventures Holding Inc., MVH Holdings Inc., Harbinger (or any Affiliate thereof) and Echostar (or any Affiliate thereof).

"PERMITTED INVESTMENT" means:

(a) any Investment in the Borrower or any Restricted Subsidiary of the Borrower;

(b) any Investment in cash and Cash Equivalents;

(c) any Investment by the Borrower or any Restricted Subsidiary in a Person, if as a result of such Investment:

(i) such Person becomes a Restricted Subsidiary of the Borrower; or

(ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Borrower or a Restricted Subsidiary of the Borrower;

(d) any Investment made as a result of the receipt of any non-cash consideration received in connection with a disposition of assets excluded from the definitions of "Asset Sale" and "Recovery Event";

(e) workers' compensation, utility, lease and similar deposits and prepaid expenses in the ordinary course of business and endorsements of negotiable instruments and documents in the ordinary course of business;

(f) loans or advances to employees (other than executive officers) made in the ordinary course of business of the Borrower or such Restricted Subsidiary in an aggregate amount not to exceed $2,500,000 at any one time outstanding;

(g) any Investments received in compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Borrower or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer, or (ii) litigation, arbitration or other disputes with Persons who are not Affiliates;

(h) Hedging Obligations;

(i) advances or extensions of credit on terms customary in the industry in the form of accounts or other receivables incurred, and loans and advances made in settlement of such accounts receivable, all in the ordinary course of business;

(j) Investments existing on the Effective Date;

(k) advances, loans or extensions of credit to suppliers and vendors in the ordinary course of business;

(l) Investments in the Canadian Entities that have been made, or are required to be made, by the Borrower under the (i) Transfer Agreements and (ii) the TerreStar Canada Credit Facility; and

(m) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (m) during the relevant period that are at the time outstanding, not to exceed $10,000,000 in any calendar year and $60,000,000 in the aggregate since the Effective Date.

"PERMITTED REFINANCING INDEBTEDNESS" means any Indebtedness of the Borrower or any Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease, refund or discharge other Indebtedness of the Borrower or any of its Subsidiaries (other than intercompany Indebtedness); provided that:

(a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased, refunded or discharged

(plus all accrued interest on the Indebtedness and the amount of all fees and expenses and premiums incurred in connection therewith);

(b) if the Stated Maturity of the Indebtedness being refinanced is the same as or earlier than the Stated Maturity of the Loans, such Permitted Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the Notes, such Permitted Refinancing Indebtedness has a Stated Maturity at least 91 days later than the Stated Maturity of the Loans;

(c) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged;

(d) if the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged is subordinated in right of payment to the Loans or any Subsidiary Guarantee, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Loans or the Subsidiary Guarantees, as the case may be, on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged; and

(e) such Indebtedness is incurred either by the Borrower or a Guarantor that is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"PIK INTEREST" has the meaning assigned to such term in Section 2.07(d).

"PLAN" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PURCHASE MONEY INDEBTEDNESS" means Indebtedness:

(a) consisting of the deferred purchase price of an asset, conditional sale obligations, obligations under any title retention agreement and other purchase money obligations, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed, and

(b) incurred to finance the acquisition or construction by the Borrower or a Restricted Subsidiary of such asset, including additions and improvements;

provided, that such Indebtedness is incurred within 180 days after the acquisition, or the completion of construction or improvement by the Borrower or such Restricted Subsidiary of such asset.

"RECOVERY EVENT" means any event, occurrence, claim or proceeding that results in any Net Award or Net Insurance Proceeds of $10,000,000 or more.

"REGISTERED LENDER" means, as of any date of determination, each Person that, to the Borrower's knowledge, is a Lender.

"RELATED PARTIES" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers and employees of such Person and such Person's Affiliates.

"REQUIRED LENDERS" means, at any time, Lenders having more than 70% of the aggregate amount of the sum of (a) the Unused Commitment and (b) the then aggregate unpaid principal amount of the Loans. A defaulting lender shall be excluded for the purpose of this determination.

"RESTRICTED INVESTMENT" means an Investment other than a Permitted Investment.

"RESTRICTED PAYMENT" has the meaning assigned to such term in Section 6.04.

"RESTRICTED SUBSIDIARY" means with respect to a Person, any Subsidiary of the specified Person that is not an Unrestricted Subsidiary. Unless otherwise specified, "Restricted Subsidiary" refers to a Restricted Subsidiary of the Borrower.

"S&P" means Standard and Poor's Ratings Group, Inc., or any successor to the rating agency business thereof.

"SALE/LEASEBACK TRANSACTION" means arrangement relating to property or assets owned by the Borrower or a Restricted Subsidiary on the Effective Date or thereafter acquired by the Borrower or a Restricted Subsidiary whereby the Borrower or a Restricted Subsidiary transfers such property or assets to a Person (other than the Borrower or a Restricted Subsidiary of the Borrower) and the Borrower or a Restricted Subsidiary leases such property or assets from such Person.

"SATELLITE MANUFACTURER" has the meaning assigned to such term in the Preamble.

"SECURITY AGREEMENT" means the Security Agreement between the Borrower and the Collateral Agent for the benefit of the Lenders dated as of even date herewith, in the form attached hereto as EXHIBIT C.

"SECURITY DOCUMENTS" means, collectively, the Security Agreement and all Uniform Commercial Code financing statements or comparable instruments as may be required or desirable pursuant to the terms of applicable law, required by the Security Agreement to be

filed with respect to the security interests created pursuant to the Security Agreement and such other agreements and documents as shall be necessary to provide the Collateral Agent with valid, enforceable and perfected first priority security interests (subject only to Collateral Permitted Liens) in the Collateral and in each case all amendments, modifications and supplements thereto.

"SELLING LENDERS" has the meaning assigned to such term in Section 10.05(a).

"SKYTERRA" means SkyTerra Communications, Inc.

"SPECTRUM CONTRIBUTION" means the transactions contemplated by the Spectrum Contribution Agreement.

"SPECTRUM CONTRIBUTION AGREEMENT" means each of the Spectrum Contribution Agreements dated on or about the date hereof among (i) TerreStar Parent, Harbinger and Harbinger Situations and (ii) TerreStar Parent and EchoStar.

"SPECTRUM CONTRIBUTION APPROVAL" means the approval of each of the Spectrum Contribution Transactions by all necessary action of the shareholders of TerreStar Parent, which shall be evidenced in form and substance reasonably satisfactory to the Lenders.

"SPECTRUM CONTRIBUTION TRANSACTIONS" means, collectively, (a) the Spectrum Contribution, (b) the provision to EchoStar of TerreStar Parent's satellite/terrestrial network capacity for a set-top box return path, and (c) the non-exclusive, royalty-free license to TerreStar Parent for the use of CCTV's intellectual property with respect to use of 1.4 GHz Spectrum in North America.

"STATED MATURITY" means with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Effective Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"SUBSIDIARY" means, with respect to any specified Person:

(a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

Unless otherwise specified, "Subsidiary" refers to a Subsidiary of Borrower.

"SUBSIDIARY GUARANTEE" means any Guarantee by a Subsidiary of the Obligations under this Agreement and the other Loan Documents.

"SUBSIDIARY GUARANTOR" means any Restricted Subsidiary of the Borrower that is a Guarantor.

"TAXES" means any and all present or future taxes, fees, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority, including any interest, penalties, or additions thereto.

"TERRESTAR-1 SATELLITE" means "TERRESTAR-1", as such term is defined in the 15% Notes Indenture.

"TERRESTAR-2 CONSTRUCTION AGREEMENT" has the meaning assigned to such term in the Preamble.

"TERRESTAR-2 SATELLITE" means "TERRESTAR-2", as such term is defined in the TerreStar-2 Construction Agreement.

"TERRESTAR CANADA" means TerreStar Networks (Canada) Inc., a corporation incorporated under the laws of the province of Ontario.

"TERRESTAR CANADA CREDIT FACILITY" means (i) the Amended and Restated Credit Facility Agreement dated December 20, 2007 between the Borrower and TerreStar Canada; and (ii) the Amended and Restated Promissory Note dated December 20, 2007 between the Borrower and TerreStar Canada.

"TERRESTAR CANADA HOLDINGS" means TerreStar Networks Holdings (Canada) Inc., a corporation incorporated under the laws of the province of Ontario.

"TERRESTAR PARENT" means TerreStar Corporation, a Delaware corporation (f/k/a Motient Corporation).

"TERRESTAR PARENT FUNDING AGREEMENT" means the agreement entered into in connection with the offering of the 15% Notes among TerreStar Parent and Motient Ventures Holding Inc. in favor of the Borrower relating to certain funding commitments to the Borrower.

"TERRESTAR SHAREHOLDERS AGREEMENT" means the Amended and Restated Shareholders Agreement dated as of May 6, 2006 between 437158 Canada Inc. (the transferee of TMI's shares in the capital of TerreStar Canada Holdings), the Borrower, TerreStar Canada Holdings and TerreStar Canada, as amended from time to time in a manner not materially disadvantageous to the Lenders.

"TMI" means TMI Communications and Company, Limited Partnership, a limited partnership formed under, and governed by, the laws of the Province of Quebec, or any successor thereto.

"TRANSACTIONS" means the execution, delivery and performance by the Borrower of this Agreement and by the Borrower and the Guarantors of the other Loan Documents to which they are a party, the borrowing of the Loan, the use of the proceeds thereof and the granting of the Liens on the Collateral by the Borrower to the Collateral Agent.

"TRANSFER AGREEMENTS" means the Master Agreement dated as of October 24, 2006 by and among Telesat Canada, BCE Inc., the Borrower, TerreStar Canada Holdings, TerreStar Canada, TMI and TerreStar Parent, along with the series of agreements attached thereto that the parties thereto have subsequently entered into or will hereafter enter into, including a Shareholders Agreement of TerreStar Canada Holdings, a Rights and Services Agreement, a Tax Indemnity Agreement, a TerreStar Canada Guarantee in favor of Loral, a TerreStar Canada Guarantee in favor of the Borrower, a security agreement, a Release and Indemnity Agreement, a Guarantee and Share Pledge Agreement in favor of the Borrower, a Satellite Delivery Agreement, an Indefeasible Right of Use Agreement and an Intellectual Property License Agreement, in each case, as such agreements may have been or may hereafter be modified from time to time in a manner not materially disadvantageous to the Lenders.

"UNIFORM COMMERCIAL CODE" means the New York Uniform Commercial Code and the Uniform Commercial Code of each other state as may be applicable, in the reasonable judgment of the Lenders, for the purpose of creating, maintaining and perfecting the Collateral Agent's first priority security interest (subject only to Collateral Permitted Liens) in the Collateral.

"UNRESTRICTED SUBSIDIARY" means any Subsidiary of the Borrower that is designated by the Board of Directors of the Borrower as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(a) has no Indebtedness other than Non-Recourse Debt;

(b) except as permitted by Section 6.05, is not party to any agreement, contract, arrangement or understanding with the Borrower or any Restricted Subsidiary of the Borrower unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Borrower or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Borrower;

(c) is a Person with respect to which neither the Borrower nor any of its Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe for additional Equity Interests or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(d) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Borrower or any of its Restricted Subsidiaries.

"UNUSED COMMITMENT" means, as of any date of calculation, the amount by which the Commitment in effect at the time exceeds the aggregate outstanding principal amount of all Loans; provided, that the Commitment shall be permanently reduced (a) at the time of and by the amount of each Milestone Payment required to be made, regardless of whether a Loan has been made with respect thereto and (b) as otherwise provided in Section 2.06.

"VOTING STOCK" of any specified Person as of any date, means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"WEIGHTED AVERAGE LIFE TO MATURITY" means when applied to any Indebtedness at any date, the number of years obtained by dividing:

(a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(b) the then outstanding principal amount of such Indebtedness.

"WITHDRAWAL LIABILITY" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. TERMS GENERALLY. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to compliance with any restrictions on or conditions to such amendments, supplements or modifications set forth herein), and (ii) references to any statute or regulation shall be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation, (b) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (f) unless otherwise expressly provided herein, any reference to any action of Collateral Agent or any Lender by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their sole discretion".

SECTION 1.03. ACCOUNTING TERMS; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP; provided that, if the Borrower notifies the Lenders that the Borrower requests an

amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Lenders notify the Borrower that the Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then the Collateral Agent, the Lenders and the Borrower shall negotiate in good faith to effect such amendment and such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

LOAN PROVISIONS

SECTION 2.01. THE COMMITMENT.

(a) THE LOANS. The Lenders agree, subject to the terms hereof and satisfaction of the conditions precedent contained herein, from the Effective Date through the Maturity Date to make extensions of credit to the Borrower (each such extension of credit, a "LOAN" and, collectively, the "LOANS") upon the request of the Borrower in accordance with Section 2.03, on any Milestone Payment Date for the TerreStar-2 Satellite in order for the Borrower to make the related Milestone Payment to the Satellite Manufacturer as provided below; provided that no Loan shall exceed the Maximum Amount, and provided, further, that each Loan shall be in an amount at least equal to the full Milestone Payment (or, if less than the full Milestone Payment, $500,000 and whole number multiples of $100,000 in excess thereof). The Lenders are authorized to make Loans under this Agreement based on written instructions received from an Officer of the Borrower, and the Borrower shall indemnify and hold Collateral Agent and the Lenders harmless for any damages or losses suffered by Collateral Agent or such Lender as a result of reliance on such instructions. To the extent permitted by applicable law, the Lenders shall disburse funds to the Borrower by wiring the amount of each Loan made by such Lender under this Section 2.01 to the Deposit Account or in such other manner and otherwise in accordance with the Borrower's instructions. Each Loan under this Agreement shall be granted by the Lenders *pro rata* on the basis of their then-applicable Commitments. It is understood that no Lender shall be responsible for any default by any other Lender in its obligation to make Loans hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to fulfill its commitments hereunder. Under no circumstances shall any Lender be obligated to make any Loan if, after making such Loan, the aggregate principal amount of the Loans made by such Lender would exceed the Commitment of such Lender then in effect. Amounts prepaid or repaid in respect of the Loans may not be reborrowed.

(b) PURPOSE. The Borrower shall, subject to the terms and conditions hereof, use each Loan solely to pay the applicable Milestone Payment owed to the Satellite Manufacturer pursuant to the TerreStar-2 Construction Agreement.

SECTION 2.02. SECURITY. All obligations of the Borrower under this Agreement and the other Loan Documents shall be secured by the Collateral as set forth in the Security

Documents, subject to the condition that if the Loans (together with accrued and unpaid interest thereon, fees and all other amounts due and payable under the Loan Documents) to be so secured shall be repaid in full, and the Commitment shall have terminated or expired, Collateral Agent shall release the Collateral from the security interest created therein. The Borrower shall enter into on or before the Effective Date the Security Documents, including the Security Agreement, granting to Collateral Agent a valid Lien in or on all Collateral, which Lien shall be subject to no prior Liens (provided that the Collateral may be subject to Collateral Permitted Liens), shall be perfected at all times on and after the Effective Date and shall be otherwise in accordance with the terms hereof, and, as a condition to the Effective Date, the Lenders shall be satisfied by receipt of legal opinions that such grant is not void or subject to avoidance if the Borrower becomes the subject of an insolvency proceeding.

SECTION 2.03. REQUEST FOR A LOAN. To request a Loan, the Borrower shall notify the Lenders of such request by delivery of a Notice of Borrowing, in substantially the form of Exhibit A or otherwise in a form approved by the Required Lenders and signed by the Borrower, not later than 10 Business Days before the date of the proposed Loan.

SECTION 2.04. RECORDS; PROMISSORY NOTES.

(a) MAINTENANCE OF RECORDS BY THE LENDERS. Each Lender shall maintain records evidencing the indebtedness of the Borrower to such Lender resulting from the Loans in which it shall record (i) the amount of any principal or interest due and payable or to become due and payable from the Borrower hereunder and (ii) the amount of any sum received by such Lender hereunder.

(b) EFFECT OF ENTRIES. The entries made in the respective records maintained pursuant to paragraph (a) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender to maintain such records or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(c) PROMISSORY NOTES. Any Lender may request that a Loan be evidenced by a Note substantially in the form of EXHIBIT D. In such event, the Borrower shall prepare, execute and deliver to the requesting Lender a Note payable to such Lender. Thereafter, the Loan evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by a Note in such form payable to the payee named therein (or, if such Note is a registered note, to such payee and its registered assigns).

SECTION 2.05. REPAYMENT OF THE LOANS. The Borrower hereby unconditionally promises to pay to the Lenders the unpaid principal amount of the Loans, together with accrued and unpaid interest thereon, on the Maturity Date.

SECTION 2.06. PREPAYMENT OF THE LOANS AND COMMITMENT REDUCTIONS.

(a) OPTIONAL PREPAYMENTS. The Borrower may, upon three Business Days prior written notice to the Lenders, prepay Loans, in whole or in part, in amounts of at least

$5,000,000 or any whole number multiple of $1,000,000 in excess thereof and at the following prepayment prices (expressed as a percentage of the principal amount of the Loans being prepaid), if prepaid during the twelve-month period ending on the anniversary of the Effective Date set forth below:

Anniversary	Prepayment Price
First	104%
Second	103%
Third	102%
Fourth	101%
Thereafter	100%

; provided, that such prepayment shall be accompanied by (i) interest on the amount of such prepayment, accrued and unpaid to the date of prepayment and (ii) all accrued and unpaid fees, if any, and all other amounts due and payable under this Agreement and the other Loan Documents in respect of such Loans. Loans (or portions thereof) prepaid in accordance with this Section 2.06(a) may not be reborrowed.

(b) MANDATORY PREPAYMENTS. The Commitment shall terminate immediately and the Borrower shall prepay all Loans in full, together with (i) interest thereon accrued to the date of prepayment and (ii) all accrued and unpaid fees and other amounts due and payable under this Agreement and the other Loan Documents, within 10 Business Days after the occurrence of any of the following events:

(i) a revocation, cancellation or relinquishment of any Material License held by the Borrower, a Restricted Subsidiary or TerreStar Canada to operate satellite or ancillary terrestrial component facilities, unless the revocation, cancellation or relinquishment (1) remains subject to reconsideration, review, or appeal at the FCC or Industry Canada or any court, as applicable if, but only if, during the pendency of such reconsideration, review or appeal the Borrower, a Restricted Subsidiary or TerreStar Canada, as applicable, is permitted to exercise its rights under the applicable Material License and continues to conduct its business in the ordinary course, or (2) is accompanied by the issuance of a substitute or successor license, permit, or authorization of substantially equivalent utility, as reasonably determined by the Required Lenders or Borrower or a Restricted Subsidiary of Borrower already holds a license, permit, or authorization of substantially equivalent utility;

(ii) termination of the TerreStar-2 Construction Agreement, including a partial termination by the Borrower that includes the cancellation of the manufacture of the TerreStar-2 Satellite; and

(iii) a Change of Control.

The Loans (or portions thereof) prepaid in accordance with this Section 2.06(b) may not be reborrowed.

(c) TERMINATION/EXPIRATION OF THE COMMITMENT. The Commitment or a portion thereof shall terminate upon the earliest to occur of the following: (i) in whole upon satisfaction of the last scheduled payment with respect to the TerreStar-2 Satellite set forth in Schedule II, (ii) the occurrence of any of the events set forth in Section 2.06(a) or (b) to the extent of the applicable prepayment, (iii) the date on which the aggregate outstanding principal amount of the Loans shall equal the Commitment then in effect and (iv) in whole, upon termination in accordance with Section 7.02.

(d) NOTICES, ETC. The Borrower shall notify the Lenders by telephone (confirmed by telecopy) of any prepayment hereunder not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of the Loans or the portion thereof to be prepaid and a reasonably detailed calculation of the amount of such prepayment. Each partial prepayment of the Loans shall be in an amount that would be permitted as provided in Section 2.06(a), except as necessary to apply fully the required amount of a mandatory prepayment. Prepayments shall be accompanied by the applicable unpaid fees and all other amounts owing under this Agreement and the other Loan Documents and accrued and unpaid interest to the extent required by Section 2.07 and shall be made in the manner specified in Section 2.09.

SECTION 2.07. INTEREST.

(a) RATE. The unpaid principal amount of each Loan shall bear interest from the date such Loan is made under Section 2.01 until paid in full at a rate per annum that shall at all times be equal to the Interest Rate.

(b) ADDITIONAL INTEREST. Notwithstanding Section 2.07(a):

(i) if the Information Statement shall not have been submitted to the Commission on or prior to February 29, 2008, the Interest Rate then in effect shall be increased from March 1, 2008 to the date of the Spectrum Contribution Approval by one (1) percentage point per annum;

(ii) if the Information Statement shall not have been submitted to the shareholders of TerreStar Parent on or prior to April 30, 2008, the Interest Rate then in effect shall be increased from May 1, 2008 to the date of the Spectrum Contribution Approval by one (1) percentage point per annum;

(iii) if the Borrower fails to secure the FCC ATC Authorization on or prior to the ATC Operational Date, the Interest Rate then in effect shall be increased by one (1) percentage point per annum on each of (A) the ATC Operational Date and (B) until Borrower secures the FCC ATC Authorization, (x) the date that is one (1) month after the ATC Operational Date and (y) the date that is two (2) months after the ATC Operational Date; provided that all additional interest pursuant to this clause (iii) shall cease to apply as of the date that the Borrower has secured the FCC ATC Authorization; and

(iv) the aggregate amount of all such additional interest shall be payable in cash on demand by the Lenders.

(c) DEFAULT INTEREST. From and after the occurrence and during the continuance of any Event of Default, upon notice by the Required Lenders to the Borrower, the Borrower shall pay interest on the principal amount of all Loans and all other due and unpaid Obligations under this Agreement and the other Loan Documents, to the extent permitted by applicable law, at the Interest Rate then in effect plus two (2) percentage points per annum. All such interest shall be payable in cash on demand by the Lenders.

(d) PAYMENT OF INTEREST. Interest on each Loan shall accrue from and including the date such Loan is made under Section 2.01 to but excluding the date of any repayment thereof and shall be payable quarterly in arrears on the last day of each March, June, September and December (each an "INTEREST PAYMENT DATE"), beginning with the fiscal quarter ending March 31, 2008, and on any prepayment (on the amount prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand by the Lenders. On each Interest Payment Date the Borrower shall (i) pay in cash all interest which shall have accrued at the Interest Rate on the Loans through such Interest Payment Date or (ii) solely during the period from the Effective Date to, but not including, the fourth anniversary thereof, at the election of the Borrower, (A) defer payment in cash of all interest which shall have accrued at the Interest Rate on the Loans through such Interest Payment Date or (B) make a cash payment of an amount and defer payment of an amount so that the combined amount of the payment and the deferral is equal to all interest accrued at the Interest Rate on the Loans through such Interest Payment Date. Upon any such deferral of an interest payment in accordance with this Section 2.07(d)(ii), the amount of the deferred payment shall become and be deemed to be additional outstanding principal of the Loans, on which interest shall begin accruing hereunder on the date of any such deferral. Such additional outstanding principal amount of the Loans is sometimes referred to in this Agreement as "PIK INTEREST". To the extent requested from time to time by the Lenders, the Borrower shall issue additional or replacement Notes to evidence the increased principal amount of Loans resulting from the deferral of interest payments hereunder; provided that the absence of or failure to request or issue such additional or replacement Notes shall not affect the validity of such obligation, its character as principal or the Borrower's obligations with respect thereto. Interest accrued on Loans and other monetary Obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents after the date such amount is due and payable (whether on the Maturity Date, upon acceleration or otherwise) shall be payable upon demand by the Lenders.

(e) COMPUTATION. All interest hereunder shall be computed on the basis of a year of 360 days, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

SECTION 2.08. TAXES.

(a) PAYMENTS TO BE FREE OF TAXES. Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes. In furtherance of the foregoing, if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lenders receive an amount equal to the sum they would have

received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) PAYMENT OF OTHER TAXES BY THE BORROWER. In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) INDEMNIFICATION BY THE BORROWER. The Borrower shall indemnify Collateral Agent and the Lenders, within 10 Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by Collateral Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by Collateral Agent or such Lender shall be conclusive absent manifest error.

(d) EVIDENCE OF PAYMENTS. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Lenders the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lenders.

(e) TAXATION OF LENDERS. Notwithstanding any provision of this Agreement to the contrary, each Lender shall be either (a) a United States person under Section 7701(a)(30) of the Code for United States federal income purposes and shall deliver to the Borrower a properly completed and executed Internal Revenue Service Form W-9 (or any subsequent versions thereof or successors thereto), or (b) entitled to an exemption from withholding tax under the laws of the United States of America, or any treaty with the United States of America, or any treaty to which the United States of America is a party, with respect to payments under any Loan Documents and shall deliver to the Borrower, at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding.

(f) REFUNDS. If any Lender determines, in its sole discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.08, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.08 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Lender in the event such Lender is required to repay such refund to such Governmental

Authority. This paragraph shall not be construed to require any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

SECTION 2.09. PAYMENTS GENERALLY.

(a) PAYMENTS BY THE BORROWER. The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.08, or otherwise) or under any other Loan Document (except to the extent otherwise provided therein) prior to 11:00 a.m., New York City time, on the date when due, in immediately available funds, without set-off, recoupment or counterclaim (it being understood and agreed that the Borrower shall not at any time offset amounts owed to it by the Satellite Manufacturer under the TerreStar-2 Construction Agreement or otherwise against amounts due and owing to Collateral Agent or any Lender hereunder or under the other Loan Documents). Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lenders by wire transfer to the account specified for such purpose below such Lender's name in Schedule 2.09(a), or at such other account as such Lender may specify by prior written notice to the Borrower, except as otherwise expressly provided in the relevant Loan Document. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder or under any other Loan Document shall be made in Dollars.

(b) APPLICATION OF PAYMENTS. Upon the occurrence, and during the continuance of an Event of Default, all payments or proceeds received by Lenders hereunder or under any Loan Document in respect of any of the Obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents, including, but not limited to all proceeds received by any Lender in respect of any sale, any collection from, or other realization upon all or any part of the Collateral, shall be applied in full or in part as follows: *first*, to the payment of all costs and expenses of such sale, collection or other realization, including reasonable compensation to Collateral Agent and its agents and counsel, and all other expenses, liabilities and advances made or incurred by Collateral Agent in connection therewith, and all amounts for which Collateral Agent is entitled to indemnification hereunder or under any Loan Document (in its capacity as Collateral Agent) and to the payment of all costs and expenses paid or incurred by Collateral Agent in connection with the exercise of any right or remedy hereunder or under any Loan Document, all in accordance with the terms hereof or thereof; and *second*, to the extent of any excess of such proceeds, to the payment of all other Obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents for the ratable benefit of the Lenders.

(c) RATABLE SHARING. Lenders hereby agree among themselves that, except as otherwise provided in the other Loan Documents, if any of them shall, whether by voluntary payment (other than a voluntary prepayment of Loans made and applied in accordance with the terms hereof), through the exercise of any right of set off or banker's lien, by counterclaim or cross action or by the enforcement of any right under the Loan Documents or

otherwise, or as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code, receive payment or reduction of a proportion of the aggregate amount of principal, interest, amounts payable in respect of fees and other amounts then due and owing to such Lender hereunder or under the other Loan Documents (collectively, the "AGGREGATE AMOUNTS DUE" to such Lender) which is greater than the proportion received by any other Lender in respect of the Aggregate Amounts Due to such other Lender, then the Lender receiving such proportionately greater payment shall (i) notify each other Lender of the receipt of such payment and (ii) apply a portion of such payment to purchase participations (which it shall be deemed to have purchased from each seller of a participation simultaneously upon the receipt by such seller of its portion of such payment) in the Aggregate Amounts Due to the other Lenders so that all such recoveries of Aggregate Amounts Due shall be shared by all Lenders in proportion to the Aggregate Amounts Due to them; provided, that if all or part of such proportionately greater payment received by such purchasing Lender is thereafter recovered from such Lender upon the bankruptcy or reorganization of Borrower or otherwise, those purchases to that extent shall be rescinded and the purchase prices paid for such participations shall be returned to such purchasing Lender ratably to the extent of such recovery, but without interest. Borrower expressly consents to the foregoing arrangement and agrees that any holder of a participation so purchased may exercise any and all rights of banker's lien, set off or counterclaim with respect to any and all monies owing by Borrower to that holder with respect thereto as fully as if that holder were owed the amount of the participation held by that holder.

(d) APPLICATION OF INSUFFICIENT PAYMENTS. If at any time insufficient funds are received by and available to the Lenders to pay fully all amounts of principal, interest and fees then due hereunder and under the other Loan Documents, such funds shall be applied (i) first, to pay interest and fees then due and (ii) second, to pay principal then due.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Borrower and each Guarantor represents and warrants to the Collateral Agent and the Lenders that:

SECTION 3.01. ORGANIZATION; POWERS. The Borrower and each Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted, and is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except in any jurisdiction where the failure to be so qualified or in good standing has not had, and would not reasonably be expected to have, a Material Adverse Effect.

SECTION 3.02. AUTHORIZATION; ENFORCEABILITY. The Transactions are within the Borrower's and each Guarantor's organizational powers and have been duly authorized by all necessary corporate action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each of the Security Documents when executed and delivered will constitute, a legal, valid and binding agreement of the Borrower and each Guarantor, and each Note when executed and delivered will constitute the legal, valid and

binding obligation of the Borrower, in each case, enforceable in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.03. COMPLIANCE WITH LAWS AND AGREEMENTS.

(a) The Borrower and each Guarantor is in compliance in all respects with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except any non-compliance that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

(b) The Satellite Manufacturer has received notice of the security interests in the Collateral granted to the Collateral Agent under the Security Agreement in accordance with the terms of the TerreStar-2 Construction Agreement.

SECTION 3.04. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $100,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $100,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.05. LITIGATION, ENVIRONMENTAL AND OTHER MATTERS.

(a) ACTIONS, SUITS AND PROCEEDINGS. There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority now pending against or, to the knowledge of the Borrower and each Guarantor, threatened against or affecting the Borrower or its Subsidiaries or any of their respective properties (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve this Agreement, any other Loan Document or the Transactions. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the Transactions not be consummated as herein or therein provided.

(b) ENVIRONMENTAL MATTERS. Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, the Borrower and each Guarantor (i) has not failed to comply with any

Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has not become subject to any Environmental Liability, (iii) has not received notice of any claim with respect to any Environmental Liability or (iv) does not know of any basis for any Environmental Liability.

(c) DISCLOSED MATTERS. Other than as set forth on Schedule 3.05(c), since September 30, 2007, there has been no event or condition which has had or is reasonably likely to have a Material Adverse Effect.

SECTION 3.06. COLLATERAL. All representations of the Borrower and each Guarantor contained in the Security Documents are true and correct.

SECTION 3.07. SECURITY DOCUMENTS. From and after the Effective Date, the Security Documents shall create in favor of Collateral Agent, for the benefit of the Lenders, a legal, valid and enforceable Liens on or in all of the Collateral and shall constitute at all times a perfected Lien on or in all right, title, estate and interest of the Borrower and each Guarantor in the Collateral covered thereby having the perfection and priority required by Section 2.02, and all necessary and appropriate consents to such creation and perfection of such Liens of each of the parties to the Security Documents have been obtained on or before the date of execution of the Security Documents.

SECTION 3.08. TAXES. The Borrower and each Guarantor has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which such Person has set aside on its books adequate reserves in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.09. USE OF PROCEEDS. The proceeds of the Loan are being used solely for the purposes set forth in Section 5.10.

SECTION 3.10. MATERIAL CONTRACTS.

(a) Other than as listed on Schedule I, except to the extent that (i) such contract has expired in accordance with its terms (other than by reason of default of any party thereto) or (ii) such Material Contract has been replaced with a substitute Contract reasonably acceptable to the Required Lenders, each Material Contract is in full force and effect, and neither the Borrower nor any of its Affiliates is in default in the performance of any of their respective covenants or obligations set out therein.

(b) No Indebtedness or other obligations of TerreStar Parent, Borrower, any Guarantor or any of their respective Affiliates has been incurred for the purpose of financing all or part of the purchase price of the TerreStar-2 Satellite (other than the Loan Documents), and no value has been given by any Person other than Borrower to enable TerreStar Parent, Borrower, any Guarantor or any Affiliate thereof to acquire rights in or the use of the TerreStar-2 Satellite.

(c) Schedule II describes each payment and payment date in respect of the TerreStar-2 Satellite required to be made by the Borrower to the Satellite Manufacturer under

Exhibit E and Exhibit F of the TerreStar-2 Construction Agreement (other than changes made to such schedules with the consent of the Lenders pursuant to Section 6.10).

SECTION 3.11. GOVERNMENTAL APPROVALS; NO CONFLICTS. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except for (i) such as have been obtained or made and are in full force and effect or will be obtained in the ordinary course of business before the time required under applicable laws and regulations and (ii) filings and recordings in respect of the Liens created pursuant to the Security Documents, (b) will not violate any applicable law or regulation or the organizational documents of the Borrower or any Guarantor or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or any other instrument binding upon the Borrower or any Guarantor or their respective assets, or give rise to a right thereunder to require any payment to be made by any such Person, and (d) except for the Liens created pursuant to the Security Documents, will not result in the creation or imposition of any Lien on any asset of the Borrower or any Guarantor, except, in the case of clauses (a), (b) and (c) above, such violations, conflicts and/or absence of approvals and consents that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.12. NO DEFAULT. No Default or Event of Default exists or would result from the incurring of any obligations by the Borrower or any Guarantor under any Loan Document or from the grant or perfection of the Liens of the Lenders or Collateral Agent, as the case may be, on the Collateral.

SECTION 3.13. LICENSES. Each Material License either (a) has been issued to the Borrower, a Restricted Subsidiary or TerreStar Canada, (b) has been applied for by Restricted Subsidiary or TerreStar Canada, or (c) will be applied for by Restricted Subsidiary or TerreStar Canada. All of the Material Licenses that have been issued are in full force and effect. Such Material Licenses are all the authorization necessary from all applicable Governmental Authorities for the Borrower and its Restricted Subsidiaries to operate the TerreStar-1 Satellite as part of their MSS and ATC system in the United States. The administration of Canada has advance published and requested coordination at the International Telecommunications Union with respect to the service link and feeder link frequencies on TerreStar-1. There are no proceedings before any Governmental Authority now pending against or, to the knowledge of the Borrower or its Restricted Subsidiaries, threatened against or affecting any Material License or its use by the Borrower or any Restricted Subsidiary, as applicable for the purposes contemplated hereby.

ARTICLE IV

CONDITIONS

SECTION 4.01. EFFECTIVE DATE. The obligation of the Lenders to make the Loans hereunder shall not become effective until the date on which the Lenders shall have received each of the following documents, each of which shall be satisfactory to the Lenders in form and substance (or such condition shall have been waived in accordance with Section 10.02) and each

of the other conditions in Sections 4.01 and 4.02 have been satisfied (or waived in accordance with Section 10.02):

(a) PURCHASE MONEY CREDIT AGREEMENT, ETC. From the Borrower, a duly executed counterpart of this Agreement and any Notes signed on behalf of the Borrower, together with all schedules and exhibits hereto.

(b) SECURITY DOCUMENTS. From the Borrower, a duly executed counterpart of the Security Agreement and duly executed copies of any filings required to be made in accordance with the terms thereof or such other evidence satisfactory to Collateral Agent and the Lenders that such filings shall have been duly made in the appropriate filing offices to perfect the security interests contemplated thereby in accordance with the priority contemplated in Section 2.02 (subject to Collateral Permitted Liens).

(c) SEARCH RESULTS.

(i) The results of a search of the Uniform Commercial Code filings (or equivalent filings), in addition to tax Lien, judgment Lien, bankruptcy and litigation searches made with respect to the Borrower and each Guarantor, together with copies of the financing statements and other filings (or similar documents) disclosed by such searches, and accompanied by evidence satisfactory to the Collateral Agent and the Lenders that the Liens indicated in any such financing statement and other filings (or similar document) are Collateral Permitted Liens.

(ii) Evidence that appropriate Uniform Commercial Code (or equivalent) financing statements have been duly filed in such office or offices as may be necessary or, in the opinion of the Lenders, desirable, to perfect the Collateral Agent's Liens in and to the Collateral and certified searches reflecting the filing of all such financing statements.

(d) INSURANCE. Evidence that all insurance, if any, required to be maintained pursuant to the Loan Documents has been obtained and is in effect, together with the certificates of insurance, naming the Collateral Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be, under all insurance policies maintained with respect to the assets and properties of the Loan Parties that constitutes Collateral.

(e) OPINION OF COUNSEL. One or more opinions, each dated the Effective Date and addressed to the Lenders, of counsel (including New York, Delaware, FCC and Industry Canada regulatory counsel) to the Borrower and the Guarantors acceptable to the Lenders covering the matters set forth in EXHIBIT B and such other matters as the Lenders may reasonably request.

(f) ORGANIZATIONAL DOCUMENTS. Certified copies of

(i) the certificate of incorporation or other organizational documents and by-laws (or equivalent) of the Borrower and each Guarantor, and

(ii) good standing certificates.

(g) SECRETARY'S CERTIFICATE. An original certificate, dated the Effective Date, for the Borrower and each Guarantor, dated the Effective Date, duly executed and delivered by the secretary or assistant secretary, managing member or general partner thereof, as applicable, as to:

(i) resolutions of each such Person's board of managers/directors (or other managing body, in the case of a Person that is not a corporation) then in full force and effect expressly and specifically authorizing, to the extent relevant, all aspects of the Loan Documents applicable to such Person, and the execution, delivery and performance of each Loan Document, in each case, to be executed by such Person;

(ii) the incumbency and signatures of its Officers and any other of its officers, managing member or general partner, as applicable, authorized to act with respect to each Loan Document to be executed by such Person; and

(iii) each such Person's certificate of incorporation or other organizational documents and by-laws (or equivalent), as amended, modified or supplemented as of the Effective Date, certified by the appropriate officer or official body of the jurisdiction of organization of such Person,

which certificates shall provide that Collateral Agent and the Lenders may conclusively rely thereon until it shall have received a further certificate of the secretary, assistant secretary, managing member or general partner, as applicable, of any such Person canceling or amending the prior certificate of such Person as provided in this Agreement.

(h) OFFICER'S CERTIFICATE. Certificates, dated the Effective Date and except as otherwise provided below signed by an Officer of the Borrower and each Guarantor, confirming the following:

(i) the receipt of all required approvals and consents of all Governmental Authorities and other third parties with respect to the consummation of the transactions contemplated by the Loan Documents (other than (A) the Spectrum Contribution Approval and (B) FCC approval with respect to the Spectrum Contribution), each of which shall be attached thereto and certified as being true, complete and correct copies thereof;

(ii) that each of the representations and warranties set out in the Loan Documents is true and correct and each of the conditions specified in Article IV have been fulfilled;

(iii) from the chief financial officer of the Borrower, certifying as to the solvency of the Borrower and the Restricted Subsidiaries on a consolidated basis after giving effect to the Transactions;

(iv) the receipt of a fairness opinion, dated as of the Effective Date and addressed to the Board of Directors of TerreStar Parent from Jeffries & Company, Inc. covering the Transactions and the Spectrum Contribution Transactions, which shall be attached thereto and certified as being a true, complete and correct copy thereof; and

(v) that the Satellite Manufacturer has received notice of the security interests in the Collateral granted to the Collateral Agent under the Security Agreement in accordance with the terms of the TerreStar-2 Construction Agreement.

(i) MATERIAL CONTRACTS. Copies of each Material Contract (other than Material Contracts that are subject to confidentiality restrictions), together with a certificate of an Officer of the Borrower certifying each such document as being a true, correct, and complete copy thereof.

(j) FEES AND EXPENSES.

(i) All fees required to be paid to Collateral Agent and the Lenders, respectively, on or before the Effective Date shall have been paid.

(ii) All reasonable fees, charges and disbursements of respective counsel and agents, including accountants and other advisors, to Collateral Agent and the Lenders shall have been paid (directly to such Persons if requested) to the extent invoiced prior to or on the Effective Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by such Persons through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Lenders).

SECTION 4.02. ADDITIONAL CONDITIONS TO EFFECTIVE DATE AND EACH LOAN. The obligation of the Lenders to make each Loan hereunder is subject to satisfaction (or waiver in accordance with Section 10.02) of the following additional conditions on such borrowing date:

(a) NO DEFAULT OR EVENT OF DEFAULT; NO FUTURE ADVANCE NOTICE. No Default or Event of Default shall have occurred and be continuing. Collateral Agent and the Lenders shall not have received from the Borrower any notice that any Security Document will no longer secure on a first priority basis (subject only to Collateral Permitted Liens) future Loans to be made under this Agreement.

(b) REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties of the Borrower and each Guarantor set out in the Loan Documents shall be true and correct.

(c) MATERIAL ADVERSE EFFECT. Other than as set forth on Schedule 3.05(c), there has been no event, change, occurrence or development since September 30, 2007 that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(d) NO ADVERSE ACTIONS. The Lenders shall be satisfied that there is no (a) litigation, investigation or proceeding (judicial or administrative) pending or threatened in writing against the Borrower or any Guarantor, or any of their respective Subsidiaries by any Governmental Authority or other Person except to the extent as would not give rise to a Material

Adverse Effect or (b) injunction, writ or restraining order restraining or prohibiting the Transactions.

(e) NOTICE OF BORROWING. The Notice of Borrowing shall have been timely delivered by the Borrower to each of the Lenders.

SECTION 4.03. ADDITIONAL CONDITION TO INITIAL LOAN. The obligation of the Lenders to make the initial Loan hereunder is subject to receipt by the Lenders on or prior to the borrowing date of such Loan of evidence of filed Uniform Commercial Code termination statements relating to each of the Uniform Commercial Code financing statements filed in connection with the 15% Notes Indenture naming the Borrower, as debtor, and U.S. Bank National Association, as secured party, releasing all Liens of such secured party on the Collateral, in form and substance reasonably satisfactory to the Lenders (or the waiver of such condition in accordance with Section 10.02).

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitment has expired or terminated and the principal of and interest on the Loans and all fees payable hereunder and all other amounts payable under the Loan Documents shall have been paid in full, Borrower and each Guarantor covenant and agree that:

SECTION 5.01. FINANCIAL STATEMENTS AND OTHER INFORMATION. The Borrower will furnish a copy of all of the information and reports referred to in clauses (a) through (c) below:

(a) to each of the Registered Lenders within 120 days after the end of each fiscal year, annual audited financial statements of assets, liabilities and stockholders' equity and cash flows of the Borrower and its consolidated Subsidiaries for such fiscal year (along with customary comparative results) and (b) within 60 days of the end of each of the first three fiscal quarters of every fiscal year, unaudited financial statements of assets, liabilities and stockholders' equity and cash flows of the Borrower and its consolidated Subsidiaries for the interim period as of, and for the period ending on, the end of such fiscal quarter (along with comparative results for the corresponding interim period in the prior year), in each case, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" with respect to the periods presented and, with respect to the annual information only, a report on the annual financial statements by the Borrower's certified independent accountants (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information included in the then applicable Commission requirements); and

(b) to each of the Registered Lenders within 5 Business Days of the occurrence of an event required to be therein reported, such other reports containing substantially the same information required to be contained in a Current Report on Form 8-K under the Exchange Act (other than Items 3.01 (Notice of delisting or failure to satisfy a continued listing rule or standard; transfer of listing), 3.02 (Unregistered sales of equity securities), 3.03 (Modification of rights of security holders), and 5.04 (Temporary suspension of trading under

registrant's employee benefit plans) thereof); provided that if the Borrower becomes subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, the Borrower may satisfy the foregoing requirements, by timely filing all reports within the periods specified in the Commission's rules and regulations and otherwise complying with the Commission's rules and regulations regarding public availability of such reports.

If the Borrower has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by this Section 5.01 shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," of the financial condition and results of operations of the Borrower and its Restricted Subsidiaries separate from the financial condition and results of operations of its Unrestricted Subsidiaries to the extent such information would be required if the Borrower was subject to the periodic reporting requirements of the Exchange Act.

SECTION 5.02. NOTICES OF MATERIAL EVENTS. The Borrower will furnish to the Lenders prompt written notice of the following:

(a) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any of its Affiliates that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(b) a Change of Control or potential Change of Control;

(c) a revocation, cancellation or relinquishment of any Material License held by the Borrower or any Restricted Subsidiary to operate satellite component facilities,

(d) the occurrence of any Default or Event of Default;

(e) the occurrence of any default under (i) any Material Contract, (ii) the 15% Notes Indenture, or (iii) the Exchangeable Notes Indenture, in each case, whether or not the applicable non-defaulting party, has exercised, or is permitted to exercise, any of its rights and remedies on account thereof;

(f) any material notices and other material communications from any shareholder of TerreStar Parent with respect to any of (i) the Transactions, (ii) the Spectrum Contribution Transactions, (iii) the Exchangeable Notes issued on or about the Effective Date, and (iv) the additional 15% Notes issued on or about the Effective Date;

(g) any material change in accounting policies or financial reporting practices by the Borrower or any Restricted Subsidiary thereof; and

(h) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect;

provided, that each notice delivered under this Section shall be accompanied by a statement of an Officer of the Borrower (x) alerting the Lenders whether the details of the event or development

requiring such notice include any material, non-public information relating to the Borrower or its business, (y) describing such details, and (z) setting forth any action taken or proposed to be taken with respect thereto. Upon receipt of such statement, any Lender may, in its sole discretion, disregard the details provided with such Officer's statement and waive its rights to notice under this Section of such event or development.

SECTION 5.03. EXISTENCE; CONDUCT OF BUSINESS. Except as otherwise permitted in this Agreement, the Borrower and the Guarantors shall do or cause to be done all things necessary to preserve and keep in full force and effect their corporate existences and the corporate, partnership, limited liability company or other existence of any Restricted Subsidiary in accordance with their respective organizational documents (as the same may be amended from time to time).

SECTION 5.04. BOOKS AND RECORDS; INSPECTION RIGHTS. The Borrower will, and will cause each Restricted Subsidiary to, keep proper books of record and account in which all entries are made of all dealings and transactions in relation to its business and activities to the extent required by GAAP. The Borrower will, and will cause each Restricted Subsidiary to, permit any representatives designated by the Collateral Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested. Without limiting the generality of the foregoing sentence, the Borrower will, and will cause each Restricted Subsidiary, upon reasonable prior notice, to, provide access to representatives designated by the Collateral Agent or any Lender for the purposes of reviewing licenses, approvals and authorizations where such access is applicable and available under applicable laws and regulations.

SECTION 5.05. MAINTENANCE OF PROPERTIES. The Borrower will, and will cause each Restricted Subsidiary to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.06. COMPLIANCE WITH LAWS. The Borrower will, and will cause each Restricted Subsidiary to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.07. PAYMENT OF OBLIGATIONS. The Borrower will, and will cause each of its Restricted Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges levied or imposed upon the Borrower or any Restricted Subsidiary or upon the income, profits or property of the Borrower or any Restricted Subsidiary and (ii) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a material liability or Lien upon the property of the Borrower or any Restricted Subsidiary; provided, that the Borrower shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which appropriate reserves, if necessary (in the good faith

judgment of management of the Borrower), are being maintained in accordance with GAAP or where the failure to effect such payment will not be materially disadvantageous to the Lenders.

SECTION 5.08. RECOVERY EVENTS. All of the Net Proceeds received by the Borrower or such Restricted Subsidiary, as the case may be, from any Recovery Event relating to Collateral shall be applied in accordance with the provisions of Section 2.09 to the payment in full of the Loans and all amounts required to be paid by the Borrower to Collateral Agent or any Lender under the Loan Documents.

SECTION 5.09. FURTHER ASSURANCES.

(a) At any time or from time to time, the Borrower will, and will cause each Subsidiary Guarantor to, execute, acknowledge and deliver such further documents as the Collateral Agent or any Lender may reasonably request to effect fully the purposes and objectives of this Agreement.

(b) The Borrower shall ensure that all written information, exhibits and reports furnished to Collateral Agent and/or any Lender do not and will not contain any untrue statement by the Borrower or any Affiliate thereof of a material fact and do not and will not omit, on the part of the Borrower or any such Affiliate, to state any material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances in which made, and the Borrower will promptly disclose to the Lenders and correct any defect or error that may be discovered therein by the Borrower or any Affiliate or in any of the Loan Documents, including the Security Documents, or in the execution, acknowledgment or recordation thereof.

(c) The Borrower shall as of and at all times after the date of execution of the Security Documents take or cause to be taken all action reasonably requested by Collateral Agent or any Lender to maintain and preserve the Liens of the Security Documents and the perfection and priority thereof required by the terms of this Agreement.

(d) The Borrower will furnish to the Lenders prompt written notice in the event that any Collateral is generated, used, handled, transported, stored, or located at any time outside of the United States and will, and will cause each Subsidiary Guarantor to, execute, acknowledge and deliver such further documents as the Collateral Agent or any Lender may reasonably request to preserve and protect the Collateral Agent's Lien on such Collateral, together with such financing statements or comparable documents as may be required to perfect any security interests in such Collateral under the Uniform Commercial Code or other similar statute or regulation of the relevant jurisdiction.

SECTION 5.10. USE OF PROCEEDS. Subject to the terms and conditions hereof, the proceeds of each Loan will be used solely to pay Milestone Payments owed by the Borrower pursuant to the TerreStar-2 Construction Agreement. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board of Governors, including Regulations U and X.

SECTION 5.11. MAINTENANCE OF APPROVALS. The Borrower will maintain, and cause each Restricted Subsidiary to maintain, all licenses, satellite concessions and governmental

and third-party consents and approvals necessary to its business as currently conducted or as proposed to be conducted in its business plan, except where the failure to so maintain such licenses, consents and approvals has not had, and would not be reasonably expected to have, a Material Adverse Effect.

SECTION 5.12. LICENSES.

(a) All FCC Licenses in existence on the Effective Date or acquired after the Effective Date shall be held by the FCC License Subsidiary, except as required by law or administrative action. All Industry Canada Licenses in existence on the Effective Date or acquired after the Effective Date shall be held by TerreStar Canada or another entity designated by the Borrower and reasonably acceptable to the Lenders, except as required by law or administrative action. The Borrower shall not transfer or dispose of any Capital Stock it directly or indirectly owns in each of the Canadian Entities; provided, that the Borrower may dispose of its Capital Stock of any of the Canadian Entities if such disposition does not adversely affect the rights of the Borrower under the IRU Agreement or result in the loss of the orbital slot granted by Industry Canada for the TerreStar-1 Satellite.

(b) The Borrower shall maintain direct ownership of all of the Capital Stock of the FCC License Subsidiary.

SECTION 5.13. DESIGNATION OF UNRESTRICTED SUBSIDIARIES.

(a) The Board of Directors of the Borrower may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Borrower and its Restricted Subsidiaries in the Subsidiary properly designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under clause (viii) of Section 6.04(b) or one or more clauses of the definition of Permitted Investments, as determined by the Borrower). Such designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Borrower may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default or an Event of Default.

All Subsidiaries of Unrestricted Subsidiaries shall be automatically deemed to be Unrestricted Subsidiaries.

(b) Any designation of a Subsidiary of the Borrower as an Unrestricted Subsidiary shall evidenced to the Lenders by filing with the Lenders a certified copy of a resolution of the Board of Directors of the Borrower giving effect to such designation and an Officers' Certificate certifying that such designation complied with clause (a) of this Section 5.13 and was permitted under Section 6.04. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Agreement and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Borrower as of such

date and, if such Indebtedness is not permitted to be incurred as of such date under Section 6.01, the Borrower will be in default of such covenant. The Board of Directors of the Borrower may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Borrower; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Borrower of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (i) such Indebtedness is permitted under Section 6.01, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable quarterly reference period; and (ii) no Default or Event of Default would be in existence following such designation.

SECTION 5.14. MAINTENANCE OF INSURANCE.

(a) The Borrower shall obtain, or cause to be obtained, prior to the launch of the TerreStar-1 Satellite and the TerreStar-2 Satellite (as applicable) and shall maintain, or cause to be maintained, launch insurance with respect to the launch of the TerreStar-1 Satellite and the TerreStar-2 Satellite (as applicable) covering the period from the launch to 180 days or more following the launch thereof on such terms (including coverage period, exclusions, limitations on coverage, co-insurance, deductibles and coverage amount) as is customary in the industry for similar persons at the time of such launch.

(b) The Borrower shall procure and maintain, or cause to be procured and maintained, Full In-Orbit Insurance for the TerreStar-1 Satellite and the TerreStar-2 Satellite (as applicable); provided that such Full In-Orbit Insurance shall only be required if, and to the extent and on such terms (including coverage period, exclusions, limitations on coverage, co-insurance, deductibles and coverage amount) as is determined by the Board of Directors of the Borrower to be in the best interests of the Borrower as evidenced by a resolution of the Board of Directors.

(c) Insurance policies required by the foregoing paragraphs obtained or renewed after the Effective Date shall:

(i) contain no exclusions other than customary exclusions and such specific exclusions applicable to the performance of the satellite (or portion thereof, or the type of satellite or portion thereof, as applicable) being insured as are acceptable to the Board of Directors of the Borrower in order to obtain insurance for a price that is, and on other terms and conditions that are, commercially reasonable; and

(ii) subject to the proviso in clause (b) of this Section 5.14, provide coverage for all risks of loss and damage to the TerreStar-1 Satellite and the TerreStar-2 Satellite.

(a) In the event that the Borrower or any Guarantor receives Net Insurance Proceeds relating to the TerreStar-2 Satellite, the Borrower or such Guarantor shall apply such Net Insurance Proceeds in the manner provided under Section 5.08.

SECTION 5.15. COMPLIANCE CERTIFICATES.

(a) The Borrower shall deliver to the Lenders, together with the delivery of financial information under Section 5.01(a), an Officers' Certificate of the chief executive officer

and the chief financial officer of the Borrower as to the signers' knowledge of the Borrower's compliance with all conditions and covenants on its part contained in this Agreement and stating whether or not the signer knows of any Default or Event of Default that is then continuing and demonstrating compliance with such covenants in reasonable detail. For the purposes of this Section 5.15, compliance shall be determined without regard to any grace period or requirement of notice provided pursuant to the terms of this Agreement.

(b) The Borrower shall promptly deliver to the Lenders and in any event within five Business Days of any Officer of the Borrower becoming aware of the occurrence of any Default or Event of Default, an Officers' Certificate setting forth the details of such Default or Event of Default and the action which the Borrower is taking or proposes to take to remedy the same.

(c) Concurrently with the delivery of the financial information referred to in Section 5.01(a), a certificate of Borrower's registered independent public accounting firm certifying such financial statements and (unless such accountants are prohibited by law or the Public Company Accounting Oversight Board or the Financial Accounting Standards Board (or any successor to either of such bodies) from providing such statement or such accountants are not then providing such statements to their clients as a matter of general policy) stating that in the course of the audit upon which their opinion on such financial statements was based (but without any special or additional audit procedures for the purpose), they obtained knowledge of no condition or event relating to financial matters which constitutes a Default or an Event of Default or, if such accountants shall have obtained in the course of such audit knowledge of any such Default or Event of Default, disclosing in such written statement the nature and period of existence thereof, it being understood that such accountants shall be under no liability, directly or indirectly, to the Lenders for failure to obtain knowledge of any such condition or event.

SECTION 5.16. ADDITIONAL GUARANTEES.

(a) If at any time the Borrower or any Restricted Subsidiary acquires or creates another Domestic Subsidiary (other than a Domestic Subsidiary that is a Subsidiary, directly or indirectly, of a Foreign Subsidiary) that owns any assets that constitute or may constitute Collateral, such newly acquired or created Domestic Subsidiary shall, on the date on which it is acquired or created, become a Guarantor by executing and delivering to the Lenders a joinder agreement substantially in form of Exhibit E attached hereto and there shall be no need to re-execute, amend or restate this Agreement in connection therewith, and pursuant to which such Domestic Subsidiary will guarantee, on a joint and several basis, the full and prompt payment of the principal of, premium, if any, and interest on the Loans on a senior secured basis. Upon delivery of any such joinder agreement to the Lenders, notice of which is hereby waived by the Guarantors, each such Domestic Subsidiary shall be a Guarantor and shall be as fully a party hereto as if such Domestic Subsidiary were an original signatory hereto as a Guarantor. Each Guarantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Guarantor hereunder nor by any election of the Collateral Agent not to cause any Person to become an Guarantor hereunder. This Guaranty shall be fully effective as to any Guarantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Guarantor hereunder.

(b) The Borrower may elect to make any Foreign Subsidiary or any Affiliate a Guarantor, with the consent of any such party, by causing such Person to execute and deliver to the Lenders a joinder agreement substantially in form of Exhibit E attached hereto subject to the terms of this Agreement.

(c) Each Guarantor shall become a party to the Loan Documents applicable to it. The Borrower (i) shall cause each Subsidiary Guarantor to become a party to the Loan Documents and (ii) shall, or shall cause each Subsidiary Guarantor to, file any financing statement necessary to grant to the Collateral Agent, for the benefit of itself and the Lenders, perfected first priority security interest (subject only to Collateral Permitted Liens) in any Collateral held by such Guarantor, to the extent a security interest therein can be perfected by the filing of a financing statement.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitment has expired or terminated and the principal of and interest on the Loans and all fees payable hereunder and all other amounts payable under the Loan Documents have been paid in full, Borrower and each Guarantor covenant and agree that:

SECTION 6.01. INDEBTEDNESS.

(a) The Borrower shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt);

(b) The provisions of clause (a) of this Section 6.01 will not apply to any of the following items of Indebtedness:

(i) the incurrence by the Borrower and the Restricted Subsidiaries of (A) Existing Indebtedness (including Indebtedness represented by the $500,000,000 principal amount 15% Notes and any additional 15% Notes issued under the 15% Notes Indenture prior to the Effective Date in payment of interest (including interest on interest) thereon), (B) the $150,000,000 principal amount of Exchangeable Notes issued on or about the Effective Date, (C) the $50,000,000 principal amount of additional 15% Notes issued on or about the Effective Date, and (D) without limitation of Section 6.01(d)(i), Indebtedness represented by additional 15% Notes or Exchangeable Notes issued in payment of interest (including interest on interest) on the 15% Notes or Exchangeable Notes referred to in Section 6.01(b)(i)(A), (B) and (C) to be issued on or after the Effective Date;

(ii) the incurrence by the Borrower and the Restricted Subsidiaries of Indebtedness represented by the Loans and Notes and interest (including interest on interest) on the Loans and Notes;

(iii) the incurrence by the Borrower or any Restricted Subsidiary of Indebtedness represented by Capital Lease Obligations, mortgage financings or Purchase Money

Indebtedness with respect to assets other than Capital Stock or other Investments, including the incurrence of Indebtedness representing the financing of installments of Full In-Orbit Insurance, launch insurance premiums or launch services, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in a Permitted Business, and Attributable Debt, in an aggregate principal amount not to exceed $50,000,000 at any time outstanding;

(iv) the incurrence by the Borrower or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, discharge, defease or replace, Indebtedness permitted under any other clause of this Section 6.01(b) (excluding clause (v)), provided that for purposes of any limit contained in any such other clause the aggregate amount of Indebtedness incurred pursuant to this clause (iv) outstanding at any one time shall be treated as outstanding pursuant to such other clause;

(v) the incurrence by the Borrower or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Borrower and any of its Restricted Subsidiaries; provided that:

(A) if the Borrower or any Restricted Subsidiary is the obligor on such Indebtedness and the payee is not the Borrower or a Restricted Subsidiary, such Indebtedness shall be expressly subordinated to the prior payment in full in cash of all Obligations of the Borrower and the Restricted Subsidiaries hereunder and under the other Loan Documents; and

(B) (1) any subsequent issuance or transfer of Equity Interests or any other event that results in any such Indebtedness being beneficially held by a Person other than the Borrower or a Restricted Subsidiary, (2) any sale or other transfer of any such Indebtedness to a Person that is neither the Borrower nor a Restricted Subsidiary or (3) the designation of a Restricted Subsidiary which holds Indebtedness as an Unrestricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Borrower or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (v);

(vi) the incurrence by the Borrower or any of its Restricted Subsidiaries of Hedging Obligations;

(vii) the Guarantee by the Borrower or any of the Restricted Subsidiaries of Indebtedness of any Restricted Subsidiary that was permitted to be incurred by another provision of this Section 6.01(b); provided that in the case of any such Guarantee by the Borrower, if the Indebtedness being guaranteed is (A) *pari passu* in right of payment to the Loans, then the Guarantee related to such Indebtedness shall rank equally in right of payment to the Loans, or (B) subordinated in right of payment to the Loans, then the Guarantee of such Indebtedness shall be subordinated in right of payment to the same extent to the Loans;

(viii) the incurrence of Indebtedness by the Borrower or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a

check, draft or similar instrument (except in the case of daylight overdrafts) in the ordinary course of business inadvertently drawn against insufficient funds, provided, that such Indebtedness is extinguished within five (5) Business Days of incurrence;

(ix) the incurrence of Indebtedness by the Borrower or any of its Restricted Subsidiaries incurred in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, surety and similar bonds and completion guarantees provided by the Borrower or any Restricted Subsidiary, in each case, in the ordinary course of business; and

(x) the incurrence of Indebtedness by the Borrower or any Restricted Subsidiary to finance the purchase or construction of property (real or personal) or equipment that is used for the construction of the Borrower's terrestrial network so long as, at the time of incurrence thereof, the ratio of total consolidated Indebtedness of the Borrower and its Restricted Subsidiaries determined in accordance with GAAP (including Indebtedness under all financings under this clause (x)) to Invested Capital does not exceed 75%.

(c) The Borrower shall not permit any of the Unrestricted Subsidiaries to incur any Indebtedness other than Non-Recourse Debt. If any Non-Recourse Debt of an Unrestricted Subsidiary shall at any time cease to constitute Non-Recourse Debt or such Unrestricted Subsidiary shall be redesignated a Restricted Subsidiary, such event will be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary.

(d) For purposes of determining compliance with this Section 6.01:

(i) in the event that any Indebtedness meets the criteria of more than one of the categories described in clauses (i) through (iv) of Section 6.01(d), the Borrower in its sole discretion, will be permitted to classify such item of Indebtedness at the time of such incurrence in any manner that complies with this Section 6.01;

(ii) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same, or less onerous, terms, the reclassification of preferred stock of the Borrower or any Restricted Subsidiary as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock or preferred stock in the form of additional shares of the same class of Disqualified Stock or preferred stock, the accrual of dividends on Disqualified Stock or preferred stock and the accretion of the liquidation preference of Disqualified Stock or preferred stock will not be deemed to be an incurrence of Indebtedness for purposes of this Section 6.01;

(iii) Indebtedness permitted by this Section 6.01 need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by one such provision and in part by one or more other provisions of this Section 6.01 permitting such Indebtedness; and

(iv) for the purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar-equivalent principal amount of such Indebtedness incurred pursuant thereto shall be

calculated based on the relevant currency exchange rate in effect on the earlier of the date that such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; provided that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this Section 6.01, the maximum amount of Indebtedness that the Borrower or any Restricted Subsidiary may incur pursuant to this Section 6.01 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

SECTION 6.02. LIMITATION ON LIENS. The Borrower and the Restricted Subsidiaries shall not directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind on the Collateral (other than Collateral Permitted Liens). MERGER, CONSOLIDATION AND SALE OF ALL OR SUBSTANTIALLY ALL ASSETS. The Borrower and the Restricted Subsidiaries shall not, directly or indirectly: (a) consolidate or merge with or into another Person (whether or not the Borrower or such Restricted Subsidiary is the surviving corporation); or (b) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of the Borrower and the Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; provided that, any Restricted Subsidiary may consolidate with, merge into, sell, assign, convey, lease or otherwise transfer all or part of its properties and assets to the Borrower or another Restricted Subsidiary.

SECTION 6.04. RESTRICTED PAYMENTS.

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on or in respect of the Borrower's or any of its Restricted Subsidiaries' Equity Interests or to the direct or indirect holders of the Borrower's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Borrower and other than dividends or distributions payable to the Borrower or a Restricted Subsidiary of the Borrower);

(ii) purchase, redeem or otherwise acquire or retire for value (including in connection with any merger or consolidation involving the Borrower) any Equity Interests of the Borrower or any direct or indirect parent of the Borrower;

(iii) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Borrower or any

Guarantor (other than intercompany Indebtedness among the Borrower and the Guarantors) that is contractually subordinated to the Obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents, except a payment of principal at the Stated Maturity thereof, or within one year prior to such Stated Maturity; or

(iv) make any Restricted Investment (all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "RESTRICTED PAYMENTS").

(b) So long as no Default has occurred and is continuing or would be caused thereby, the preceding provisions will not prohibit:

(i) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Borrower) of, Equity Interests of the Borrower (other than Disqualified Stock and other than Equity Interests issued or sold to an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Borrower or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination) or from the substantially concurrent contribution of common equity capital to the Borrower; provided that payments of amounts pursuant to this clause shall be excluded from subsequent calculations of the amount of Restricted Payments;

(ii) the defeasance, redemption, repurchase or other acquisition or retirement for value of Indebtedness of the Borrower or any Guarantor that is contractually subordinated to the Obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents in exchange for, or out of the net cash proceeds of the substantially concurrent incurrence of, Permitted Refinancing Indebtedness (other than to a Subsidiary of the Borrower); provided that payments of amounts pursuant to this clause shall be excluded from subsequent calculations of the amount of Restricted Payments;

(iii) the payment of any dividend or distribution by a Restricted Subsidiary of the Borrower to the holders of its Equity Interests on a *pro rata* basis; provided that payments of amounts to the Borrower or any of its Restricted Subsidiaries pursuant to this clause (iii) shall be excluded from subsequent calculations of the amount of Restricted Payments;

(iv) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Borrower or any Restricted Subsidiary of the Borrower or any direct or indirect parent of the Borrower held by any current or former officer, director or employee of the Borrower or any of its Restricted Subsidiaries or their estates or heirs pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; provided that the aggregate price paid for all such Equity Interests repurchased, redeemed, acquired or retired pursuant to this clause on and after the 15% Notes Issue Date may not exceed $2,500,000 in the aggregate; provided further that cancellation in connection with a repurchase of Equity Interests of the Borrower of Indebtedness owing to the Borrower from employees, directors, officers or consultants of the Borrower or any of its Subsidiaries incurred to finance the acquisition of such Equity Interests by such individuals shall

not be deemed to constitute a Restricted Payment; provided further that payments of amounts pursuant to this clause (iv) shall be excluded from subsequent calculations of the amount of Restricted Payments;

(v) repurchases of Equity Interests deemed to occur upon the exercise of stock options, warrants or other convertible securities to the extent such Equity Interests represent a portion of the exercise price thereof; provided that payments of amounts pursuant to this clause shall be excluded from subsequent calculations of the amount of Restricted Payments;

(vi) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Borrower or any Restricted Subsidiary of the Borrower issued on or after the 15% Notes Issue Date in accordance with the terms of the 15% Notes Indenture; provided that payments pursuant to this clause shall be excluded from subsequent calculations of Restricted Payments;

(vii) the declaration and payment of dividends by the Borrower to, or the making of loans to, any direct or indirect parent in amounts required for any direct or indirect parent to pay:

(A) franchise taxes and other fees, taxes and expenses required to maintain their corporate existence; provided that payments of amounts pursuant to this clause (A) shall be excluded from subsequent calculations of the amount of Restricted Payments;

(B) federal, state and local income taxes, to the extent such income taxes are attributable to the income of the Borrower and its Subsidiaries; provided that payments of amounts pursuant to this clause (B) shall be excluded from subsequent calculations of the amount of Restricted Payments;

(C) (1) reasonable salary, bonus and other benefits payable to directors, officers and employees of any direct or indirect parent company of the Borrower to the extent such salaries, bonuses and other benefits payable in cash and are substantially attributable to the ownership or operation of the Borrower and its Restricted Subsidiaries and (2) general corporate overhead expenses of any direct or indirect parent company of the Borrower to the extent such expenses payable in cash and are substantially attributable to the ownership or operation of the Borrower and its Restricted Subsidiaries; provided that payments of amounts pursuant to this clause (C) may not exceed $5,000,000 for any fiscal year of the Borrower;

(D) costs, fees and expenses incident to a private placement or public offering of any securities of such parent, so long as all of the net proceeds of such offering (if it is completed) are contributed to the Borrower; provided that payments of amounts pursuant to this clause (D) shall be excluded from subsequent calculations of the amount of Restricted Payments; and

(E) taxes payable by any direct or indirect parent in connection with a contribution of shares of SkyTerra common stock to the Borrower pursuant

to the TerreStar Parent Funding Agreement; provided that such taxes relate to increases in the value of such shares after their issuance to Motient Ventures Holding Inc., and provided, further that payments of amounts pursuant to this clause (E) shall be excluded from subsequent calculations of the amount of Restricted Payments; and

(viii) other Restricted Payments in an aggregate amount since the Effective Date not to exceed $2,000,000; and

(ix) Restricted Payments made pursuant to the Transfer Agreements.

(c) The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Borrower or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any non-cash Restricted Payment that is required to be valued by this covenant shall be determined by the Board of Directors of the Borrower acting in good faith, whose resolution with respect thereto will be delivered to the Lenders. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $10,000,000.

SECTION 6.05. TRANSACTIONS WITH AFFILIATES.

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Borrower (each, an "AFFILIATE TRANSACTION").

(b) Notwithstanding the foregoing, none of the following shall be prohibited by Section 6.05(a) or be deemed to be Affiliate Transactions:

(i) reasonable and customary (A) directors' fees and indemnification and similar arrangements, (B) consulting fees in an amount not to exceed $250,000 per fiscal year, (C) employee salaries, bonuses and employment agreements (including indemnification arrangements) and (D) compensation or employee benefit arrangements and incentive arrangements with any officer, director or employee entered into in the ordinary course of business (including customary benefits thereunder) and payments pursuant thereto;

(ii) transactions between or among the Borrower and/or any of its Restricted Subsidiaries and Guarantees issued by and other transactions of the Borrower or any of its Restricted Subsidiaries for the benefit of the Borrower or any of its Restricted Subsidiaries, as the case may be;

(iii) transactions with a Person (other than an Unrestricted Subsidiary of the Borrower) that is an Affiliate of the Borrower or any Restricted Subsidiary solely because the Borrower or any Restricted Subsidiary owns an Equity Interest in, or controls, such Person;

(iv) the pledge of Equity Interests of Unrestricted Subsidiaries to support the Indebtedness thereof;

(v) issuances and sales of Equity Interests (other than Disqualified Stock) of the Borrower to Affiliates of the Borrower and the granting of registration and other customary rights in connection therewith, or the receipt of capital contributions from Affiliates of the Borrower that are not Restricted Subsidiaries of the Borrower solely in exchange for Equity Interests (other than Disqualified Stock) of the Borrower;

(vi) Restricted Payments that are permitted by Section 6.04 and Permitted Investments (other than pursuant to clauses (a) or (c) of the definition of "PERMITTED INVESTMENTS");

(vii) the performance of obligations of the Borrower or any of its Restricted Subsidiaries under the terms of any agreement to which the Borrower or any Restricted Subsidiaries is a party as of or on the Effective Date, substantially as described therein, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; provided that any future amendment, modification, supplement, extension or renewal entered into after the Effective Date will be permitted to the extent that its terms are not materially more disadvantageous to the Lenders than the terms of the agreements in effect on the Effective Date;

(viii) the performance of obligations of the Borrower or any of its Subsidiaries under the terms of (i) the Investment Agreements (and any other agreement contemplated thereby), the Transfer Agreements, the TerreStar Parent Funding Agreement and the TerreStar Shareholders Agreement, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; provided, that any future amendment, modification, supplement extension or renewal entered into after the Effective Date will be permitted to the extent that its terms are not more disadvantageous in any material respect to the Lenders than the terms of the agreements in effect on the Effective Date and (ii) the TerreStar Canada Credit Facility, as amended, modified, supplemented, extended or renewed from time to time; provided, that any future amendment, modification, supplement extension or renewal entered into after the Effective Date will be subject to prior written consent of the Required Lenders;

(ix) any transaction in which the Borrower or any of its Restricted Subsidiaries delivers to the Lenders a letter issued by an investment banking, appraisal or accounting firm of national standing stating that such transaction is fair from a financial point of view; and

(x) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement which are fair to the Borrower and its Restricted Subsidiaries, in the reasonable determination of the Board of Directors or the senior management of the Borrower, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

SECTION 6.06. LIMITATION ON LINES OF BUSINESS. The Borrower shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses.

SECTION 6.07. DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING RESTRICTED SUBSIDIARIES.

(a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions on its Capital Stock to the Borrower or any of its Restricted Subsidiaries (it being understood that the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock) or pay any Indebtedness owed to the Borrower or any of its Restricted Subsidiaries;

(ii) make loans or advances to the Borrower or any of its Restricted Subsidiaries (it being understood that the subordination of loans or advances made to the Borrower or any of its Restricted Subsidiaries to other Indebtedness incurred by the Borrower or any of its Restricted Subsidiaries shall not be deemed a restriction on the ability to make loans or advances); or

(iii) sell, lease or transfer any of its properties or assets to the Borrower or any of its Restricted Subsidiaries.

(b) The preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(i) agreements governing Existing Indebtedness as in effect on the Effective Date (including the 15% Notes Indenture and the Exchangeable Notes Indenture) and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; provided that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive in any material respect, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Effective Date;

(ii) this Agreement and the other Loan Documents;

(iii) the Transfer Agreements;

(iv) applicable law or any applicable rule, regulation or order;

(v) any instrument government Indebtedness or Capital Stock of a Person acquired by the Borrower or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not

applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, including any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of any such agreements or instruments; provided that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing such original agreement or instrument; provided, further, that, in the case of Indebtedness, such Indebtedness was permitted by Section 6.01;

(vi) in the case of Section 6.07(a)(iii):

(A) a lease, license or similar contract that restricts in a customary manner the subletting, assignment or transfer of any subject property or asset, or the assignment or transfer of any such lease, license or other contract;

(B) mortgages, pledges or other security agreements otherwise permitted under this Agreement securing Indebtedness of the Borrower or any of its Restricted Subsidiaries to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or

(C) reciprocal easement agreements of the Borrower or any of its Restricted Subsidiaries containing customary provisions restricting dispositions of the subject real property interests;

(vii) leases and other agreements containing net worth provisions entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business;

(viii) Purchase Money Indebtedness for property acquired in the ordinary course of business and Capital Lease Obligations permitted under this Agreement that, in each case, impose restrictions on the property purchased or leased of the nature described in Section 6.07(a)(iii);

(ix) any agreement for the sale or other disposition of assets or Capital Stock of a Restricted Subsidiary permitted under this Agreement that restricts the sale of assets, distributions or loans by that Restricted Subsidiary pending its sale or other disposition;

(x) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(xi) Liens securing Indebtedness otherwise permitted to be incurred under the 15% Notes Indenture that limit the right of the debtor to dispose of the assets subject to such Liens;

(xii) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into in the ordinary

course of business; provided that such restrictions apply only to the assets or property subject to such agreements;

(xiii) any agreement or instrument entered into after the Effective Date; provided that the encumbrances or restrictions in such agreement or instrument are not materially more restrictive, taken as a whole, than those contained in this Agreement or the other Loan Documents; and

(xiv) restrictions on cash or other deposits or net worth under contracts or leases entered into in the ordinary course of business.

SECTION 6.08. LIMITATION ON ASSET SALES OF THE COLLATERAL. The Borrower shall not, and shall not permit any of the Guarantor Subsidiaries to, consummate an Asset Sale of all or any part of the Collateral.

SECTION 6.09. LIMITATION ON TRANSFER OF THE COLLATERAL. The Borrower shall not assign, transfer, or otherwise convey any of the Collateral to any Person other than a Guarantor in compliance with clause (b) of the definition of "Asset Sale".

SECTION 6.10. LIMITATION ON AMENDMENTS TO PAYMENTS UNDER THE TERRESTAR-2 CONSTRUCTION AGREEMENT. The Borrower shall not amend any payment date or the amount of any payment in respect of the TerreStar-2 Satellite required to be made by the Borrower to the Satellite Manufacturer under Exhibit E of the TerreStar-2 Construction Agreement without the prior written consent of the Required Lenders.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01. EVENTS OF DEFAULT. Each of the following is an "EVENT OF DEFAULT" under this Agreement:

(a) default in the payment when due (at maturity, at a date fixed for prepayment thereof or otherwise) of the principal of or premium, if any, on, the Loans;

(b) default in the payment when due of interest on the Loans, any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or under any other Loan Document for more than five (5) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, shall prove to have been materially inaccurate or false when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02(a), 5.03, or Article VI of this Agreement;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document or any Guarantor shall fail to observe or perform any covenant, condition or agreement contained in a Guarantee (other than those specified in clause (a), (b), (c) or (d) of this Article, as applicable) and such failure shall continue unremedied for a period of thirty (30) or more days after the earlier of (i) an Officer of such Person obtaining actual knowledge thereof and (ii) such Person receiving notice thereof from any Lender;

(f) (i) TerreStar Parent, the Borrower, the FCC License Subsidiary or any other Restricted Subsidiary shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or TerreStar Parent, the Borrower, the FCC License Subsidiary or any other Restricted Subsidiary shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against TerreStar Parent, the Borrower, the FCC License Subsidiary or any other Restricted Subsidiary any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against TerreStar Parent, the Borrower, the FCC License Subsidiary or any Restricted Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) TerreStar Parent, the Borrower, the FCC License Subsidiary or any Restricted Subsidiary shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(g) either (i) the Lien created by the Security Documents shall at any time not constitute a valid and perfected first priority Lien (subject to other Liens permitted under Section 6.02) under the laws of the jurisdiction where the Collateral is located on the Collateral in favor of Collateral Agent, on behalf of the Lenders, free and clear of all other Liens (other than Liens permitted under Section 6.02); provided, that the foregoing event shall not constitute an Event of Default if such event occurs solely as a result of any action taken by the Collateral Agent, any Lender or their respective representatives or (ii) with respect to any Collateral, the Borrower or any Guarantor asserts, in any pleading in any court of competent jurisdiction, that such Lien is invalid or unenforceable;

(h) except as permitted by this Agreement, any material provision of any Guarantee, shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or the Borrower, any Guarantor, or any Person acting on behalf of the Borrower or any such Guarantor, shall deny or disaffirm its obligations under its Guarantee;

(i) either (i) any of the Loan Documents at any time for any reason is declared null and void, or (ii) there occurs any enforcement action against the Collateral;

(j) failure by the Borrower or any Restricted Subsidiary to pay final judgments entered by a court or courts of competent jurisdiction (not subject to appeal) aggregating in excess of $10,000,000 (net of any amounts covered by insurance from a reputable and creditworthy insurance company), which judgments are not paid, discharged or stayed for a period of 60 days after the date on which the right to appeal has expired;

(k) the occurrence of any ERISA Event that when taken together with all other ERISA Events that have occurred, could be expected to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding $10,000,000;

(l) the occurrence of any Change of Control;

(m) TerreStar Parent, the Borrower or any Restricted Subsidiary is enjoined, restrained, or in any way prevented by court order or any Governmental Authority from continuing to conduct all or any material part of its business affairs;

(n) the occurrence of any uninsured loss to any material portion of the Collateral;

(o) (i) a denial, revocation, cancellation or relinquishment, as applicable, of any Material License held by the Borrower, TerreStar Canada or a Guarantor to operate satellite component or ATC facilities, unless the revocation, cancellation or relinquishment (1) remains subject to reconsideration, review, or appeal at the FCC, Industry Canada, or any court, as applicable; provided that during the pendency of such reconsideration, review or appeal the Borrower, TerreStar Canada or Guarantor, as applicable, is permitted to exercise its rights under the applicable Material License and continues to conduct its business in the ordinary course, or (2) is accompanied by the issuance of a substitute or successor license, permit, or authorization of substantially equivalent utility or the Borrower, TerreStar Canada or a Restricted Subsidiary of the Borrower already holds a license, permit, or authorization of substantially equivalent utility; (ii) Borrower's failure to secure the FCC ATC Authorization by the ATC Operational Date; provided, that, with respect to this clause (ii), such date shall be extended for up to three (3) additional one (1) month periods, so long as (A) the Borrower is engaged in good faith efforts to secure the FCC ATC Authorization and (B) the Interest Rate then in effect increases as provided in Section 2.07(b)(iii).

(p) failure to satisfy (i) (x) the FCC's implementation milestone to launch the TerreStar-1 Satellite on or prior to September 30, 2008, (y) the FCC's implementation milestone to certify that the satellite system is operational on or prior to November 30, 2008, or (z) Industry Canada's implementation milestone to place the TerreStar-1 Satellite into its assigned orbital position on or prior to November 30, 2008, unless in the case of (x), (y) or (z), such milestone has been waived by the applicable Governmental Authority, or (ii) any extended deadline issued by the applicable Governmental Authority of the respective implementation milestones listed in (i) above (whichever is later), unless in the case of (i)(x), (y) or (z) or (ii), the Borrower has filed

an appropriate application for waiver or extension of such milestone or deadline which application has not been denied;

(q) failure to obtain Spectrum Contribution Approval on or prior to July 23, 2008; and

(r) (i) a default shall occur in the payment of any amount when due (beyond any applicable grace period), whether by acceleration or otherwise, of any principal or stated amount of, or interest or fees on, any Indebtedness (other than the Obligations under this Agreement or the other Loan Documents) of TerreStar Parent, the Borrower, the FCC License Subsidiary or any other Restricted Subsidiary having a principal or stated amount, individually or in the aggregate, in excess of $10,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to any such Indebtedness if the effect of such default is to accelerate the maturity of such Indebtedness or to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause or declare such Indebtedness to become immediately due and payable, (ii) a default shall occur (after expiration of any available grace or cure periods) in the performance or observance of any obligation or condition with respect to any Indebtedness which has been subordinated (whether as to payment or Lien priority) to the Obligations under this Agreement or the other Loan Documents or the Collateral Agent's Liens in the Collateral or any such Indebtedness shall be required to be or prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity or (iii) any Indebtedness of TerreStar Parent, the Borrower, the FCC License Subsidiary or any other Restricted Subsidiary having a principal or stated amount, individually or in the aggregate, in excess of $10,000,000 shall otherwise be required to be prepaid, redeemed, purchased or defeased, or require an offer to purchase or defease such Indebtedness to be made, prior to its expressed maturity.

The foregoing shall constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

SECTION 7.02. ACCELERATION.

(a) In the case of an Event of Default specified in clause (f) of Section 7.01, the Commitment shall automatically terminate, and the principal of the Loans then unpaid, together with accrued and unpaid interest thereon and all fees and other Obligations of the Borrower and the Guarantors accrued hereunder and under the other Loan Documents, shall automatically become due and payable in cash, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the Guarantors.

(b) If any other Event of Default occurs and is continuing, any Electing Lender may, by notice to the Borrower, take either or both of the following actions, at the same or different times: terminate the Commitment of such Electing Lender and declare the portion of the Loans owed to such Electing Lender then unpaid to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of such Loans so declared to be due and

payable, together with accrued and unpaid interest thereon and all fees and other Obligations of the Borrower and the Guarantors owed to such Electing Lender and accrued hereunder and under the other Loan Documents, shall become due and payable in cash immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the Guarantors. In the case of an Event of Default specified in clause (f) of Section 7.01 or any declaration specified in clause (b) of this Section 7.02, the Lenders or any Electing Lender (as the case may be) may pursue any available remedy to collect the payment of principal of or interest on the Loans or to enforce the performance of any provision of this Agreement and any other Loan Document.

SECTION 7.03. WAIVER OF DEFAULTS. At any time prior to the date of any acceleration pursuant to Section 7.02(a) or (b), the Required Lenders may, on behalf of the Lenders, waive any existing Default or Event of Default and its consequences under this Agreement or any other Loan Document. When a Default or Event of Default is waived, it is deemed cured and ceases to exist and shall be deemed to have been cured and waived for every purpose under this Agreement and the other Loan Documents, but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any consequent right of any Lender or the Collateral Agent.

SECTION 7.04. RIGHTS AND REMEDIES CUMULATIVE. No right or remedy conferred or reserved to Collateral Agent or any Lender under this Agreement or any other Loan Document is intended to be exclusive of any other right or remedy, and all such rights and remedies are, to the extent permitted by law, cumulative and in addition to every other right and remedy hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy hereunder, or otherwise, will not prevent the concurrent or subsequent assertion or exercise of any other right or remedy.

SECTION 7.05. DELAY OR OMISSION NOT WAIVER. No delay or omission of any Lender to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VII or by law to the Electing Lenders or to the Lenders, as the case may be, may be exercised from time to time, and as often as may be deemed expedient, by the Electing Lenders, the Required Lenders or by the Lenders, as the case may be.

ARTICLE VIII

GUARANTEES

SECTION 8.01. GUARANTEES.

(a) Each Guarantor hereby jointly and severally unconditionally and irrevocably guarantees, as a primary obligor and not merely as a surety, to each Lender and to the Collateral Agent and their respective successors and assigns (i) the full and punctual payment of principal of, premium, if any, and interest on all Obligations of the Borrower arising under this Agreement, the Notes and the other Loan Documents, when due, whether at maturity, by acceleration, by required pre-payment or otherwise, subject to any applicable grace period and (ii) the full and punctual performance and observance within applicable grace periods of all other

obligations, covenants, agreements and conditions of the Borrower, whether for expenses, indemnification or otherwise under this Agreement (all of the foregoing being hereinafter collectively referred to as the "GUARANTEED OBLIGATIONS"). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from each such Guarantor, and that each such Guarantor shall remain bound under this Article VIII notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Guarantor waives presentation to, demand of, payment from and protest to the Borrower of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Loans or the Guaranteed Obligations. The obligations of each Guarantor hereunder shall not be affected by (i) the failure of any Lender or the Collateral Agent to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person under this Agreement, any of the other Loan Documents or any other agreement or otherwise; (ii) any extension or renewal of any Guaranteed Obligations; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Agreement, any of the other Loan Documents or any other agreement; (iv) the release of any security held by any Lender or the Collateral Agent for the Guaranteed Obligations or any of them; (v) the failure of any Lender or the Collateral Agent to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; or (vi) any change in the ownership of such Guarantor, except as provided in Section 6.03.

(c) Each Guarantor further agrees that its Guarantee herein constitutes a Guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Lender or the Collateral Agent to any security held for payment of the Guaranteed Obligations. Each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower or any other Person. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Lender or the Collateral Agent to assert any claim or demand or to enforce any remedy under this Agreement, any of the other Loan Documents or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of any Guarantor as a matter of law or equity.

(d) Each Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Lender or the Collateral Agent upon the bankruptcy or reorganization of the Borrower or otherwise.

(e) In furtherance of the foregoing and not in limitation of any other right which any Lender or the Collateral Agent has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower to pay the principal of or premium, if any, or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by required pre-payment or otherwise, or to perform or comply with any other Guaranteed Obligation, each Guarantor hereby promises to and shall, upon receipt of written demand by the Collateral Agent, forthwith pay, or cause to be paid, in cash, to the Lenders or the Collateral Agent an amount equal to the sum of (i) the unpaid principal amount of such Guaranteed Obligations, (ii) accrued and unpaid interest or premium, if any, on such Guaranteed Obligations (but only to the extent not prohibited by law) and (iii) all other monetary Guaranteed Obligations of the Borrower to the Lenders and the Collateral Agent.

(f) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Lenders in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations. Each Guarantor further agrees that, as between it, on the one hand, and the Lenders and the Collateral Agent, on the other hand, (x) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article VII for the purposes of any Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article VII, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of this Section.

SECTION 8.02. LIMITATION ON LIABILITY. Any term or provision of this Agreement to the contrary notwithstanding, the maximum aggregate amount of the obligations guaranteed hereunder by any Guarantor shall not exceed the maximum amount that can be guaranteed without rendering this Agreement and the respective Guarantee, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

SECTION 8.03. SUCCESSORS AND ASSIGNS. This Article VIII shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Collateral Agent and the Lender and, in the event of any transfer or assignment of rights by any Lender or the Collateral, the rights and privileges conferred upon such party in this Agreement and the other Loan Documents shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Agreement.

SECTION 8.04. EXECUTION AND DELIVERY OF THE GUARANTEE. The execution by each Guarantor of this Agreement (or a joinder agreement substantially in form of Exhibit E attached hereto in accordance with Section 5.16(a)) evidences the Guarantee of such Guarantor.

ARTICLE IX

THE COLLATERAL AGENT

SECTION 9.01. APPOINTMENT. Each Lender hereby appoints U.S. Bank National Association as its Collateral Agent under and for purposes of each Loan Document, and hereby authorizes the Collateral Agent to act on behalf of such Lender under each Loan Document and, in the absence of other written instructions from the Lenders pursuant to the terms of the Loan Documents received from time to time by the Collateral Agent, to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Collateral Agent by the terms hereof and thereof, together with such powers as may be incidental thereto. Each Lender hereby irrevocably designates and appoints the Collateral Agent as the agent of such Lender. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Collateral Agent.

SECTION 9.02. DELEGATION OF DUTIES. The Collateral Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Collateral Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

SECTION 9.03. EXCULPATORY PROVISIONS. Neither the Collateral Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by TerreStar Parent, the Borrower, the FCC License Subsidiary or any other Guarantor or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Collateral Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of TerreStar Parent, the Borrower, the FCC License Subsidiary or any other Guarantor or other Person to perform its obligations hereunder or thereunder. The Collateral Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of TerreStar Parent, the Borrower, the FCC License Subsidiary or any other Guarantor.

SECTION 9.04. RELIANCE BY THE COLLATERAL AGENT. The Collateral Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message,

statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower and the Guarantors), independent accountants and other experts selected by the Collateral Agent. The Collateral Agent may deem and treat the payee of any note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Collateral Agent. The Collateral Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all or other requisite Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

SECTION 9.05. NOTICE OF DEFAULT. The Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Collateral Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Collateral Agent receives such a notice, the Collateral Agent shall give notice thereof to the other Lenders. The Collateral Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders or any other instructing group of Lenders specified by this Agreement); provided, that unless and until the Collateral Agent shall have received such directions, the Collateral Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as the Collateral Agent shall deem advisable in the best interests of the Lenders.

SECTION 9.06. NON-RELIANCE ON THE COLLATERAL AGENTS AND OTHER LENDERS. Each Lender expressly acknowledges that neither the Collateral Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or Affiliates have made any representations or warranties to it and that no act by the Collateral Agent hereafter taken, including any review of the affairs of the Borrower, any Guarantor or any their Affiliates, shall be deemed to constitute any representation or warranty by the Collateral Agent to any Lender. Each Lender represents to the Collateral Agent that it has, independently and without reliance upon the Collateral Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower, the Guarantors and their Affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Collateral Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower, the Guarantors and

their Affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Collateral Agent hereunder, the Collateral Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower, any Guarantor, or any their Affiliates that may come into the possession of the Collateral Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

SECTION 9.07. INDEMNIFICATION. The Lenders agree to indemnify the Collateral Agent in its capacity as such (to the extent not reimbursed by the Borrower and the Guarantors and without limiting the obligation of the Borrower and the Guarantors to do so), ratably according to their respective Commitments in effect on the date on which indemnification is sought under this Section 9.07, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against the Collateral Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Collateral Agent under or in connection with any of the foregoing; provided, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Collateral Agent's gross negligence or willful misconduct. The agreements in this Section 9.07 shall survive the payment of the Loans and all other amounts payable hereunder.

SECTION 9.08. SUCCESSOR COLLATERAL AGENTS. The Collateral Agent may resign as Collateral Agent upon twenty (20) days' notice to the Lenders and the Borrower. If the Collateral Agent shall resign as the Collateral Agent in such capacity under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor collateral agent, which successor collateral agent shall (unless an Event of Default shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor collateral agent shall succeed to the rights, powers and duties of the Collateral Agent in its applicable capacity, and the term "Collateral Agent" shall mean such successor agent effective upon such appointment and approval, and the former Collateral Agent's rights, powers and duties as Collateral Agent in its applicable capacity shall be terminated, without any other or further act or deed on the part of such former Collateral Agent or any of the parties to this Agreement or any holders of the Loans. If no applicable successor collateral agent has accepted appointment as the Collateral Agent in its applicable capacity by the date that is twenty (20) days following such retiring Collateral Agent's notice of resignation, such retiring Collateral Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of the Collateral Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After the retiring Collateral Agent's resignation as the Collateral Agent or the Collateral Agent, as applicable, the provisions of this Article IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Collateral Agent under this Agreement and the other Loan Documents.

SECTION 9.09. THE COLLATERAL AGENT GENERALLY. Except as expressly set forth herein, the Collateral Agent shall not have any duties or responsibilities hereunder in its capacity as such.

SECTION 9.10. AGENCY FOR PERFECTION. Collateral Agent hereby appoints each other Lender as its agent (and each Lender hereby accepts such appointment) for the purpose of perfecting the Collateral Agent's Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Uniform Commercial Code of any applicable state can be perfected only by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Collateral Agent thereof, and, promptly upon Collateral Agent's request therefor shall deliver possession or control of such Collateral to Collateral Agent or in accordance with Collateral Agent's instructions.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. NOTICES. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower or any Restricted Subsidiary, to:

TerreStar Networks Inc.
12010 Sunset Hills Road, 9th Floor
Reston, Virginia 20190
Attention: Jeffrey Epstein
Tel: (703) 483-7806
Fax: (703) 476-7143

with a copy to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166
Attention: Joerg H. Esdorn

(b) if to Collateral Agent, to:

U.S. Bank National Association
60 Livingston Avenue
EP-MN-WS3C
St. Paul, Minnesota 55107-2292
Attention: Corporate Trust Administration
Tel: (651) 495-3918
Fax: (651) 495-8097

(c) if to any Lender, to:

Harbinger Capital Partners Master Fund I, Ltd.
Harbinger Capital Partners Special Situations Fund, L.P.
c/o Harbinger Capital Partners Funds
555 Madison Avenue, 16th Floor
New York, New York 10022
Attn: Jeffrey T. Kirshner, Esq.
Facsimile: 212-508-3721

with copies to (such copies not constituting notice hereunder):

Harbert Management Corporation
One Riverchase Parkway South
Birmingham, Alabama 35244
Attn: General Counsel
Facsimile: 205-987-5568

and

Bingham McCutchen LLP
399 Park Avenue
New York, New York 10022
Attention: Frederick F. Eisenbiegler
Telecopier: (212) 752-5378
Telephone: (212) 705-7000

and to:

EchoStar Corporation
90 Inverness Circle E.
Englewood, Colorado 80112
Attention: Ms. Ximena Amaya
Tel: 1-800-699-7188 x83787
Fax: (___) ___-____

with copies to (such copies not constituting notice hereunder):

Sullivan & Cromwell LLP
1870 Embarcadero Road
Palo Alto, California 94303
Attention: Scott Miller
Tel: (650) 461-5600
Fax: (650) 461-5700

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other

communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of telefacsimile or telex, or three Business Days after depositing it in the United States mail with postage prepaid and properly addressed.

SECTION 10.02. WAIVERS; AMENDMENTS.

(a) NO DEEMED WAIVERS; REMEDIES CUMULATIVE. No failure or delay by Collateral Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of Collateral Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether Collateral Agent or any Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) AMENDMENTS.

(i) Subject to the provisions of Section 10.05, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders; provided that no such amendment or waiver shall (A) increase any Commitment of any Lender without the prior written consent of such Lender, (B) reduce the principal of, or rate of interest on, any Loan or any fees specified herein, due to a Lender without the prior written consent of each Lender directly affected thereby, (C) postpone or otherwise change the date fixed for any payment of principal of, or interest on, any Loan or any fees hereunder due to a Lender or for any termination of any Commitment of a Lender, without the prior written consent of each Lender directly affected thereby, (D) decrease any amount payable to a Lender pursuant to the provisions of Article II hereof, without the prior written consent of each Lender directly affected thereby, (E) release the Borrower from its obligations hereunder or release a Guarantor from its obligations under the Subsidiary Guarantee (except as expressly permitted hereby or thereby), without the prior written consent of all of the Lenders, (F) release Collateral from the Liens created by the Security Documents (except as expressly permitted hereby or thereby), without the prior written consent of all of the Lenders, (G) amend or modify the provisions of this Section 10.02(b), without the prior written consent of all of the Lenders, or (H) amend the definition of "Required Lenders," without the prior written consent of all of the Lenders. No such amendment, modification, waiver or consent shall adversely affect the rights and obligations of the Collateral Agent, if any, without their prior written consent. Collateral Agent, each Lender and Participant shall be bound by any amendment, modification, waiver or consent authorized as provided herein (whether or not any applicable Note shall have been marked to indicate such amendment, modification, waiver or consent); and any consent by any holder of a

Loan, a Commitment or a Note shall bind any Person subsequently acquiring such Loan, Commitment or Note (whether or not any applicable Note is so marked).

(ii) Notwithstanding the foregoing provisions of this Section 10.02(b), in connection with any issue arising under this Agreement or any Loan Document, any Lender may, in its sole discretion, request to receive material, non-public information relating to the Borrower or its business and (A) use such information in connection with such issue, (B) disregard such information and use only Information in connection with such issue or (C) waive its rights with respect to such issue, in which case, such Lender will agree to vote and will be deemed to have voted its Commitment under this Agreement pro rata in accordance with the percentage of the Commitment voted in favor of, and the percentage of the Commitment voted against, any such issue.

SECTION 10.03. EXPENSES; INDEMNITY; DAMAGE WAIVER; COMMITMENT FEE.

(a) COSTS AND EXPENSES. The Borrower shall pay (i) all reasonable expenses incurred by Collateral Agent, any Lender and their respective Affiliates (including the fees, charges and disbursements of their counsel) in connection with the preparation of this Agreement and the other Loan Documents, (ii) all reasonable expenses incurred by Collateral Agent, any Lender and their respective Affiliates, including the reasonable fees, charges and disbursements of their counsel, in connection with the administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof, (iii) all reasonable expenses incurred by Collateral Agent, any Lender and their respective Affiliates, including the fees, charges and disbursements of any counsel therefor, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof and (iv) all taxes, assessments and other charges and reasonable costs and expenses incurred in connection with any filing, registration, recording or perfection of any security interest contemplated by any Loan Document or any other document referred to therein.

(b) INDEMNIFICATION BY THE BORROWER. The Borrower shall indemnify Collateral Agent, each Lender and each Related Party of the Lender (each such Person being called an "INDEMNITEE") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any Environmental Liability related in any way to the Borrower, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are

determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) WAIVER OF CONSEQUENTIAL DAMAGES, ETC. To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(d) PAYMENTS. All amounts due under this Section shall be payable upon written demand therefor.

SECTION 10.04. SUCCESSORS AND ASSIGNS.

(a) ASSIGNMENTS GENERALLY. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder or under the other Loan Documents without the prior written consent of the Lenders (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their permitted successors and assigns and, to the extent expressly contemplated hereby, the Related Parties of any Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) ASSIGNMENT BY THE LENDERS. Any Lender may assign all or a portion of the Loans and of its rights, duties and obligations under this Agreement (including all or a portion of the Commitment) and the other Loan Documents to any other Person without the prior written consent of the Borrower, provided that (i) the aggregate outstanding principal amount of the Loans (or the Commitment) subject to any such assignment shall be $5,000,000 or a whole multiple thereof, unless such assignment is of such Lender's entire interest and (ii) as long as no Default of the type described in clauses (i) or (ii) of Section 7.01 or Event of Default of the type described in clause (f) of Section 7.01 shall have occurred and be continuing at such time, no such assignment shall be made to any Person other than an Eligible Assignee without the Borrower's prior written consent. Upon execution and delivery by the assignee to the Borrower of an instrument in writing pursuant to which such assignee agrees to become a "Lender" hereunder and Borrower's consent, if applicable, the assignee shall have the obligations, rights and benefits hereunder of the assigning Lender in respect of the Commitment (or portion thereof) and Loan(s) theretofore held by such Lender, and the assigning Lender shall be released from the Commitment (or portion thereof) so assigned. For purposes of this Section 10.04(b), the term "ELIGIBLE ASSIGNEE" means (A) a Lender or any Affiliate thereof, (B) any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company or similar financial institution or entity organized under the laws of (x) the United States, or any state thereof, or (y) any other country which is a member of the OECD, or a political subdivision of any such country, provided that such bank is acting through a branch or agency located either in the country in which it is organized, another country which is also an OECD member or the Cayman

Islands and (C) any Person (other than a natural person) that is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit and has assets under management of at least $500,000,000. "ELIGIBLE ASSIGNEE" shall not include a competitor of the Borrower.

(c) The Borrower hereby acknowledges and agrees that in connection with any assignment by any Lender of less than all of the Loans and the Commitment, the Lenders may employ at the expense of the Lenders an administrative agent to act on behalf of the Lenders under this Agreement and the other Loan Documents, and the Borrower agrees to customary and reasonable modifications to this Agreement and the other Loan Documents to reflect the duties and responsibilities of such agent, acting on behalf of the Lenders, and multiple Lenders. For the avoidance of doubt, it is understood and agreed that in no event shall the amount of the Commitment, the rate of interest on the Loans, the Maturity Date, the definition of Required Lenders, the representations or warranties of the Borrower, the negative covenants or the prepayment provisions of the Agreement be modified in connection with the employment of such administrative agent.

(d) In connection with any assignment by any Lender (other than assignments requiring the Borrower's approval), the assigning Lender shall provide notice of such assignment to the Borrower, and the Borrower hereby acknowledges and agrees to maintain a register of all assignments by the Lenders.

(e) PARTICIPATIONS. Any Lender may, without the consent of the Borrower, sell participations to one or more banks or other entities (a "PARTICIPANT") in all or a portion of such Lender's rights and obligations under this Agreement and the other Loan Documents (including all or a portion of the Loans and the Commitment); provided that (i) such Lender's obligations under this Agreement and the other Loan Documents shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. Any agreement or instrument pursuant to which any Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document. In no event shall the selling Lender agree with the Participant to take or refrain from taking any action under this Agreement or under any other Loan Document except that such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (1) increase or extend the term, or extend the time or waive any requirement for the reduction, termination or prepayment, of the Loans, (2) extend the date fixed for the payment of principal of or interest on the Loans, (3) reduce the amount of any such payment of principal or any premium payable hereunder, (4) reduce the rate at which interest is payable on any amount under this Agreement, or reduce any fee or other amount payable to the Participant to a level below the rate at which the Participant is entitled to receive such interest or fee, (5) alter the rights or obligations of the Borrower to prepay the Loans, or (6) release any portion of the Collateral or terminate any Lien under the Security Documents prior to the payment in full of the Loan and all amounts required to be paid by the Borrower to Collateral Agent or any Lender under the Loan Documents except as contemplated in the Security Documents.

(f) LIMITATIONS ON RIGHTS OF PARTICIPANTS. A Participant shall not be entitled to receive any greater payment under Section 2.08 than the selling Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent.

SECTION 10.05. THE BUY OUT.

(a) One or more Lenders may (but shall not be obligated to) cause the assignment to such Lender(s) or their designee (each, a "BUYING LENDER"), by any other Lender (each, a "SELLING LENDER"), of all right, title and interest in, to, arising under, or in respect of all Obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents owed to the Selling Lenders under the Loan Documents upon written notice from the Buying Lenders to the Selling Lenders given at any time after the date on which the Selling Lenders (i) reject any waiver, amendment or modification of, or deny any departure by the Borrower from, any provision of this Agreement or any Loan Document or (ii) accelerate pursuant to Section 7.02(b) or any automatic acceleration pursuant to Section 7.02(a).

(b) Such assignment shall be effected not later than ten (10) Business Days following the giving of such notice upon the execution by the Buying Lenders and the Selling Lenders of an instrument in writing pursuant to which the Buying Lenders agree to assume all Obligations owed to the Selling Lenders under the Loan Documents in exchange for the payment at par, in immediately available funds, of the amount of the Obligations owed to each such Selling Lenders as of the date on which such assignment is made, at which time the Selling Lenders shall be released from all obligations and duties under the Loan Documents. The assignments by the Selling Lenders pursuant to this Section 10.05 shall be without recourse or warranty of any kind.

SECTION 10.06. SURVIVAL. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of each Loan, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lenders may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitment has not expired or terminated. The provisions of Sections 2.08, 2.09 and 10.03 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitment or the termination of this Agreement or any provision hereof.

SECTION 10.07. COUNTERPARTS; INTEGRATION; EFFECTIVENESS. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract between the parties relating to the subject matter hereof and thereof and supersede

any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. Except as provided in Article IV, this Agreement shall become effective when it shall have been executed by Collateral Agent and the Lenders and when Collateral Agent and the Lenders shall have received a counterpart hereof bearing the signature of the Borrower, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 10.08. SEVERABILITY. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.09. GOVERNING LAW; JURISDICTION; ETC.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

(b) SUBMISSION TO JURISDICTION. The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that Collateral Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) WAIVER OF VENUE. The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) SERVICE OF PROCESS. Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. HEADINGS. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. CONFIDENTIALITY. Each of the Borrower and the Lenders agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to the Borrower's and any Lender's Affiliates and to such Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors who need to know (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and will agree to keep such Information confidential), (b) to the extent requested by any regulatory authority or to the extent required by applicable laws or regulations or by any subpoena or similar legal process (provided, that prompt notice of such requested or required disclosure shall be provided to any other party to this Agreement so as to enable such party to obtain a protective order, confidential treatment or other appropriate remedy), (c) to any other party to this Agreement, (d) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section 10.12, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (f) with the consent of the Borrower or the Lenders, as the case may be, or (g) to the extent such Information (i) becomes publicly available other than as a result of a breach of this paragraph or (ii) becomes available to the Borrower or to the Lenders on a non-confidential basis from a source other than the Borrower or the Lenders as the case may be, provided, that such source is not known to be bound by a confidentiality arrangement or otherwise prohibited from transmitting the Information by a contractual, legal or fiduciary obligation. For the purposes of this Agreement, "INFORMATION" means all information (1) received by a Lender from the Borrower relating to the Borrower or its business, other than any such information that is available to such Lender on a non-confidential basis prior to disclosure by the Borrower; and (2) received by the Borrower from a Lender relating to such Lender or its business, other than such information that is available to the Borrower on a non-confidential basis prior to disclosure by such Lender, provided that, in the case of information received from either party after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to

have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13. USA PATRIOT ACT. Each Lender hereby notifies the Borrower and each Subsidiary Guarantor that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "PATRIOT ACT"), it is required to obtain, verify and record information that identifies the Borrower and each Subsidiary Guarantor, which information includes the name and address of such Person and other information that will allow such Lender to identify such Person in accordance with the Patriot Act. The Borrower and each Subsidiary Guarantor agrees to provide all such information to the Lenders upon request at any time, whether with respect to the Borrower, any Person who is a Subsidiary Guarantor on the Effective Date or who becomes a Subsidiary Guarantor thereafter.

[*Remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as Collateral Agent

By: _____

Name: Richard Prokosch

Title: Vice President

HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD., as a Lender

By: Harbinger Capital Partners Offshore Manager, L.L.C., as investment manager

By: _____
Name: William R. Lucas, Jr.
Title: Executive Vice President

HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P., as a Lender

By: Harbinger Capital Partners Special Situations GP, LLC, as general partner

By: _____
Name: William R. Lucas, Jr.
Title: Executive Vice President

ECHOSTAR CORPORATION, as a Lender

By: _____
Name:
Title:

TERRESTAR NETWORKS INC., as Borrower

By:
Name:
Title:

APPENDIX A-1

COMMITMENTS

Lender	Commitment	Pro Rata Share
Harbinger Capital Partners Master Fund I, LTD.	$33,333,333.33	33 1/3%
Harbinger Capital Partners Special Situations Fund, L.P.	$16,666,666.67	16 2/3%
EchoStar Corporation	$50,000,000	50%
Total	**$100,000,000**	**100%**

SCHEDULE I

MATERIAL CONTRACTS

1. TerreStar Networks Inc. Amended and Restated Stockholders' Agreement, dated May 6, 2006, by and among TerreStar Networks Inc. and the stockholders listed therein

2. Second Amended and Restated Intellectual Property Assignment and License Agreement, dated November 21, 2006, by and between TerreStar Networks Inc. and ATC Technologies, LLC

3. Launch Services Agreement dated November 8, 2006 by and between TerreStar Networks Inc. and Arianespace

4. Indenture, dated as of February 14, 2007, among TerreStar Networks Inc., as issuer, the guarantors party thereto and U.S. Bank National Association, as trustee

5. U.S. Security Agreement, dated as of February 14, 2007, among TerreStar Networks Inc. and the future guarantors party thereto in favor of U.S. Bank National Association, as collateral agent.

6. Funding Agreement, dated February 14, 2007, among TerreStar Corporation (f/k/a Motient Corporation), Motient Ventures Holding Inc. and TerreStar Networks Inc.

7. Master Development & Licensing Agreement, dated August 10, 2007, between TerreStar Networks Inc. and Elektrobit, Inc.

8. Master Services Agreement, dated October 22, 2007, between TerreStar Networks Inc. and Bechtel Communications, Inc.

9. Network Equipment and Services Agreement, dated August 28, 2007, between Nokia Siemens Networks US LLC and TerreStar Networks Inc.

10. TerreStar Canada Shareholders' Agreement, dated April 5, 2007, between TerreStar Networks Inc., TMI Communications and Company, LP, TerreStar Networks (Canada) Inc., TerreStar Networks Holdings (Canada) Inc. and BCE Inc.

11. Rights and Services Agreement, dated April 5, 2007, between TerreStar Networks Inc. and TerreStar Canada

12. TMI Guarantee and Share Pledge Agreement, dated April 5, 2007, between TerreStar Networks Inc. and TMI Communications

13. TerreStar Canada Guarantee, dated April 5,2007, between TerreStar Canada and TerreStar Networks Inc.

14. Contract for the Design, Development and Supply of Satellite Base Station Subsystem, dated March 30, 2007, between TerreStar Networks Inc. and Hughes Network Systems, LLC

15. Amended and Restated Contract for TerreStar-2, dated December 12, 2007, between TerreStar Networks Inc. and Space Systems/Loral, Inc.

16. Amended and Restated Contract for TerreStar-1, dated December 12, 2007, between TerreStar Networks Inc. and Space Systems/Loral, Inc.

17. Contract for the TerreStar Space Based Network dated January 19, 2007, between TerreStar Networks Inc. and Space Systems/Loral, Inc.

SCHEDULE II

MILESTONE PAYMENTS AND PAYMENT DATES

PART A

[*See Attached*]

Exhibit E

TerreStar 2 Payment Plan and Termination Liability Amounts

November 16, 2007

Space Systems/Loral, Inc.
3825 Fabian Way
Palo Alto, California 94303-4201

TerreStar Networks Inc.
One Discovery Square
9th Floor
12010 Sunset Hills Road
Reston, Virginia 20190

This document contains data and information proprietary to Space Systems/Loral, Inc. and TerreStar Networks Inc. This data is being furnished pursuant to the provisions of the Contract between TerreStar Networks Inc. and Space Systems/Loral, Inc. for the TerreStar Satellite Program. Space Systems/Loral, Inc. and TerreStar Networks Inc. shall have the right to duplicate, use or disclose the data and information to the extent specified in the Purchase Contract.

EXHIBIT E - TerreStar Satellite Program - TerreStar 2
Payment Plan and Termination Liability Amounts
(not including Orbital Performance Incentive Payments)

November 16, 2007 (US$)

Note: Includes Payments for NSA-Approved Encryption

Payment Number	TerreStar 2 Commencement Date + Month*	Payments	Cumulative Payment Amount & Termination Liability Amount **	Time Payments / Program Milestones
T2-1	0	3,300,000	3,300,000	Begin Physical Construction of Satellite/Distribute Baseline STIRS
T2-2	1	3,300,000	6,600,000	Time Payment
T2-3	2	3,300,000	9,900,000	Time Payment
T2-4	3	3,300,000	13,200,000	Time Payment
T2-5	4	5,500,000	18,700,000	Issue ATP for Comm Panel Procurement
T2-5a	4	2,000,000	20,700,000	CCN # 4 (GBBF and Feeder Link Frequency Changes) pay't #1
T2-6	5	5,500,000	26,200,000	Time Payment
T2-7	6	5,500,000	31,700,000	Complete Manufacturing Readiness Review for 18m reflector
T2-8	7	13,200,000	44,900,000	Time Payment
T2-8a	7	100,000	45,000,000	CCN #6 NSA Encryption. Time Payment #1
	8		45,000,000	
T2-9	9	15,400,000	60,400,000	Complete Manufacturing Readiness Review for Ku-band reflector
	10		60,400,000	
T2-10	11	15,400,000	75,800,000	Time Payment
T2-10a	11	175,000	75,975,000	CCN #6 NSA Encryption. Time Payment #2
	12		75,975,000	
T2-11	13	15,400,000	91,375,000	Deliver Comm panel harness to panel integration
T2-11a	13a	1,522,000	92,897,000	CCN # 4 (GBBF and Feeder Link Frequency Changes) pay't #2
T2-12	15	23,100,000	115,997,000	Time Payment
	16		115,997,000	
	17		115,997,000	
T2-13	18	13,200,000	129,197,000	Deliver Comm Panels
T2-13a	18	175,000	129,372,000	CCN #6 NSA Encryption. Time Payment #3
T2-14	19	19,800,000	149,172,000	Complete Proplusion/Structure Module
	20		149,172,000	
T2-15	21	24,200,000	173,372,000	Mate Spacecraft Main Body
T2-15a	21	150,000	173,522,000	CCN # 6 NSA Encryption. Time Payment #4
	22		173,522,000	
	23		173,522,000	
T2-16	24	11,000,000	184,522,000	Complete Reference Performance Testing
T2-16a	24	100,000	184,622,000	CCN # 6 NSA Encryption. Time Payment #5
T2-16b	24	475,000	185,097,000	CCN #8 Test to Populate SBN Equalization Database
	25		185,097,000	
	26		185,097,000	
T2-17	27	2,200,000	187,297,000	Complete Thermal Vacuum Testing
	28		187,297,000	
T2-18	29	1,100,000	188,397,000	Complete Dynamic Testing
T2-19	30	1,100,000	189,497,000	Time Payment
T2-20	31	1,100,000	190,597,000	Complete SPSR
T2-21	32	1,100,000	191,697,000	Launch Satellite
	34			Complete IOT **

* For this Payment Plan, TerreStar 2 Commencement Date to occur no earlier than August 25, 2005, but no later than twelve (12) months after the Agreement Execution Date.

** Orbital Performance Incentive amounts shall be paid in accordance with Article 13.

Use or disclosure of the data contained on this page is subject to the restrictions set forth on the first page of this Agreement.

SCHEDULE II

MILESTONE PAYMENTS AND PAYMENT DATES

PART B

[*See Attached*]

Exhibit F

Payment Plan for TerreStar-2 Satellite Orbital Performance Incentives

November 9, 2007

Space Systems/Loral, Inc.
3825 Fabian Way
Palo Alto, California 94303-4201

TerreStar Networks Inc.
One Discovery Square
9th Floor
12010 Sunset Hills Road
Reston, Virginia 20190

This document contains data and information proprietary to Space Systems/Loral, Inc. and TerreStar Networks Inc. This data is being furnished pursuant to the provisions of the Contract between TerreStar Networks Inc. and Space Systems/Loral, Inc. for the TerreStar Satellite Program. Space Systems/Loral, Inc. and TerreStar Networks Inc. shall have the right to duplicate, use or disclose the data and information to the extent specified in the Purchase Contract.

Exhibit F -- Payment Plan for TerreStar Satellite Orbital Performance Incentives

9-Nov-07

Payment Plan for TerreStar 2 Scheduled Orbital Performance Incentives

(in U.S. $s)

Months after Launch*	Scheduled Orbital Performance Payments	Cumulative Scheduled Orbital Performance Payments
0	-	-
1	-	-
2	-	-
3	16,500,000	16,500,000
4	-	16,500,000
5	-	16,500,000
6	-	16,500,000
7	-	16,500,000
8	-	16,500,000
9	-	16,500,000
10	-	16,500,000
11	-	16,500,000
12	16,500,000	33,000,000
TOTAL	33,000,000	

*Subject to Articles 13.2.2 and 13.2.5 (B) of the Contract.

Use or disclosure of the data contained on this page is subject to the restrictions set forth on the first page of this Agreement.

Exhibit F -- Payment Plan for TerreStar Satellite Orbital Performance Incentives

9-Nov-07

Payment Plan for TerreStar 2 Quarterly Orbital Performance Incentives

(In U.S. $s) (based on Contractor earning 100% of the Quarterly Orbital Performance Incentives over the entire 15 years after Acceptance)

Quarter No.	Months after Acceptance*	Quarterly Incentive Payments	Quarterly Interest Charge**	Total Quarterly Incentive & Interest Payments
1	3	275,000	5,342	280,342
2	6	275,000	10,788	285,788
3	9	275,000	16,340	291,340
4	12	275,000	22,000	297,000
5	15	275,000	27,770	302,770
6	18	275,000	33,651	308,651
7	21	275,000	39,647	314,647
8	24	275,000	45,760	320,760
9	27	275,000	51,991	326,991
10	30	275,000	58,344	333,344
11	33	275,000	64,819	339,819
12	36	275,000	71,421	346,421
13	39	275,000	78,151	353,151
14	42	275,000	85,011	360,011
15	45	275,000	92,005	367,005
16	48	275,000	99,134	374,134
17	51	275,000	106,403	381,403
18	54	275,000	113,812	388,812
19	57	275,000	121,365	396,365
20	60	275,000	129,065	404,065
21	63	275,000	136,915	411,915
22	66	275,000	144,917	419,917
23	69	275,000	153,074	428,074
24	72	275,000	161,390	436,390
25	75	275,000	169,868	444,868
26	78	275,000	178,510	453,510
27	81	275,000	187,320	462,320
28	84	275,000	196,302	471,302
29	87	275,000	205,457	480,457
30	90	275,000	214,791	489,791
31	93	275,000	224,306	499,306
32	96	275,000	234,006	509,006
33	99	275,000	243,894	518,894
34	102	275,000	253,974	528,974
35	105	275,000	264,250	539,250
36	108	275,000	274,726	549,726
37	111	275,000	285,406	560,406
38	114	275,000	296,292	571,292
39	117	275,000	307,391	582,391
40	120	275,000	318,704	593,704
41	123	275,000	330,238	605,238
42	126	275,000	341,996	616,996
43	129	275,000	353,982	628,982
44	132	275,000	366,201	641,201
45	135	275,000	378,657	653,657
46	138	275,000	391,355	666,355
47	141	275,000	404,300	679,300
48	144	275,000	417,497	692,497
49	147	275,000	430,950	705,950
50	150	275,000	444,664	719,664
51	153	275,000	458,644	733,644
52	156	275,000	472,897	747,897
53	159	275,000	487,426	762,426
54	162	275,000	502,237	777,237
55	165	275,000	517,336	792,336
56	168	275,000	532,728	807,728
57	171	275,000	548,420	823,420
58	174	275,000	564,416	839,416
59	177	275,000	580,723	855,723
60	180	275,000	597,347	872,347
	TOTAL	16,500,000	14,846,327	31,346,327

* -- Subject to Articles 13.2.1 and 13.2.5 (B) of the Contract.

** -- Calculated at Annual Interest Rate of 8.0% Compounded Annually

Use or disclosure of the data contained on this page is subject to the restrictions set forth on the first page of this Agreement.

SCHEDULE 2.09(a)

LENDER PAYMENT ACCOUNTS

Lender:	Harbinger Capital Partners Master Fund I, Ltd.
Wire Info:	
Bank:	Citibank, N.A. New York
ABA No:	021000089
F/A/O:	Bear Stearns Securities Corporation
Account No.:	09253186
F/F/C:	Harbinger Capital Partners Master Fund I, Ltd.
Account No:	102-28784-23
Lender:	Harbinger Capital Partners Special Situations Fund, LP
Wire Info:	
Bank:	Chase Manhattan Bank, NY
ABA:	021-000-021
F/A/O:	Goldman Sachs & Co., NY
Account:	930-1-011483
F/F/C:	Harbinger Capital Partners Special Situations Fund, L.P.
Account:	00230270-1
Lender:	EchoStar Corporation
Wire Info:	
Bank:	Bank of America
ABA:	026009593
Beneficiary:	EchoStar Holding ACH/Wires
Account:	12330-65595

SCHEDULE 3.05(c)

MATERIAL ADVERSE EFFECT EXCEPTIONS

Space Systems/Loral, Inc. has informed TerreStar of a delay in construction of TerreStar-1 and given Terrestar a new expected delivery date for the end of November, 2008. There can be no assurance that Space Systems/Loral, Inc. will meet this date or not have additional delays. The Lenders been given the opportunity to speak with Space Systems/Loral, Inc. about this delay.

Allegations of a "Change in Control" or "Change of Control" under the Series A or Series B preferred or the 15% Notes Indenture.

Litigation regarding shareholder approval of the transactions contemplated by the Investment Agreement.

EXHIBIT A

FORM OF NOTICE OF BORROWING

[INSERT DATE]

Harbinger Capital Partners Master Fund I, Ltd.
Harbinger Capital Partners Special Situations Fund, LP
c/o Harbinger Capital Partners Funds
555 Madison Avenue, 16th Floor
New York, NY 10022
Attention: _____

EchoStar Corporation
90 Inverness Circle E.
Englewood, Colorado 80112
Attention: _____

This Notice of Borrowing is delivered pursuant to Section 4.02(e) of the Purchase Money Credit Agreement dated as of February 5, 2008 (as amended, modified or supplemented and in effect from time to time, the "CREDIT AGREEMENT") among TERRESTAR NETWORKS INC. (the "BORROWER"), U.S. BANK NATIONAL ASSOCIATION, as collateral agent for the lenders referred to below, HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD., HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P., ECHOSTAR CORPORATION and the other lenders party thereto from time to time. Unless otherwise defined herein, capitalized terms used in this Notice of Borrowing have the meanings given to them (whether by reference to another document or otherwise) in the Credit Agreement.

This Notice of Borrowing is irrevocable and constitutes a request for a Loan as follows:

1. Purpose of Loan is to make a Milestone Payment.

2. Aggregate amount of the Loan: $_____

- Amount being paid to Satellite Manufacturer: $_____

3. Date of Loan: _____.

4. Deposit Account: The account of the [Borrower / Satellite Manufacturer] at Bank: [_____], Routing Number: [_____], Account Number: [_____].

As contemplated by the Credit Agreement, the Borrower certifies that all applicable conditions of Sections 4.01 and 4.02 of the Credit Agreement have been met and that, as at the

date of this Notice of Borrowing and the date of the Loan (including after giving effect to the making of the Loan and the intended use thereof):

(a) the representations and warranties of the Borrower set out in Article III of the Credit Agreement shall be true and correct on and as of the date of the making of the Loan;

(b) no Default or Event of Default shall have occurred and be continuing. The Borrower further confirms and certifies to the Lender that the proceeds of the requested Loan will be used solely for the purposes specified and permitted by the Credit Agreement; and

(c) when the amount of the requested Loan is added to the aggregate principal amount of all Loans theretofore made to the Borrower, the aggregate principal amount of the Loans shall not exceed the Commitment then in effect.

Very truly yours,

TERRESTAR NETWORKS INC.

By:_____
Name:
Title:

EXHIBIT B

OPINIONS OF NEW YORK AND DELAWARE COUNSEL TO THE BORROWER AND THE GUARANTORS

EXHIBIT C

FORM OF SECURITY AGREEMENT

SECURITY AGREEMENT

SECURITY AGREEMENT (this "Security Agreement"), dated as of February 5, 2008, among TerreStar Networks Inc., a Delaware corporation (the "Borrower" or the "Grantor") in favor of U.S. BANK NATIONAL ASSOCIATION, as collateral agent (in such capacity, including its successors in such capacity, the "Collateral Agent") for the lenders (collectively, the "Lenders") under the Credit Agreement (as defined below).

WHEREAS, contemporaneously with the execution of this Security Agreement, the Grantor, the Lenders and the Collateral Agent have entered into the Credit Agreement, dated as of even date herewith (as amended, amended and restated, modified and supplemented and in effect from time to time, the "Credit Agreement"); and

WHEREAS, it is a condition precedent to the Lenders' making any loans or otherwise extending credit to the Borrower under the Credit Agreement that the Grantor execute and deliver to the Collateral Agent, a security agreement in the form hereof; and

WHEREAS, the Grantor has agreed to pledge and grant a security interest in the Collateral (as hereinafter defined) as security for the Secured Obligations (as hereinafter defined).

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions, Etc.

1.01. Terms Generally. Terms used herein and not otherwise defined herein are used herein as defined in the Credit Agreement; provided that the following terms shall have the meanings given to them in the TerreStar-2 Construction Agreement: "Satellite" and "Raw Materials, Work-in-Process and Finished Goods".

1.02. Certain UCC Terms. The terms "Investment Property" and "Proceeds" have the respective meanings ascribed thereto in Article 9 of the NYUCC.

1.03. Additional Definitions. In addition, as used herein:

"Collateral" has the meaning ascribed thereto in Section 3.

"FCC" means the Federal Communications Commission, or any successor agency.

"Intellectual Property" shall mean, collectively, all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, and all rights to sue at law or in equity for any

infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"NYUCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"Satellite Construction Agreement" means the amended and restated satellite construction contract for TerreStar-2, dated as of December 12, 2007, between the Borrower and the Satellite Manufacturer.

"Secured Obligations" means all obligations of every nature of the Grantor from time to time owed to the Collateral Agent or any Lender under any Loan Document, whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to the Grantor, would have accrued on any obligation, whether or not a claim is allowed against the Grantor for such interest in the related bankruptcy proceeding), expenses, indemnities or any other amount.

Section 2. Representations and Warranties. The Grantor represents and warrants to the Lenders as of the date hereof that:

(a) Title. The Grantor is the legal and beneficial owner, lessee or licensee of the Collateral in which it purports to grant a security interest pursuant to Section 3, and no Lien exists upon such Collateral, except for (i) the pledge and security interest in favor of the Collateral Agent for the benefit of the Lenders created or provided for herein and (ii) Liens permitted under the Credit Agreement. Upon filing of the appropriate financing statements, the pledge and security interest in favor of the Collateral Agent for the benefit of the Lenders created or provided for herein will constitute a valid first priority perfected pledge and security interest in and to all of such Collateral to the extent a security interest can be perfected by filing.

(b) Names, Etc. The full and correct legal name, type of organization, jurisdiction of organization, organizational ID number (if applicable) and mailing address of the Grantor as of the date hereof are correctly set forth in Annex 1. Annex 1 correctly specifies the place of business of the Grantor or, if the Grantor has more than one place of business, the location of the chief executive office of the Grantor.

(c) Changes in Circumstances. The Grantor has not (i) within the period of four months prior to the date hereof, changed its location (as defined in Section 9-307 of the NYUCC), (ii) except as specified in Annex 1, heretofore changed its name, or (iii) except as specified in Annex 2, heretofore become a "new debtor" (as defined in Section 9-102(a)(56) of the NYUCC) with respect to a currently effective security agreement previously entered into by any other Person.

Section 3. Collateral. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, the Grantor hereby pledges and grants to the Collateral Agent for the ratable benefit of the Lenders, a security interest in all of the Grantor's right, title and interest in the following, whether now owned or hereafter acquired by the Grantor and whether now existing or hereafter coming into

existence and wherever located (all of the following being collectively referred to herein as "Collateral"):

(a) Raw Materials, Work-in-Process and Finished Goods;

(b) the Satellite;

(c) all rights and remedies of the Grantor with respect to any and all representations, warranties, covenants and any other agreements or provisions under the TerreStar-2 Construction Agreement (including without limitation all rights and remedies of the Grantor, in its capacity as a "secured party" (as such term is defined in the NYUCC), with respect to the Collateral securing the Secured Obligations (each such term as defined in the TerreStar-2 Construction Agreement) under the TerreStar-2 Construction Agreement);

(d) all insurance relating to any of the foregoing provided under the TerreStar-2 Construction Agreement;

(e) only to the extent provided under the TerreStar-2 Construction Agreement, all books, correspondence, credit files, records, invoices and other papers (including without limitation all tapes, cards, computer runs and other papers and documents in the possession or under the control of the Grantors or any computer bureau or service company from time to time acting for the Grantors); and

(f) all Proceeds, including all Cash Proceeds and all Noncash Proceeds of the foregoing Collateral.

IT BEING UNDERSTOOD, HOWEVER, that:

(A) in no event shall the security interest granted under this Section 3 attach to any lease, license, contract, Intellectual Property or agreement to which the Grantor is a party (or to any of its rights or interests thereunder) or Investment Property to the extent that the grant of such security interest would: (x) constitute or result in either (i) the abandonment, invalidation or unenforceability of any right, title or interest of the Grantor therein; or (ii) a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, Intellectual Property or agreement (other than, to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the NYUCC); or (y) require the consent of any third party;

(B) no security interest shall attach to or be granted in United States intent to use trademark applications to the extent that the grant of a security interest therein would impair the validity or enforceability of such intent to use trademark applications under applicable U.S. federal law; and

(C) title to the Satellite and the Raw Materials, Work-in-Process and Finished Goods shall transfer to the Borrower only in accordance with the TerreStar-2 Construction Agreement, and until such time, title to the Satellite and the Raw Materials, Work-in-Process and Finished Goods shall remain with the Satellite Manufacturer;

provided, that, notwithstanding anything to the contrary, clause (A) shall apply only to the extent that any provisions providing for the breach, termination or default with respect to such lease, license, contract, Intellectual Property or agreement were not in contemplation of this Security Agreement or any of the transactions contemplated by the Credit Agreement; and provided further that immediately upon the ineffectiveness, lapse or termination of any such prohibition on the grant of such security interest or lien, the Collateral shall include, and the Grantor shall be deemed to have granted a security interest in, all such right, title and interests as if such prohibition had never been in effect.

Section 4. Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Section 3, the Grantor hereby agrees with each Lender and the Collateral Agent as follows:

4.01. Delivery and Other Perfection. The Grantor shall:

(a) give, execute, deliver, file, record, authorize or obtain all such financing statements, notices, instruments, documents, agreements or consents or other papers and take all such other actions as may be necessary or desirable (in the reasonable judgment of the Collateral Agent) and reasonably requested by the Collateral Agent to create, preserve, perfect or validate the security interest in the Collateral granted pursuant hereto under the law of the United States or a jurisdiction thereof or to enable the Collateral Agent to exercise and enforce its rights hereunder with respect to such pledge and security interest, including, without limitation, (i) making filings, registrations and recordations with the U.S. Patent and Trademark Office and the U.S. Copyright Office, and (ii) taking all such action as may be required by the Uniform Commercial Code then in effect in any applicable jurisdiction in order to effect the same;

(b) keep full and accurate books and records relating to the Collateral;

(c) if any Event of Default shall have occurred and be continuing, permit representatives of the Collateral Agent, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral, and permit representatives of the Collateral Agent to be present at the Grantor's place of business to receive copies of all communications and remittances relating to the Collateral, and forward copies of any notices or communications received by the Grantor with respect to the Collateral, all in such manner as the Collateral Agent may require; and

(d) execute and deliver and, subject to the execution thereof by the Collateral Agent, upon request of the Collateral Agent cause to be filed, such continuation statements, and do such other acts and things as the Collateral Agent may reasonably request, as may be necessary to maintain the perfection of the security interest granted pursuant hereto under the law of the United States or a jurisdiction therein.

4.02. Other Financing Statements and Liens. Except as otherwise permitted under the Credit Agreement, no Grantor shall file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the

Collateral in which the Collateral Agent is not named as the sole secured party for the benefit of the Lenders.

4.03. Preservation of Rights. The Collateral Agent shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral.

4.04. Limitation on Restrictions in Future Agreements. The Borrower and each Guarantor will use commercially reasonable efforts to ensure that any agreement, arrangement or instrument entered into after the Effective Date will not contain any restriction which may have a material adverse effect on the Lenders and which relates, directly or indirectly, to its rights under the TerreStar-2 Construction Agreement and any similar agreements.

4.05. Events of Default, Etc. During the period during which an Event of Default shall have occurred and be continuing:

(a) the Grantor shall, at the request of the Collateral Agent, assemble the Collateral owned by it in its possession at such place or places, reasonably convenient to the Collateral Agent and the Grantor, designated in the Collateral Agent's request;

(b) the Collateral Agent may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral;

(c) the Collateral Agent shall have all of the rights and remedies with respect to the Collateral of a secured party under the NYUCC (whether or not the Uniform Commercial Code is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Collateral Agent were the sole and absolute owner thereof (and the Grantor agree to take all such action as may be appropriate to give effect to such right);

(d) the Collateral Agent in its discretion may, in its name or in the name of the Grantor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(e) the Collateral Agent may, upon 5 Business Days' prior written notice to the Grantor of the time and place (which the Grantor agree constitutes reasonable prior notice), with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of the Collateral Agent, the holders of the Secured Obligations or any of their respective agents, sell, lease, assign or otherwise dispose of all or any part of such Collateral, at such place or places as the Collateral Agent deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place

thereof (except such notice as is required above or by applicable statute and cannot be waived), and the Collateral Agent or any holder of any Secured Obligation or anyone else may be the purchaser, lessee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Grantor, any such demand, notice and right or equity being hereby expressly waived and released. The Collateral Agent may, to the extent permissible by law, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned. The proceeds of each collection, sale or other disposition under this Section 4.05 shall be applied in accordance with Section 4.08. The Grantor acknowledges that any such private sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agree, to the extent permissible by law, that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the respective issuer thereof to register it for public sale. The Collateral Agent shall not be required to marshal any present or future collateral security (including, but not limited to, this Security Agreement and the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of the Collateral Agent's rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that the Grantor lawfully may, the Grantor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Collateral Agent's rights under this Security Agreement or under any other instrument creating or evidencing any of the Secured Obligations or under which any of the Secured Obligations is outstanding or by which any of the Secured Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Grantor hereby irrevocably waives the benefits of all such laws. The Grantor hereby acknowledges that to the extent permissible by law, if the Collateral Agent complies with any applicable state, provincial, or federal law requirements in connection with a disposition of the Collateral, such compliance will not adversely affect the commercial reasonableness of any sale or other disposition of the Collateral.

4.06. Locations; Names. Without at least 15 Business Days' prior written notice to the Collateral Agent, no Grantor shall change its location (as defined in Section 9-307 of the Uniform Commercial Code) or change its name from the name shown as its current legal name on Annex 1.

4.07. Private Sale. The Collateral Agent and the Lenders shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to Section 4.05 conducted in a commercially reasonable manner.

4.08. Application of Proceeds. Except as otherwise herein expressly provided and except as provided below in this Section 4.08, the Proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Collateral Agent under this Section 4, shall be applied by the Collateral Agent:

First, to the payment of the reasonable costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of the Collateral Agent and the reasonable fees and expenses of its agents and counsel, and all out-of-pocket expenses incurred and advances made by the Collateral Agent in connection therewith;

Next, to the payment in full of the Secured Obligations, in each case equally and ratably in accordance with the respective amounts thereof then due and owing or as the Lenders holding the same may otherwise agree; and

Finally, to the payment to the Grantor, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

4.09. Attorney-in-Fact. Without limiting any rights or powers granted by this Security Agreement to the Collateral Agent while no Event of Default has occurred and is continuing, the Collateral Agent is hereby appointed the attorney-in-fact of the Grantor to, upon the occurrence and during the continuance of any Event of Default, carry out the provisions of this Section 4 and take any action and execute any instruments that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest; provided that, Collateral Agent shall not execute on behalf of Grantor any application or other instrument to be submitted to the FCC or any other Governmental Authority except to the extent permitted by applicable law. Without limiting the generality of the foregoing, so long as the Collateral Agent shall be entitled under this Section 4 to make collections in respect of the Collateral, the Collateral Agent shall have the right and power to receive, endorse and collect all checks made payable to the order of the Grantor representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same.

4.10. Perfection and Recordation. Except as otherwise provided below, prior to or concurrently with the execution and delivery of this Security Agreement, the Grantor shall file such financing statements in such offices as the Collateral Agent may reasonably request to perfect the security interests granted by Section 3 of this Security Agreement.

4.11. Termination. Upon the payment of all Secured Obligations in full or release of the Collateral in full in accordance with Section 4.12, this Security Agreement shall terminate, and the Collateral Agent shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of the Grantor.

4.12. Release. The Liens on the Collateral under this Security Agreement will be released: (i) in whole, if the Loans (together with accrued and unpaid interest thereon, fees and all other amounts due and payable under the Loan Documents) shall be repaid in full, and the Commitment shall have terminated or expired; or (ii) with the consent of each Lender affected

thereby. Upon compliance by the Borrower or the Guarantors, as the case may be, with the conditions precedent set forth above, the Collateral Agent shall promptly cause to be released and reconveyed to the Borrower, or its Guarantors, as the case may be, the released Collateral. In addition, the Collateral Agent shall, at the expense of the Grantor, execute and deliver to the Grantor such Uniform Commercial Code termination statements or amendments to effect and evidence the release of the Liens on such Collateral and execute any other documentation to effect or evidence such Lien termination as may be requested by the Grantor.

4.13. Further Assurances. The Grantor agrees that, from time to time upon the written request of the Collateral Agent, at the expense of the Grantor and, subject to the terms hereof, the Grantor will promptly execute and use commercially reasonable efforts to deliver, or otherwise authenticate, all further instruments and documents, and take all further commercially reasonable action that the Collateral Agent may reasonably request in order to perfect and protect any pledge or security interest granted or purported to be granted by the Grantor hereunder or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of the Grantor and do such other acts and things as the Collateral Agent may reasonably request in order fully to effect the purposes of this Security Agreement, including, without limitation, (a) executing and delivering or causing to be delivered to Collateral Agent, in form and substance satisfactory to the Collateral Agent, such landlord waivers, warehouseman waivers, bailee letters or other acknowledgement agreements of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in any Collateral as may be reasonably requested by the Collateral Agent, (b) delivering or causing to be delivered to Collateral Agent evidence of written notice to insurers of the Collateral Agent's security interest in, or claim in or under, any policy of insurance required under the terms of the Credit Agreement (including unearned premiums) and/or copies of all such policies with an endorsement naming Collateral Agent, for the benefit of the Lenders, as the sole loss payee (under a satisfactory lender's loss payable endorsement) or additional insured, as may be reasonably requested by the Collateral Agent and (c) taking any other action contemplated by this Article 4. In addition, the Grantor will furnish to the Collateral Agent from time to time statements and schedules (or update any schedules and annexes hereto) further identifying and describing the Collateral of the Grantor and such other reports in connection with such Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

Section 5. Miscellaneous.

5.01. Notices. All notices, requests, consents and demands hereunder shall be delivered to the intended recipient at the address and in the manner specified pursuant to Section 10.01 of the Credit Agreement.

5.02. No Waiver. No failure on the part of the Collateral Agent or any Lender to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent or any Lender of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

5.03. Amendments, Etc. The terms of this Security Agreement may be waived, altered or amended in accordance with Section 10.02 of the Credit Agreement and only by an instrument in writing duly executed by the Grantor and the Collateral Agent (acting at the direction of the Lenders in accordance with the terms of the Credit Agreement); provided that any provision of this Security Agreement may be waived by the Collateral Agent in a letter or agreement executed by the Collateral Agent or by facsimile transmission from the Collateral Agent (in each case, acting at the direction of the Lenders in accordance with the terms of the Credit Agreement). Any such amendment or waiver shall be binding upon the Collateral Agent and each Lender and the Grantor.

5.04. Expenses. The Grantor agrees to reimburse the Collateral Agent for all reasonable out-of-pocket costs and expenses of the Collateral Agent (including, without limitation, the reasonable fees and expenses of one legal counsel) in connection with (i) the administration of this Security Agreement and the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral of the Grantor, (ii) any Event of Default and any enforcement or collection proceeding resulting therefrom, including, without limitation, all manner of participation in or other involvement with (w) performance by the Collateral Agent of any obligations of the Grantor in respect of the Collateral that the Grantor has failed or refused to perform, (x) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Collateral Agent in respect thereof, by litigation or otherwise, including expenses of insurance, (y) judicial or regulatory proceedings and (z) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated) and (iii) the enforcement of this Section 5.04, and all such costs and expenses shall be Secured Obligations entitled to the benefits of the collateral security provided pursuant to Section 3.

5.05. Successors and Assigns. This Security Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Grantor, the Collateral Agent and each Lender (provided that no Grantor shall assign or transfer its rights or obligations hereunder without the prior written consent of the Collateral Agent and the Lenders).

5.06. Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Security Agreement by signing any such counterpart.

5.07. Governing Law. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5 1401 AND 5 1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

5.08. Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Security Agreement.

5.09. Certain Regulatory Requirements.

(a) Cooperation by Grantor. To the extent permitted pursuant to the terms of the Credit Agreement, at any time after the occurrence and during the continuance of an Event of Default, the Grantor shall take all lawful action that the Collateral Agent or any Lender may reasonably request in the exercise of its rights and remedies hereunder, which include the right to require the Grantor to facilitate an arms'-length public or private sale for the benefit of the Collateral Agent or such Lender. In furtherance of this right, the Grantor shall (i) cooperate fully with the Collateral Agent and the Lenders in obtaining all approvals and consents from the FCC and each other Governmental Authority and from any third parties that the Collateral Agent or any Lender may deem necessary or advisable to accomplish any such transfer or assignment, and (ii) prepare, execute and file with the FCC and any other Governmental Authority any application, request for consent, certificate or instrument that the Collateral Agent or any Lender may deem necessary or advisable to accomplish any such transfer or assignment. If the Grantor fails to execute such applications, requests for consent, certificates or instruments, the clerk of any court that has jurisdiction over the Loan Documents may, upon an ex parte request by the Collateral Agent or any Lender, execute and file the same on behalf of the Grantor for purposes of placing such request before the FCC or any other Governmental Authority, as applicable, except to the extent as would not be permissible under applicable law.

(b) Actions by Collateral Agent. To enforce the provisions of Section 4.05, the Collateral Agent is authorized to request the consent or approval of the FCC or any other Governmental Authority to a voluntary or an involuntary transfer of control of the Grantor. In connection with the exercise of its remedies under this Security Agreement, the Collateral Agent may obtain the appointment of a trustee or receiver to assume control of the Grantor, subject to any required prior approval of the FCC or any other Governmental Authority. Such trustee or receiver shall have all rights and powers provided to it by law or by court order or provided to the Collateral Agent under this Security Agreement.

(c) Certain Limitations Upon Actions by Collateral Agent and the Lenders. Notwithstanding anything to the contrary contained in this Security Agreement, the Collateral Agent and the Lenders shall not take any action that would affect the operational, voting, or other control of the Grantor, unless such action is taken in accordance with the provisions of the Communications Act of 1934, as from time to time amended, and the rules, regulations and policies of the FCC and any other Governmental Authority.

(d) Acknowledgement by Grantor. The Grantor agrees that the provisions of this Section 5.09 may be specifically enforced, without any requirement to post bond (such rights being fully waived by Grantor) and without regard to the adequacy of any remedies available at law (the defense of the adequacy of remedies at law being fully waived by the Grantor).

5.10. Agents and Attorneys-in-Fact. The Collateral Agent and Lenders may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith.

5.11. Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

5.12. No Senior Liens. Except for any Collateral Permitted Liens, as permitted under the Credit Agreement, Grantor shall not grant to any party any lien or security interest in any of the Collateral that is superior to the interest granted to the Collateral Agent hereunder regardless of whether such security interest could be held by, exercised by, or granted to Collateral Agent under applicable law.

[*The remainder of this page has been intentionally left blank.*]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed and delivered as of the day and year first above written.

TERRESTAR NETWORKS INC., as Grantor

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, as
Collateral Agent

By: _____

Name: Richard Prokosch

Title: Vice President

HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD., as a Lender

By: Harbinger Capital Partners Offshore Manager, L.L.C., as investment manager

By: _____
Name: William R. Lucas, Jr.
Title: Executive Vice President

HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P., as a Lender

By: Harbinger Capital Partners Special Situations GP, LLC, as general partner

By: _____
Name: William R. Lucas, Jr.
Title: Executive Vice President

ECHOSTAR CORPORATION, as a Lender

By: _____
Name:
Title:

ANNEX 1

FILING DETAILS

Grantor	Type of Organization	Jurisdiction of Organization	Organizational ID Number	Current Mailing Address
TerreStar Networks Inc.	Corporation	Delaware	3491967	12010 Sunset Hills Road, 6th Floor Reston, VA 20190

ANNEX 2

NEW DEBTOR EVENTS

None.

EXHIBIT D

FORM OF NOTE

FORM OF NOTE

$_____ _____ __, 20__

FOR VALUE RECEIVED, the undersigned, _____, a _____ _____ (the "BORROWER"), hereby irrevocably and unconditionally promises to pay to the order of _____ (the "LENDER") the principal sum of _____ ($__,___,___.__) or, if less, the aggregate unpaid principal amount of the Loans (as defined in the Credit Agreement referred to below) made by the Lender pursuant to the Purchase Money Credit Agreement, dated as of February 5, 2008 (as amended, restated, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), among the Borrower, the guarantors party thereto from time to time, U.S. BANK NATIONAL ASSOCIATION, as collateral agent for the Lenders (as defined below) (in such capacity, the "COLLATERAL AGENT"), HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD., HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P., ECHOSTAR CORPORATION, the other lenders party thereto from time to time (each a "LENDER" and collectively, the "LENDERS"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings provided in the Credit Agreement.

The Borrower hereby irrevocably and unconditionally also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from and including the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Credit Agreement.

Payments of both principal and interest are to be made without setoff or counterclaim in lawful money of the United States in immediately available funds to the account designated by the Administrative Agent pursuant to the Credit Agreement.

This Note is one of the Notes referred to in, and evidences Indebtedness incurred under, the Credit Agreement, to which reference is made for a description of the security for this Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Note and on which such Indebtedness may be declared to be or shall automatically become immediately due and payable. This Note is also entitled to the benefits of Section 8.01 of the Credit Agreement and is secured by the Collateral.

The Borrower hereby irrevocably authorizes the Lender to make (or cause to be made) appropriate notations on the schedule attached to this Note (or on any continuation of such schedule), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal the Loans evidenced hereby. As provided in Section 2.04 of the Credit Agreement, such notations shall be PRIMA FACIE evidence of the existence and amounts of the obligations recorded; provided, that the failure of the Lender to make any such notations shall not limit or otherwise affect any Obligations of the Borrower or any other Credit Party.

All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

THIS TERM LOAN NOTE A SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

_____,
a _____ _____

By:_____
Name:
Title:

LOAN AND PRINCIPAL PAYMENTS

Date	Amount of Loan Made	Amount of Principal Repaid	Unpaid Principal Balance	Total	Notation Made By

EXHIBIT E

FORM OF JOINDER TO GUARANTEE

FORM OF JOINDER AGREEMENT

JOINDER AGREEMENT (this "JOINDER AGREEMENT"), dated as of _____, ____, made by _____, a _____ _____ (the "ADDITIONAL GUARANTOR"), in favor of U.S. BANK NATIONAL ASSOCIATION, as collateral agent (in such capacity, together with its successors and assigns in such capacity, the "COLLATERAL AGENT") acting pursuant to this Joinder Agreement for the benefit of the Lenders (as defined below). All capitalized terms not defined herein shall have the meaning ascribed to them in the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, TERRESTAR NETWORKS, INC., a Delaware corporation (the "BORROWER"), the Borrower's Subsidiaries designated as Guarantors under the Credit Agreement (as defined below) (collectively, the "GUARANTORS"), HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD., HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P., ECHOSTAR CORPORATION, the other lenders party hereto from time to time (each a "LENDER" and collectively, the "LENDERS"), and Collateral Agent have entered into a Purchase Money Credit Agreement, dated as of February 5, 2008 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT");

WHEREAS, pursuant to Section 8.01(a) of the Credit Agreement, the Guarantors jointly and severally unconditionally and irrevocably guarantee, as a primary obligor and not merely as a surety, to each Lender and to the Collateral Agent and their respective successors and assigns the Guaranteed Obligations, as defined in the Credit Agreement;

WHEREAS, Section 5.16 of the Credit Agreement requires the Additional Guarantor to become a party to the Credit Agreement as a Guarantor; and

WHEREAS, the Additional Guarantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Credit Agreement as a Guarantor;

NOW, THEREFORE, IT IS AGREED:

1. Guarantee. By executing and delivering this Joinder Agreement, the Additional Guarantor, as provided in Section 5.16 of the Credit Agreement, hereby becomes a party to the Credit Agreement as a Guarantor thereunder with the same force and effect as if originally named therein as a Guarantor and, without limiting the generality of the foregoing, hereby (a) jointly and severally, unconditionally and irrevocably, guarantees to the Collateral Agent, for the benefit of the Lenders and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Guaranteed Obligations, and (b) expressly assumes all obligations and liabilities of a Guarantor thereunder. The Additional Guarantor hereby represents and warrants that each of the representations and warranties contained in Article III of the Credit Agreement is true and correct on and as the date hereof (after giving effect to this Joinder Agreement) as if made on and as of such date.

2. GOVERNING LAW. **THIS JOINDER AGREEMENT SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).**

3. No Novation or Release. Nothing in this Joinder Agreement shall be construed to release any other Guarantor at any time party to the Credit Agreement from its obligations and liabilities thereunder or otherwise affect any of such other Guarantor's obligations or liabilities under any Loan Document.

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GUARANTOR],
a _____

By: _____
Name: _____
Title: _____

Exhibit B

The Indenture

Execution Copy

TERRESTAR NETWORKS INC.

$500,000,000 15% Senior Secured PIK Notes due 2014

INDENTURE

Dated as of February 14, 2007

U.S. BANK NATIONAL ASSOCIATION,

As Trustee

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EXHIBITS

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EXHIBIT K FORM OF U.S. SECURITY AGREEMENT

EXHIBIT L FORM OF CANADIAN SECURITY AGREEMENT

EXHIBIT M FORM OF INTERCREDITOR AGREEMENT

INDENTURE dated as of February 14, 2007, among TERRESTAR NETWORKS INC., a Delaware corporation (the "Issuer"), the guarantors from time to time party hereto and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States (or any successor trustee, the "Trustee").

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of (i) the Issuer's Senior Secured PIK Notes due 2014 issued on the Issue Date and (ii) any Additional Notes (as defined herein) that may be issued on any other issue date:

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01 Definitions.

"2 GHz MSS S-Band Spectrum": any spectrum between 1 GHz and 3 GHz that can be used to provide mobile satellite service.

"Acquired Debt": with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Assets":

(1) all or substantially all of the assets of another Permitted Business;

(2) Capital Stock of another Permitted Business if the Permitted Business is or, after giving effect to such acquisition, becomes a Restricted Subsidiary of the Issuer;

(3) capital expenditures relating to an asset used or useful in a Permitted Business; or

(4) other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business.

"Additional Notes": any Notes issued under this Indenture in addition to the Initial Notes, having the same terms in all respects as the Initial Notes except that interest will accrue on the Additional Notes from their issue date.

"Additional Secured Obligations": Pari Passu Indebtedness of the Issuer or any Restricted Subsidiary permitted to be incurred under clauses (1) and (16) of Section 5.01(b) and

designated in writing by the Issuer as Indebtedness to be secured on a *pari passu* basis by a Lien granted to the Collateral Agent on the Collateral which is permitted by this Indenture; *provided* that the representative of such Additional Secured Obligations executes the Intercreditor Agreement agreeing to be bound thereby.

"Affiliate": with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Agent": any Registrar, Paying Agent or Authenticating Agent.

"Agent Member": a member of, or a participant in, the Depositary.

"Applicable Premium": with respect to a Note at any date of redemption, the greater of (i) 1.0% of the principal amount of such Note and (ii) the excess of (A) the present value at such date of redemption of (1) the principal amount of such Note at February 15, 2014 plus (2) all remaining required interest payments due on such Note through February 15, 2014 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (B) the principal amount of such Note.

"Asset Sale":

(1) the sale, lease, conveyance or other disposition of any assets or rights; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by Sections 5.03 and 5.09 and not by Section 5.08; and

(2) the issuance of Equity Interests in any of the Issuer's Restricted Subsidiaries or the sale of Equity Interests in any of its Restricted Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a fair market value of less than $10.0 million;

(2) a disposition of assets between or among the Issuer and any Guarantors; *provided* that in the case of a sale of Collateral, the transferee shall cause such amendments, supplements or other instruments to be executed, filed, and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Lien on the Collateral owned by or transferred to the transferee, together with such financing statements or comparable documents as may be required to perfect any security interests in such Collateral which may be perfected by the filing of a

financing statement or a similar document under the Uniform Commercial Code or other similar statute or regulation of the relevant states or jurisdictions;

(3) a transfer of assets between or among Restricted Subsidiaries that are not Guarantors or from a Restricted Subsidiary that is not a Guarantor to the Issuer or a Guarantor;

(4) an issuance of Equity Interests by a Restricted Subsidiary of the Issuer to the Issuer or to another Restricted Subsidiary of the Issuer;

(5) the sale, lease or other disposition of equipment, inventory or products in the ordinary course of business and any sale or other disposition of damaged, worn-out, uneconomic or obsolete assets in the ordinary course of business;

(6) the creation of a Permitted Lien and dispositions in connection with Permitted Liens;

(7) the licensing or sublicensing of intellectual property or other general intangibles and licenses, leases or subleases of other property;

(8) foreclosure on assets, except to the extent that the value of the assets exceeds the amount of the obligation secured;

(9) the sale or other disposition of cash or Cash Equivalents; *provided* that, if such cash or Cash Equivalents arise as the result of an Asset Sale or Recovery Event, such sale or disposition is in accordance with the provisions of this Indenture;

(10) the sale or other disposition of Equity Interests in Unrestricted Subsidiaries;

(11) a Restricted Payment that is permitted by Section 5.04 or a Permitted Investment; and

(12) any transfer contemplated by the Transfer Agreements.

"Attributable Debt": in respect of a Sale/Leaseback Transaction, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; *provided, however*, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"Authenticating Agent": a Person engaged to authenticate the Notes in the stead of the Trustee.

"Bankruptcy Law": Title 11, United States Code, or any similar federal or state law for the relief of debtors.

"Beneficial Owner": as defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable, or is exercisable only upon the occurrence of a subsequent condition. The term "Beneficially Own" has a corresponding meaning.

"Board of Directors":

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such Person;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board of directors or committee of such Person serving a similar function.

"Business Day": each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or required by law to close.

"Canadian Entities": TerreStar Canada Holdings and TerreStar Canada.

"Canadian Communications Statutes": the Radiocommunication Act (Canada), the Telecommunications Act (Canada) and the rules, regulations, policies and decisions of Industry Canada and the Canadian Radio-television and Telecommunications Commission promulgated or made thereunder.

"Canadian Security Agreement": the Security Agreement dated of even date herewith by the Canadian Entities in favor of the Collateral Agent, substantially in the form attached hereto as Exhibit L.

"Capital Lease Obligation": at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Capital Stock":

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Cash Equivalents":

(1) United States dollars and in the case of any Foreign Subsidiary that is a Restricted Subsidiary, such local currencies held by them from time to time in the ordinary course of business;

(2) securities issued or directly and fully guaranteed or insured by the United States or the Canadian government or any agency or instrumentality of the United States or the Canadian government (*provided* that the full faith and credit of the United States or Canada, as applicable, is pledged in support of those securities) having maturities of not more than twelve months from the date of acquisition;

(3) marketable general obligations issued by any state of the United States or province of Canada, or any political subdivision of any such state or province or any public instrumentality thereof maturing within one year from the date of acquisition (*provided* that the full faith and credit of the United States or Canada, as applicable, is pledged in support thereof) and, at the time of acquisition, having a credit rating of "A" or better from either S&P or Moody's;

(4) certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits with any U.S. domestic or Canadian commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2), (3) and (4) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(6) commercial paper having a rating of at least A-3 from Moody's Investors Service, Inc. or P-3 from Standard & Poor's Rating Services and in each case maturing within nine months after the date of acquisition; and

(7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition.

"Certificate of Beneficial Ownership": a certificate substantially in the form of Exhibit H.

"Certificated Note": a Note in registered individual form without interest coupons.

"Change of Control": the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Holder;

(2) the adoption of a plan relating to the liquidation or dissolution of the Issuer;

(3) any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Motient or the Issuer, other than a Permitted Holder, measured by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of the Issuer are not Continuing Directors.

"Collateral": all property and assets, whether now owned or hereafter acquired, in which Liens are, from time to time, purported to be granted to secure the Notes pursuant to the terms of the Security Agreements or any other Collateral Documents.

"Collateral Agent": U.S. Bank National Association, acting as the Collateral Agent under the Collateral Documents.

"Collateral Documents": the Security Agreements, the mortgages, deeds of trust, deeds to secure debt, security agreements, pledge agreements, agency agreements and other instruments and documents executed and delivered pursuant to this Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which Collateral is pledged, assigned or granted to or on behalf of the Collateral Agent for the ratable benefit of the Holders of the Notes and the Additional Secured Obligations and the Trustee or notice of such pledge, assignment or grant is given.

"Commission": the Securities and Exchange Commission or any successor agency.

"Consolidated EBITDA": for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense; plus

(2) Consolidated Income Taxes; plus

(3) consolidated depreciation expense; plus

(4) consolidated amortization expense or impairment charges recorded in connection with the application of Financial Accounting Standard No. 142 "Goodwill and Other Intangibles" and Financial Accounting Standard No. 144 "Accounting for the Impairment or Disposal of Long Lived Assets"; *plus*

(5) the amount of any restructuring charges or reserves (including, without limitation, for retention, severance, contract termination costs, and costs to consolidate facilities and relocate employees); *plus*

(6) other non-cash charges reducing Consolidated Net Income (excluding any such non-cash charge to the extent it represents amortization of a prepaid cash expense that was paid in a prior period not included in the calculation); *plus*

(7) any net gain resulting from Hedging Obligations; *less*

(8) non-cash items increasing Consolidated Net Income of such Person for such period (excluding any items which represent the reversal of any accrual of, or reserve for, anticipated cash charges made in any prior period); *less*

(9) any net loss resulting from Hedging Obligations.

Notwithstanding the preceding sentence, clauses (2) through (7) relating to amounts of a Restricted Subsidiary of a Person will be added to Consolidated Net Income to compute Consolidated EBITDA of such Person only to the extent (and in the same proportion) that the net income (loss) of such Restricted Subsidiary was included in calculating the Consolidated Net Income of such Person and, to the extent the amounts set forth in clauses (2) through (7) are in excess of those necessary to offset a net loss of such Restricted Subsidiary or if such Restricted Subsidiary has net income for such period included in Consolidated Net Income, only if a corresponding amount would be permitted at the date of determination to be dividended to the Issuer by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"Consolidated Income Taxes": with respect to any Person for any period, taxes imposed upon such Person or other payments required to be made by such Person by any governmental

authority which taxes or other payments are calculated by reference to the income or profits (including franchise taxes) of such Person or such Person and its Restricted Subsidiaries (to the extent such income or profits were included in computing Consolidated Net Income for such period), regardless of whether such taxes or payments are required to be remitted to any governmental authority.

"Consolidated Interest Expense": for any period, the total interest expense of the Issuer and its consolidated Restricted Subsidiaries, whether paid or accrued, *plus*, (a) to the extent not included in such interest expense:

(1) interest expense attributable to Capital Lease Obligations and the interest component of any deferred payment obligations;

(2) amortization of original issue discount, non-cash interest payments (other than imputed interest as a result of purchase accounting);

(3) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(4) the interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries;

(5) costs associated with Hedging Obligations (excluding amortization of fees) *provided, however*, that if Hedging Obligations result in net benefits rather than costs, such benefits shall be credited to reduce Consolidated Interest Expense unless, pursuant to GAAP, such net benefits are otherwise reflected in Consolidated Net Income;

(6) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period, whether paid or accrued;

(7) the product of (a) all dividends paid or payable, in cash, Cash Equivalents or Indebtedness or accrued during such period on any series of Disqualified Stock of such Person or on preferred stock of its Restricted Subsidiaries that are not Guarantors payable to a party other than the Company or a wholly-owned Subsidiary, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state, provincial and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP; and

(8) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Issuer and its Restricted Subsidiaries) in connection with Indebtedness incurred by such plan or trust;

less (b) interest income actually received in cash for such period.

Notwithstanding anything to the contrary contained herein, commissions, discounts, yield and other fees and charges Incurred in connection with any transaction pursuant to which the Issuer or its Restricted Subsidiaries may sell, convey or otherwise transfer or grant a security interest in any accounts receivable or related assets shall be included in Consolidated Interest Expense.

"Consolidated Net Income": with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(1) the Net Income (but not loss) of any specified Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of such Person;

(2) the Net Income of any Restricted Subsidiary (other than a Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its shareholders or members, except as permitted by Section 5.07; and

(3) the cumulative effect of a change in accounting principles shall be excluded (effected either through cumulative effect adjustment or a retroactive application, in each case in accordance with GAAP).

Notwithstanding the foregoing, for the purpose of Section 5.04 only (other than clause (3)(c) thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and its Restricted Subsidiaries, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clause (3)(c) thereof.

"Consolidated Total Assets": the total assets of the Issuer and its consolidated Restricted Subsidiaries, as shown on the most recent balance sheet of the Issuer, determined on a consolidated basis in accordance with GAAP.

"Continuing Directors": as of any date of determination, any member of the Board of Directors of the Issuer who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or by the Permitted Holders.

"Corporate Trust Office": the office of the Trustee specified in Section 12.01 or any other office specified by the Trustee from time to time pursuant to such Section.

"Credit Facilities": with respect to the Issuer or any Restricted Subsidiary, one or more debt facilities, commercial paper facilities or Debt Issuances with banks, investment banks, insurance companies, mutual funds, other institutional lenders, institutional investors or any of the foregoing providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders, other financiers or to special purpose entities formed to borrow from (or sell such receivables to) such lenders or other financiers against such receivables), letters of credit, bankers' acceptances, other borrowings or Debt Issuances, in each case, as amended, restated, modified, renewed, extended, refunded, replaced or refinanced (in each case, without limitation as to amount), in whole or in part, from time to time (including through one or more Debt Issuances) and any agreements and related documents governing Indebtedness or Obligations incurred to refinance amounts then outstanding or permitted to be outstanding, whether or not with the original administrative agent, lenders, investment banks, insurance companies, mutual funds, other institutional lenders, institutional investors or any of the foregoing and whether provided under the original agreement, indenture or other documentation relating thereto).

"Debt Issuances": with respect to the Issuer or any Restricted Subsidiary, one or more issuances after the Issue Date of Indebtedness evidenced by notes, debentures, bonds or other similar securities or instruments.

"Default": any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Depositary": the depositary of each Global Note, which will initially be DTC.

"Designated Equity Contributions": Net Proceeds received by the Issuer (to the extent the net proceeds thereof are contributed to the equity capital of the Issuer (other than in the form of Disqualified Stock) or are used to purchase Capital Stock of the Issuer (other than Disqualified Stock)) from the issuance or sales of its Capital Stock (other than Disqualified Stock) subsequent to the Issue Date and designated in an Officer's Certificate as Designated Equity Contributions executed by the principal financial officer of the Issuer.

"Designated Equity Election": the delivery to the Trustee of an Officer's Certificate stating that the Issuer elects to include Designated Equity Contributions in Section 5.04(a)(4)(C)(ii).

"Disqualified Stock": any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of

control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 5.04.

"Domestic Subsidiary": any Restricted Subsidiary of the Issuer that was formed under the laws of the United States or any state of the United States or the District of Columbia.

"DTC": The Depository Trust Company, a New York corporation, and its successors.

"DTC Legend": the legend set forth in Exhibit B.

"Equity Interests": Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering": any public offering for cash on a primary basis by the Issuer (or of any direct or indirect parent of the Issuer to the extent the Net Proceeds therefrom are contributed to the equity capital of the Issuer) of Capital Stock (other than Disqualified Stock) after the Issue Date, other than (a) any issuance pursuant to employee benefit plans or otherwise in compensation to officers, directors or employees or (b) any offering of Capital Stock issued in connection with a transaction that constitutes a Change of Control.

"Event of Default": any of the events specified in Section 6.01; *provided* that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Exchange Act": the Securities Exchange Act of 1934, as amended.

"Excluded Property": as set forth in the Security Agreements.

"Existing Indebtedness": Indebtedness of the Issuer and the Restricted Subsidiaries in existence on the Issue Date, until such amounts are repaid.

"FCC": the U.S. Federal Communications Commission, or any successor thereto.

"FCC License": any license, authorization, approval, or permit granted by the FCC pursuant to the Communications Act of 1934, as amended, to the Issuer or its Subsidiaries.

"FCC License Subsidiary": a wholly-owned subsidiary of the Issuer which will be organized after the Issue Date to hold any and all of the Issuer's FCC Licenses.

"Foreign Subsidiary": any Restricted Subsidiary of the Issuer that is not a Domestic Subsidiary.

"Full In-Orbit Insurance": insurance coverage of satellites following the period of time that is customarily covered by launch insurance that provides coverage against partial losses, constructive total losses and complete losses.

"GAAP": generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board of the Public Company Accounting Oversight Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession in the United States, which are in effect from time to time.

"Global Note": a Note in registered global form without interest coupons.

"Government Notes": non-redeemable, direct obligations (or certificates representing an ownership interest in such obligations) of, or obligations guaranteed by, the United States of America (including any agency or instrumentality thereof) for the payment of which guarantee or obligations the full faith and credit of the United States is pledged.

"Guarantee": a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

Unless the context otherwise indicates, "Guarantee" shall mean a guarantee by a Guarantor of the Issuer's payment Obligations pursuant to the terms of this Indenture and the Notes.

"Guarantor": any Person that guarantees the Notes; *provided* that upon the release or discharge of such Person from its Guarantee in accordance with the provisions of this Indenture, such Person shall cease to be a Guarantor.

"Hedging Obligations": with respect to any specified Person, the obligations of such Person incurred in the ordinary course of business and not for speculative purposes under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) foreign exchange contracts and currency protection agreements entered into with one of more financial institutions and designed to protect the person or entity entering into the agreement against fluctuations in currency exchanges rates with respect to Indebtedness incurred; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"Holder" or "Noteholder": the Person in whose name a Note is registered on the Registrar's books.

"Indebtedness": (without duplication), with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments;

(3) in respect of letters of credit, banker's acceptances or other similar instruments;

(4) representing Capital Lease Obligations and Attributable Debt;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than 12 months after such property is acquired or such services are completed;

(6) all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary that is not a Guarantor, any preferred stock (but excluding, in each case, any accrued dividends); or

(7) representing any Hedging Obligations;

provided, however, that Indebtedness shall be deemed not to include (1) Guarantees incurred in the ordinary course of business and not in respect of borrowed money; (2) obligations to make payments to one or more insurers under satellite insurance policies in respect of premiums or the requirement to remit to such insurer(s) a portion of the future revenues generated by a satellite which has been declared a constructive total loss, in each case in accordance with the terms of the insurance policies relating thereto; (3) any obligations to make progress or incentive payments under any satellite manufacturing contract or to make payments under satellite launch contracts in respect of launch services provided thereunder, in each case, to the extent not overdue by more than 90 days; (4) obligations of such Person arising from agreements of such Person providing for indemnities, guarantees of performance, adjustments of purchase price, contingency payment obligations based on the performance of acquired or disposed assets or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; or (5) purchase price holdbacks in connection with purchasing in the ordinary course of business of such Person; *provided, however*, that: (a) in the case of clauses (1) and (4), such obligations are not reflected on the balance sheet of such Person (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this definition); (b) in the case of clauses (2) and (3), such amounts are not required by GAAP to be treated as indebtedness on the balance sheet of such Person; and (c) in the case of clause (4), the maximum assumable liability in respect of all such obligations shall at no time exceed the gross proceeds including non-cash proceeds (the fair market value of such non-cash proceeds being

measured at the time received and without giving effect to any subsequent changes in value) actually received by such Person in connection with such disposition.

In addition, the term "Indebtedness" includes all Indebtedness secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) in the case of any Disqualified Stock of the specified Person or any Guarantor or preferred stock of a Restricted Subsidiary that is not a Guarantor, the repurchase price calculated in accordance with the terms of such Disqualified Stock or preferred stock as if such Disqualified Stock or preferred stock were repurchased on the date on which Indebtedness is required to be determined pursuant to this Indenture; *provided* that if such Disqualified Stock or preferred stock is not then permitted to be repurchased, the greater of the liquidation preference and the book value of such Disqualified Stock or preferred stock;

(3) in the case of Indebtedness of others secured by a Lien on any asset of the specified Person, the lesser of (A) the fair market value of such asset on the date on which Indebtedness is required to be determined pursuant to this Indenture and (B) the amount of the Indebtedness so secured;

(4) in the case of the guarantee by the specified Person of any Indebtedness of any other Person, the maximum liability to which the specified Person may be subject upon the occurrence of the contingency giving rise to the obligation;

(5) in the case of any Hedging Obligations, the net amount payable if such Hedging Obligations were terminated at that time due to default by such Person (after giving effect to any contractually permitted set-off); and

(6) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness.

"Indenture": this Indenture as amended or supplemented from time to time.

"Industry Canada": the Canadian Federal Department of Industry or any successor thereto.

"Industry Canada License": the Approval in Principle issued by Industry Canada to TMI Communications and Company, Limited Partnership, dated May 6, 2002, as amended, which is to be transferred to TerreStar Canada, subject to applicable Industry Canada approvals, and which authorizes TMI Communications and Company, Limited Partnership to operate a 2GHz

MSS satellite in a Canadian orbital position and to use associated service, feeder link and telemetry, telecommand and control radio spectrum.

"Initial Notes": the Notes issued on the Issue Date and any Notes issued in replacement thereof.

"Intercreditor Agreement": the Intercreditor Agreement substantially in the form of Exhibit M hereto to be entered into among the Issuer, the Guarantors, the Collateral Agent, on behalf of itself and the Holders of the Notes, and the holders of Additional Secured Obligations (or any agent or trustee on their behalf), as the same may be amended, supplemented or otherwise modified from time to time.

"Invested Capital": at any time of determination, the sum of, without duplication, (i) total consolidated Indebtedness of the Issuer, its Restricted Subsidiaries and, to the extent they are required to be consolidated with the Issuer under GAAP, the Canadian Entities, in each case determined in accordance with GAAP; (ii) cash capital contributions in the aggregate amount of $307.0 million made by Motient and its Subsidiaries other than the Issuer or any Subsidiaries of the Issuer to the Issuer prior to the Issue Date; (iii) Net Proceeds received by the Issuer since the Issue Date from the sale of Equity Interests of the Issuer (other than proceeds of Disqualified Stock) or capital contributions by Motient or any Subsidiary of Motient other than the Issuer or any Subsidiaries of the Issuer or any other Person other than the Issuer or any Subsidiaries of the Issuer; and (iv) in respect of the Motient Funding Agreement, the greater of $95.0 million and (x) the sum of the amount of cash contributed plus (y) the net value (determined as of the date of contribution after deducting estimated expenses of sale) of shares of SkyTerra common stock contributed to the Issuer pursuant thereto.

"Investments": with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (excluding Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Issuer or any Restricted Subsidiary of the Issuer sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Issuer, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition in an amount equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in Section 5.04(c). The acquisition by the Issuer or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment made by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person on the date of any such acquisition in an amount determined as provided in Section 5.04(c). Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"IRU Agreement": the Indefeasible Right of Use Agreement that the Issuer has agreed to enter into with TerreStar Canada as such agreement may be modified from time to time in a manner not materially disadvantageous to the Holders of the Notes.

"Issue Date": the date on which the Initial Notes are originally issued.

"Issuer": the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

"Leverage Ratio": as of any date of determination, means the ratio of:

(1) the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries as of the date of calculation on a consolidated basis in accordance with GAAP to

(2) Consolidated EBITDA of the Issuer and its Restricted Subsidiaries for the most recent fiscal quarter ended prior to the date of such determination for which internal financial statements are available, multiplied by four;

provided, however, that:

(a) if the Issuer or any Restricted Subsidiary:

(i) has incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Leverage Ratio is an incurrence of Indebtedness, Consolidated EBITDA and Consolidated Interest Expense will be calculated after giving effect on a *pro forma* basis to such Indebtedness (but excluding any Indebtedness incurred on such date pursuant to Section 5.01(b)) as if such Indebtedness had been incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation will be deemed to be:

(A) the average daily balance of such Indebtedness during the relevant fiscal quarters or such shorter period for which such facility was outstanding or

(B) if such facility was created after the end of such period, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation)

and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period; or

(ii) has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of the period that is no longer outstanding on such date of determination or if the transaction giving rise

to the need to calculate the Leverage Ratio involves a discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and the related commitment terminated), Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such discharge had occurred on the first day of such period;.

(b) if since the beginning of such period the Issuer or any Restricted Subsidiary will have made any Asset Sale or disposed of any company, division, operating unit, segment, business, group of related assets or line of business or if the transaction giving rise to the need to calculate the Leverage Ratio is such an Asset Sale:

(i) Indebtedness at the end of such period will be reduced by an amount equal to the Indebtedness discharged, defeased or retired with the Net Proceeds of such Asset Sale and the assumption of Indebtedness by the Transferee;

(ii) Consolidated EBITDA for such period will be reduced by an amount equal to Consolidated EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) directly attributable thereto for such period; and

(iii) Consolidated Interest Expense for such period will be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Issuer or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Issuer and its continuing Restricted Subsidiaries in connection with such Asset Sale for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Issuer and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale);

(c) if since the beginning of such period the Issuer or any Restricted Subsidiary (by merger or otherwise) will have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary or is merged with or into the Issuer) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, which constitutes all or substantially all of a company, division, operating unit, segment, business or group of related assets or line of business, Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period; and

(d) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have incurred any Indebtedness or discharged any Indebtedness or made any Asset Sale or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (a), (b) or (c) above if made by the Issuer or a Restricted Subsidiary during such period, Indebtedness, Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving pro forma effect thereto as if such Incurrence of Indebtedness or Asset Sale or Investment occurred on the first day of such period.

The pro forma calculations will be determined in good faith by one of the Issuer's responsible financial or accounting officers (including the *pro forma* effect of net cost savings from operating improvements or synergies reasonably expected to result from any acquisition, merger or disposition as determined in good faith by such officer to be realizable within 12 months following such acquisition, merger or disposition). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any interest rate agreement applicable to such Indebtedness if such interest rate agreement has a remaining term in excess of 12 months). If any Indebtedness that is being given *pro forma* effect bears an interest rate at the Issuer's option, the interest rate shall be calculated by applying such optional rate chosen by the Issuer.

"Lien": with respect to any asset, any mortgage, lien, hypothec, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"Moody's": Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Mortgages": the mortgages, deeds of trust, deeds to secure Indebtedness or other similar documents securing Liens on the Premises, as well as the other Collateral secured by and described in the mortgages, deeds of trust, deeds to secure Indebtedness or other similar documents.

"Motient": Motient Corporation, a Delaware corporation.

"Motient Funding Agreement": the agreement to be entered into in connection with the offering of the Notes among Motient and Motient Ventures Holding Inc. in favor of the Issuer relating to certain funding commitments to the Issuer.

"Net Award": any awards or proceeds in respect of any condemnation or other eminent domain proceeding.

"Net Income": with respect to any specified Person and its Restricted Subsidiaries, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with (a) any Asset Sale (including dispositions pursuant to Sale/Leaseback Transactions) or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries;

(2) any extraordinary or non-recurring gain (or loss), together with any related provision for taxes on such extraordinary or non-recurring gain (or loss);

(3) any after-tax effect of income (or loss), from the early extinguishment of Indebtedness or Hedging Obligations or other derivative instruments;

(4) any impairment charge or asset write-off, in each case, pursuant to GAAP and the amortization of intangibles pursuant to GAAP;

(5) any non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options, restricted stock or other rights; and

(6) expenses related to the offering of the Notes.

"Net Insurance Proceeds": any awards or proceeds in respect of any casualty insurance or title insurance claim.

"Net Proceeds": (i) with respect to any Asset Sale or Recovery Event, the aggregate cash proceeds received by the Issuer or any of the Restricted Subsidiaries in respect of such Asset Sale (including any cash received upon the sale or other disposition of any non-cash consideration received in any such Asset Sale) or any such Recovery Event (including any Net Insurance Proceeds in respect thereof), net of the direct costs relating to such Asset Sale or Recovery Event, including legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale or Recovery Event, taxes paid or payable as a result of the Asset Sale or Recovery Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, amounts required to be applied to the repayment of Indebtedness, and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, and any deduction of appropriate amounts to be provided by the Issuer or any Restricted Subsidiary as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such Asset Sale and retained by the Issuer and/or any Restricted Subsidiary and (ii) with respect to any issuance or sale of Capital Stock or Indebtedness, or any capital contribution, the proceeds of such issuance, sale or capital contribution, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant or other fees actually incurred in connection with such issuance, sale or capital contribution, and net of taxes paid or payable as a result thereof.

"Non-Recourse Debt": Indebtedness,

(1) as to which neither the Issuer nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking;

agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) is the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Issuer or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or to cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Issuer or any of its Restricted Subsidiaries.

"Noteholder": any Holder of Notes.

"Notes": any securities authenticated and delivered under this Indenture. From and after the issuance of any Additional Notes (but not for purposes of determining whether such issuance is permitted hereunder), "Notes" shall include such Additional Notes for purposes of this Indenture. All Notes, including any such Additional Notes, shall vote together as one series of Notes under this Indenture.

"Obligations": any principal, premium, if any, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization, whether or not a claim for post-filing interest is allowed in such proceeding), penalties, fees, charges, expenses, indemnifications, reimbursement obligations, damages, guarantees, and other liabilities or amounts payable under the documentation governing any Indebtedness or in respect thereto.

"Offering Memorandum": the Issuer's offering memorandum dated February 8, 2007 related to the offering of the Notes.

"Officers": any of the Chairman, President, Chief Executive Officer, Treasurer, Chief Financial Officer, Executive Vice President, Senior Vice President, Vice President, Assistant Vice President, Secretary or Assistant Secretary.

"Officers' Certificate": a certificate signed by two Officers or by one Officer and any Assistant Treasurer or Assistant Secretary of the Issuer and which complies with the provisions of this Indenture.

"Opinion of Counsel": a signed written opinion from legal counsel. The counsel may be an employee of or counsel to the Issuer, any Guarantor or the Trustee. As to matters of fact, an Opinion of Counsel may conclusively rely on an Officers' Certificate, without any independent investigation.

"Pari Passu Indebtedness": any Indebtedness of the Issuer or any Restricted Subsidiary that ranks *pari passu* in right of payment with the Notes or the Guarantees and in the case of any Indebtedness of the Issuer or a Guarantor, is equally and ratably secured by the Collateral.

"Permanent Regulation S Global Note": a Regulation S Global Note that does not bear the Temporary Regulation S Global Note Legend.

"Permitted Business": the lines of business conducted by the Issuer and its Restricted Subsidiaries on the Issue Date and any business incidental or reasonably related thereto or which is a reasonable extension thereof as determined in good faith by the Issuer's Board of Directors and set forth in an Officers' Certificate delivered to the Trustee.

"Permitted Holder": each of Motient, Motient Ventures Holding Inc. and MVH Holdings Inc.

"Permitted Investments":

(1) any Investment in the Issuer or any Restricted Subsidiary of the Issuer;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Issuer; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale or Recovery Event that was made pursuant to and in compliance with Section 5.08 or any non-cash consideration received in connection with a disposition of assets excluded from the definitions of "Asset Sale" and "Recovery Event";

(5) workers' compensation, utility, lease and similar deposits and prepaid expenses in the ordinary course of business and endorsements of negotiable instruments and documents in the ordinary course of business;

(6) loans or advances to employees (other than executive officers) made in the ordinary course of business of the Issuer or such Restricted Subsidiary in an aggregate amount not to exceed $2.5 million at any one time outstanding;

(7) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer, or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(8) Hedging Obligations;

(9) advances or extensions of credit on terms customary in the industry in the form of accounts or other receivables incurred, and loans and advances made in settlement of such accounts receivable, all in the ordinary course of business;

(10) Investments existing on the Issue Date;

(11) advances, loans or extensions of credit to suppliers and vendors in the ordinary course of business;

(12) Investments in the Canadian Entities required to be made by the Issuer under the Transfer Agreements; and

(13) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (13) that are at the time outstanding, not to exceed $10.0 million in any calendar year and $60.0 million in the aggregate since the Issue Date.

"Permitted Liens":

(1) Liens to secure Additional Secured Obligations permitted to be incurred under clause (1) or (16) of Section 5.01(b); *provided* that with the incurrence of such Liens on assets that do not constitute Collateral, effective provision is made to secure all payments due under this Indenture and the Notes or the applicable Subsidiary Guarantee on an equal and ratable basis with the additional senior secured Indebtedness so secured;

(2) Liens in favor of the Issuer or any Guarantor;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Issuer or any Restricted Subsidiary of the Issuer or becomes a Restricted Subsidiary of the Issuer; *provided* that such Liens were in existence prior to and not incurred in connection with the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Issuer or the Restricted Subsidiary;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Issuer or any Restricted Subsidiary; *provided* that such Liens were in existence prior to such acquisition and not incurred in contemplation of such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens existing on the Issue Date;

(7) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under this Indenture, secured by a Lien on the same property securing such Hedging Obligation;

(8) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4), clause (5) (with respect to Indebtedness refinancing Indebtedness initially incurred pursuant to clause (4) or clause (18)), clause (6) or clause (18) of Section 5.01(b) covering only the assets acquired with or financed by such Indebtedness;

(9) statutory Liens or landlords and carriers', warehouseman's, mechanics', suppliers', materialmen's, repairmen's or other like Liens arising in the ordinary course of business;

(10) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and if a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor;

(11) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, in connection with satellite construction agreements and the related escrow agreements (including the satellite construction agreements in existence on the Issue Date and the related escrow agreements) or in connection with launch services agreements;

(12) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(13) Liens created for the benefit of (or to secure) the Notes or the Guarantees or any obligations owing to the Trustee or the Collateral Agent under this Indenture or the Collateral Documents;

(14) rights of banks to set off deposits against debts owed to said bank;

(15) Liens upon specific items of inventory or other goods and proceeds of the Issuer or its Subsidiaries securing the Issuer's or any Restricted Subsidiary's Obligations in respect of bankers' acceptances issued or created for the account of any such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(16) Liens securing reimbursement obligations with respect to letters of credit which encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(17) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(18) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Issuer or any of its Subsidiaries relating to such property or assets;

(19) Liens to secure Indebtedness permitted by clause (14) of Section 5.01(b) which lien is not applicable to any property or assets other than the property or assets financed thereby;

(20) Liens on 2 GHz S-MSS Band Spectrum in North America leased under Capital Lease Obligations or purchased with Purchase Money Indebtedness permitted to be incurred under clause (15) of Section 5.01(b) which lien is not applicable to any property or assets other than the property or assets financed thereby;

(21) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture; *provided, however,* that:

(a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof);

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(22) Liens to secure any Indebtedness permitted by clause (16) of Section 5.01(b);

(23) Liens on assets of Foreign Subsidiaries to secure any Indebtedness permitted by clause (11) of Section 5.01(b);

(24) Liens securing Guarantees permitted to be incurred under clause (7) of Section 5.01(b), to the extent such Guarantees relate to Indebtedness permitted to be secured by clauses (1), (7), (8), (19), (20) or (21) of this definition; and

(25) Liens securing the Notes and Guarantees.

"Permitted Refinancing Indebtedness": any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend,

refinance, renew, replace, defease, refund or discharge other Indebtedness of the Issuer or any of its Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased, refunded or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses and premiums incurred in connection therewith);

(2) (a) if the Stated Maturity of the Indebtedness being refinanced is the same as or earlier than the Stated Maturity of the Notes, such Permitted Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the Notes, such Permitted Refinancing Indebtedness has a Stated Maturity at least 91 days later than the Stated Maturity of the Notes;

(3) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged;

(4) if the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged is subordinated in right of payment to the Notes or any Subsidiary Guarantee, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Subsidiary Guarantees, as the case may be, on terms at least as favorable to the Holders of the Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged; and

(5) such Indebtedness is incurred either by the Issuer, a Guarantor or by a Restricted Subsidiary that is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased, refunded or discharged.

"Person": any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Purchase Money Indebtedness": Indebtedness,

(1) consisting of the deferred purchase price of an asset, conditional sale obligations, obligations under any title retention agreement and other purchase money obligations, in each case where the maturity of such Indebtedness does not exceed the anticipated useful life of the asset being financed; and

(2) incurred to finance the acquisition, lease or construction by the Issuer or a Restricted Subsidiary of such asset, including additions and improvements;

provided, however, that such Indebtedness is incurred within 180 days after the acquisition, or the completion of construction or improvement by the Issuer or such Restricted Subsidiary of such asset.

"Recovery Event": any event, occurrence, claim or proceeding that results in any Net Award or Net Insurance Proceeds of $10.0 million or more.

"Regulation S": Regulation S under the Securities Act.

"Regulation S Certificate": a certificate substantially in the form of Exhibit E hereto.

"Regulation S Global Note": a Global Note containing the Regulation S Legend and representing Notes issued and sold pursuant to Regulation S (or Additional Notes issued in payment of interest on any such Notes).

"Regulation S Legend": the legend set forth in Exhibit C hereto.

"Restoration": has the meaning ascribed to it in the applicable Collateral Document.

"Restricted Entities": the Restricted Subsidiaries and the Canadian Entities.

"Restricted Investment": an Investment other than a Permitted Investment.

"Restricted Legend": the Regulation S Legend or the Rule 144A Legend.

"Restricted Period": the relevant 40-day distribution compliance period as defined in Regulation S.

"Restricted Subsidiary": with respect to a Person, any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Unless otherwise specified, "Restricted Subsidiary" refers to a Restricted Subsidiary of the Issuer.

"Rule 144A": Rule 144A under the Securities Act.

"Rule 144A Certificate": (i) a certificate substantially in the form of Exhibit F hereto or (ii) a written certification addressed to the Issuer and the Trustee to the effect that the Person making such certification (x) is acquiring such Note (or beneficial interest) for its own account or one or more accounts with respect to which it exercises sole investment discretion and that it and each such account is a qualified institutional buyer within the meaning of Rule 144A, (y) is aware that the transfer to it or exchange, as applicable, is being made in reliance upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A, and (z) acknowledges that it has received such information regarding the Issuer as it has requested pursuant to Rule 144A(d)(4) or has determined not to request such information.

"Rule 144A Global Note": a Global Note containing the Rule 144A Legend and representing Notes issued and sold pursuant to Rule 144A of the Securities Act (or Additional Notes issued in payment of interest on any such Notes).

"Rule 144A Legend": the legend set forth in Exhibit D hereto.

"S&P": Standard & Poor's Ratings Group, Inc., or any successor to the rating agency business thereof.

"Sale/Leaseback Transaction": an arrangement relating to property or assets owned by the Issuer or a Restricted Subsidiary on the Issue Date or thereafter acquired by the Issuer or a Restricted Subsidiary whereby the Issuer or a Restricted Subsidiary transfers such property or assets to a Person (other than the Issuer or a Restricted Subsidiary of the Issuer) and the Issuer or a Restricted Subsidiary leases such property or assets from such Person.

"Securities Act": the Securities Act of 1933, as amended.

"Security Agreements": the U.S. Security Agreement and the Canadian Security Agreement.

"Significant Subsidiary": any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"SkyTerra": SkyTerra Communications, Inc.

"Stated Maturity": with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary": with respect to any specified Person,

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

Unless otherwise specified, "Subsidiary" refers to a Subsidiary of the Issuer.

"Subsidiary Guarantee": any Guarantee by a Subsidiary of the Issuer's payment Obligations pursuant to the terms of this Indenture and the Notes.

"Subsidiary Guarantor": any Subsidiary of the Issuer that is a Guarantor, which term does not refer to the Canadian Entities.

"Temporary Regulation S Global Note": Regulation S Global Note that bears the Temporary Regulation S Global Note Legend.

"Temporary Regulation S Global Note Legend": the legend set forth in Exhibit I.

"TerreStar-1": the main satellite designed for the Issuer's communications system and currently under construction.

"TerreStar Canada": TerreStar Networks (Canada) Inc., a corporation incorporated under the laws of the province of Ontario.

"TerreStar Canada Holdings": TerreStar Networks Holdings (Canada) Inc., a corporation incorporated under the laws of the province of Ontario.

"TerreStar Shareholders Agreement": the Amended and Restated Shareholders Agreement dated as of May 6, 2006 between TMI, the Issuer, TerreStar Canada Holdings and TerreStar Canada, as amended from time to time in a manner not materially disadvantageous to the Holders of the Notes.

"TMI": TMI Communications and Company, Limited Partnership, a limited partnership formed under, and governed by, the laws of the Province of Quebec, or any successor thereto.

"Transfer Agreements": the Master Agreement dated as of October 24, 2006 by and among Telesat Canada, BCE Inc., the Issuer, TerreStar Canada Holdings, TerreStar Canada, TMI Communications and Company, Limited Partnership and Motient, along with the series of agreements attached thereto that the parties thereto have negotiated and, subject to applicable regulatory approvals, agreed to enter into, including a Shareholders Agreement of TerreStar Canada Holdings, a Rights and Services Agreement, a Tax Indemnity Agreement, a TerreStar Canada Guarantee in favor of Loral, a TerreStar Canada Guarantee in favor of the Issuer, a security agreement, a Release and Indemnity Agreement, a Guarantee and Share Pledge Agreement in favor of the Issuer, a Satellite Delivery Agreement, an Indefeasible Right of Use Agreement and an Intellectual Property License Agreement, as such agreements may be modified from time to time in a manner not materially disadvantageous to the Holders.

"Treasury Rate": the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days prior to the date fixed for redemption (or, if such Statistical Release is no longer published, any publicly available source for similar market data)) most nearly equal to the then remaining term of the Notes to February 15, 2014; *provided, however*, that if the then remaining

term of the Notes to February 15, 2014 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate will be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the then remaining term of the Notes to February 15, 2014 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"Trust Officer": when used with respect to the Trustee or Paying Agent, any officer within the corporate trust department of the Trustee or Paying Agent, as applicable, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee or Paying Agent who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"Trustee": the party named as such in this Indenture until a successor replaces it, and, thereafter, means the successor.

"Uniform Commercial Code": the New York Uniform Commercial Code as in effect from time to time.

"United States": the United States of America.

"Unrestricted Subsidiary": any Subsidiary of the Issuer that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 5.05, is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary of the Issuer unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer;

(3) is a Person with respect to which neither the Issuer nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any of its Restricted Subsidiaries.

"U.S. FCC Letter of Intent Authorization": the reservation of spectrum granted to TMI Communications and Company, Limited Partnership for a 2 GHz mobile satellite system pursuant to a letter of intent authorization reinstated by the FCC on June 29, 2004, as modified.

"U.S. Security Agreement": the Security Agreement dated of even date herewith by the Issuer and any entities that become Guarantors under this Indenture and the Notes in the future in favor of the Collateral Agent, substantially in the form attached hereto as Exhibit K.

"Voting Stock": of any specified Person as of any date, the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity": when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

SECTION 1.02 Other Definitions.

Affiliate Transaction	5.05(a)
Change of Control Offer	3.09(a)
Change of Control Payment	5.09(a)
Collateral Sale Offer	5.08(a)(4)(i)
Covenant Defeasance	8.01(c)
Covered Transaction	4.09
Excess Collateral Proceeds	5.08(a)(4)
Excess Proceeds	5.08(b)(4)
Excess Proceeds Offer	5.08(b)(4)(i)
Guaranteed Obligations	10.01(a)
Indemnified Party	7.06
Interest Step-Ups	Notes
Issuer	Preamble
Legal Defeasance	8.01(b)
Legal Holiday	12.06
Offer Amount	3.09(a)(1)(ii)
Paying Agent	2.03
protected purchaser	2.06
Purchase Date	3.09(a)(1)(ii)
Register	2.11(a)
Registrar	2.03
Released Collateral	11.03(a)

Repurchase Offer	3.09(a)
Restricted Payments	5.04(a)(4)
retiring Trustee	7.07
Secured Obligations	11.01(b)
Successor Person	5.03(a)(1)
TIA	1.03
Trustee	Preamble

SECTION 1.03 Trust Indenture Act Provisions. Whenever this Indenture refers to a provision of the Trust Indenture Act of 1939, as amended (the "TIA"), that provision is incorporated by reference in and made a part of this Indenture. This Indenture shall also include those provisions of the TIA required to be included herein by the provisions of the Trust Indenture Reform Act of 1990. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security holder" mean a Noteholder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the indenture securities means the Issuer or any other obligor on the Notes.

All other terms used in this Indenture that are defined in the TIA, defined by TIA reference to another stature or defined by any rule of the Commission and not otherwise defined herein have the meanings assigned to them therein.

SECTION 1.04 Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it, and all accounting determinations shall be made, in accordance with GAAP;

(c) "or" is not exclusive;

(d) "including" means (whether or not expressly stated) "including without limitation";

(e) words in the singular include the plural and words in the plural include the singular;

(f) unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness merely by virtue of its nature as unsecured Indebtedness;

(g) all references to "principal" of the Notes include redemption price; and

(h) all exhibits are incorporated by reference herein and expressly made a part of this Indenture.

ARTICLE 2
THE SECURITIES

SECTION 2.01 Form, Dating and Denominations.

(a) The Notes and the Trustee's certificate of authentication will be substantially in the form attached as Exhibit A. The terms and provisions contained in the form of the Notes annexed as Exhibit A constitute, and are hereby expressly made, a part of this Indenture (except as otherwise provided herein). The Initial Notes and any Additional Notes subsequently issued under this Indenture will have the same terms and will be treated as a single class. The Notes may have notations, legends or endorsements required by law, rules of or agreements with national securities exchanges to which the Issuer is subject, or usage. Each Note will be dated the date of its authentication. The Notes will be issuable in denominations of $2,000 in principal amount and any multiple of $1,000 in excess thereof, except that Additional Notes issued in payment of interest may be issued in other denominations. The Initial Notes will be issued in the form of Global Notes.

(b) (1) Each Global Note will bear the DTC Legend.

(2) Each Regulation S Global Note will bear the Regulation S Legend and be issued as provided in Section 2.13.

(3) Each Rule 144A Global Note will bear the Rule 144A Legend.

(4) Each Temporary Regulation S Global Note and each Additional Note issued in payment of interest on the Regulation S Global Notes or any Temporary Regulation S Global Note will bear the Temporary Regulation S Global Note Legend.

(c) (1) If the Issuer determines (upon the advice of counsel and such other certifications and evidence as the Issuer may reasonably require) that a Note is eligible for resale pursuant to Rule 144(k) under the Securities Act (or a successor provision) and that a Restricted Legend is no longer necessary or appropriate in order to ensure that subsequent transfers of the Note (or a beneficial interest therein) are effected in compliance with the Securities Act, or

(2) after an Initial Note or any Additional Note is sold pursuant to an effective registration statement under the Securities Act, the Issuer may instruct the Trustee to cancel the Note and issue to the Holder thereof (or to its transferee) a new Note of like tenor and amount, registered in the name of the Holder thereof (or its transferee), that does not bear a Restricted Legend, and the Trustee will comply with such instruction.

(d) By its acceptance of any Note bearing a Restricted Legend (or any beneficial interest in such a Note), each Holder thereof and each owner of a beneficial interest

therein acknowledges the restrictions on transfer of such Note (and any such beneficial interest) set forth in this Indenture and in a Restricted Legend and agrees that it will transfer such Note (and any such beneficial interest) only in accordance with this Indenture and such legend.

SECTION 2.02 Execution and Authentication; Additional Notes.

(a) An Officer shall execute the Notes for the Issuer by facsimile or manual signature in the name and on behalf of the Issuer. If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note will still be valid.

(b) A Note will not be valid until the Trustee manually signs the certificate of authentication on the Note, with the signature conclusive evidence that the Note has been authenticated under this Indenture.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Trustee for authentication. The Trustee will authenticate and deliver:

(1) Initial Notes for original issue in the initial aggregate principal amount not to exceed $500,000,000; and

(2) Additional Notes not issued in payment of interest on the Notes from time to time for original issue in aggregate principal amounts specified by the Issuer; *provided that* no Additional Notes referred to in this Section 2.02(c) shall be issued without the written consent of the Canadian Entities,

in each case, after receipt by the Trustee of an Officers' Certificate specifying:

(i) the principal amount of each of the Notes to be authenticated and the date on which the Notes are to be authenticated;

(ii) the registered Holder of each of the said Notes;

(iii) delivery instructions for each such Note;

(iv) whether the Notes are to be Initial Notes or Additional Notes;

(v) in the case of Additional Notes not issued in payment of interest on the Notes, that the issuance of such Notes does not contravene any provision of Section 5.01;

(vi) whether the Notes are to be issued as one or more Global Notes or Certificated Notes; and

(vii) other information the Issuer may determine to include or the Trustee may reasonably request.

(d) The Issuer shall deliver to the Trustee and the Paying Agent, no later than two Business Days prior to each interest payment date occurring on or prior to February 15, 2011 (i) with respect to Notes that are in certificated form, the required amount of new Certificated Additional Notes and an order to authenticate and deliver such Additional Notes or (ii) with respect to Notes that are in the form of Global Notes, an order to increase the principal amount of such Global Notes by the relevant amount on such interest payment date (or, if necessary, to authenticate new Global Notes executed by the Issuer with such increased principal amounts). On each interest payment date on which the Issuer pays interest in the form of Additional Notes, the Trustee will, at the Issuer's request, authenticate and deliver Additional Notes for original issuance to the Holders of the Notes on the relevant record date, as shown in the records of the registrar, in the aggregate principal amount required to pay such interest. Any Additional Note so issued will be dated the applicable interest payment date, will bear interest from and after such date, will mature on February 15, 2014 and will be governed by, and subject to the terms, provisions and conditions of, this Indenture, except as otherwise provided herein, and will have the same rights and benefits as the Initial Notes and will bear the same Restricted Legend as the Note with respect to which the Additional Note is being issued, provided that any Additional Note representing interest on any Note bearing the Regulation S Legend shall bear the Temporary Regulation S Legend.

SECTION 2.03 Registrar and Paying Agent. The Issuer shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Notes may be presented for payment (the "Paying Agent") and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Registrar shall keep a register of the Notes and of their transfer and exchange. The Issuer may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent.

The Issuer shall give prompt written notice to the Trustee of the location, and any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 12.01.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Issuer shall give prompt notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer initially designates the Corporate Trust Office as such office of the Issuer in accordance with this Section 2.03.

The Issuer shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-registrar not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of any such agent. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to

Section 7.06. The Issuer may change the Registrar or Paying Agent without prior notice to the Noteholders.. The Issuer or any of its Subsidiaries may act as Paying Agent, Registrar, co-registrar or transfer agent.

The Issuer initially appoints the Trustee as Registrar and Paying Agent in connection with the Notes.

Upon issuance of any Global Notes, the Issuer shall appoint The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes, and the Trustee shall initially be the securities custodian with respect to any Global Notes.

The Issuer may remove any Registrar or Paying Agent upon written notice to such Registrar or Paying Agent and to the Trustee, *provided* that no such removal shall become effective until (1) acceptance of an appointment by a successor as evidenced by an appropriate agreement entered into by the Issuer and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (2) notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (1) above. The Registrar or Paying Agent may resign at any time upon not less than 10 Business Days' prior written notice to the Issuer; *provided, however*, that the Trustee may resign as Paying Agent or Registrar only if the Trustee also resigns as Trustee in accordance with Section 7.07.

SECTION 2.04 Paying Agent to Hold Money in Trust. By 10:00 a.m. on each due date of the principal and cash interest on any Note, the Issuer shall deposit with the Paying Agent (or if the Issuer or any of its Subsidiaries is acting as Paying Agent, segregate and hold in trust for the benefit of the Persons entitled thereto) a sum sufficient to pay such principal and interest when so becoming due. The Issuer shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Noteholders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Notes and shall notify the Trustee in writing of any default by the Issuer in making any such payment within one Business Day thereof. If the Issuer or any of its Subsidiaries acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

Any money deposited with any Paying Agent, or then held by the Issuer or a permitted Subsidiary in trust for the payment of principal or interest on any Note and remaining unclaimed for two years after such principal and interest has become due and payable shall be paid to the Issuer at its request, or, if then held by the Issuer or a permitted Subsidiary, shall be discharged from such trust; and the Noteholders shall thereafter, as general unsecured creditors, look only to the Issuer for payment thereof; and all liability of the Paying Agent with respect to such money, and all liability of the Issuer or such permitted Subsidiary as trustee thereof, shall thereupon cease.

SECTION 2.05 Noteholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Noteholders. If the Trustee is not the Registrar, the Issuer shall furnish, or cause the Registrar to

furnish, to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Noteholders.

SECTION 2.06 Replacement Notes. If a mutilated Note is surrendered to the Registrar or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall authenticate a replacement Note if the requirements of Section 8-405 of the Uniform Commercial Code are met, such that the Holder (i) notifies the Issuer or the Trustee within a reasonable time after he has notice of such loss, destruction or wrongful taking and the Registrar does not register a transfer prior to receiving such notification, (ii) makes such request to the Issuer or the Trustee prior to the Note being acquired by a protected purchaser as defined in Section 8-303 of the Uniform Commercial Code (a "protected purchaser") and (iii) satisfies any other reasonable requirements of the Trustee and the Issuer including evidence of the destruction, loss or theft of the Note. Such Holder shall furnish an indemnity bond sufficient in the judgment of the Trustee to protect the Issuer, the Trustee, the Paying Agent, the Registrar and any co-registrar from any cost, expense or loss that any of them may suffer if a Note is replaced and subsequently presented or claimed for payment. The Issuer and the Trustee may charge the Holder for their expenses in replacing a Note including the payment of a sum sufficient to cover any tax or other governmental charge that may be required. In the event any such mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the Issuer in its discretion may pay such Note instead of issuing a new Note in replacement thereof.

Every replacement Note is an additional obligation of the Issuer.

The provisions of this Section 2.06 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, destroyed or wrongfully taken Notes.

SECTION 2.07 Outstanding Notes. Notes outstanding at any time are all Notes authenticated by the Trustee under this Indenture (including Additional Notes) except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. Subject to Section 12.04, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note.

If a Note is replaced pursuant to Section 2.06, it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the replaced Note is held by a protected purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date, repurchase date or maturity date money sufficient to pay all principal and interest payable on that date with respect to the Notes (or portions thereof) to be redeemed or repurchased or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Noteholders on that date pursuant to the terms of this Indenture, then on and after that date such Notes (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.08 Temporary Notes. Until definitive Notes are ready for delivery, the Issuer may prepare and the Trustee shall authenticate and deliver temporary Notes. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Issuer considers appropriate for temporary Notes. Without unreasonable delay, the Issuer shall prepare and the Trustee shall authenticate definitive Certificated Notes or Global Notes, as the case may be, and deliver them in exchange for temporary Notes upon surrender of such temporary Notes at the office or agency of the Issuer, without charge to the Holder.

SECTION 2.09 Cancellation. The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for transfer, exchange, redemption, purchase or payment. The Trustee and no one else shall cancel, in accordance with the Trustee's customary procedures, all Notes surrendered for registration of transfer, exchange, redemption, purchase, payment or cancellation and deliver canceled Notes to the Issuer, or if the Issuer so agrees, may destroy canceled Notes, in accordance with the Trustee's customary procedures. The Issuer shall not issue new Notes to replace Notes that have been redeemed, paid or delivered to the Trustee for cancellation. The Trustee shall not authenticate Notes in place of canceled Notes other than pursuant to the terms of this Indenture.

SECTION 2.10 CUSIP Numbers. The Issuer in issuing the Notes may use one or more "CUSIP" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption or purchase as a convenience to Holders; *provided, however*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer shall promptly notify the Trustee of any change in "CUSIP" numbers.

SECTION 2.11 Registration, Transfer and Exchange.

(a) The Notes will be issued in registered form only, without interest coupons, and the Issuer shall cause the Trustee to maintain a register (the "Register") of the Notes, for registering the record ownership of the Notes by the Holders and transfers and exchanges of the Notes.

(b) (1) Each Global Note will be registered in the name of the Depositary or its nominee and, so long as DTC is serving as the Depositary thereof, will bear the DTC Legend.

(2) Each Global Note will be delivered to the Trustee as custodian for the Depositary. Transfers of a Global Note (but not a beneficial interest therein) will be limited to transfers thereof in whole, but not in part, to the Depositary, its successors or their respective nominees, except (i) as set forth in Section 2.11(b)(4) and (ii) transfers of portions thereof in the form of Certificated Notes may be made upon request of an Agent Member (for itself or on behalf of a beneficial owner) by written notice given to the Trustee by or on behalf of the Depositary in accordance with customary procedures of the Depositary and in compliance with this Section and Section 2.12.

(3) Agent Members will have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary, and the Depositary may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner and Holder of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, the Depositary or its nominee may grant proxies and otherwise authorize any Person (including any Agent Member and any Person that holds a beneficial interest in a Global Note through an Agent Member) to take any action which a Holder is entitled to take under this Indenture or the Notes, and nothing herein will impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any security.

(4) If (x) the Depositary notifies the Issuer that it is unwilling or unable to continue as Depositary for a Global Note and a successor depositary is not appointed by the Issuer within 90 days of the notice or (y) an Event of Default has occurred and is continuing and the Trustee has received a request from the Depositary, the Trustee will promptly exchange each beneficial interest in the Global Note for one or more Certificated Notes in authorized denominations having an equal aggregate principal amount registered in the name of the owner of such beneficial interest, as identified to the Trustee by the Depositary, and thereupon the Global Note will be deemed canceled. If such Note does not bear a Restricted Legend, then the Certificated Notes issued in exchange therefor will not bear a Restricted Legend. If such Note bears a Restricted Legend, then the Certificated Notes issued in exchange therefor will bear a Restricted Legend.

(c) Each Certificated Note will be registered in the name of the Holder thereof or its nominee.

(d) A Holder may transfer a Note (or a beneficial interest therein) to another Person or exchange a Note (or a beneficial interest therein) for another Note or Notes of any authorized denomination by presenting to the Trustee a written request therefor stating the name of the proposed transferee or requesting such an exchange, accompanied by any certification, opinion or other document required by Section 2.12. The Trustee will promptly register any transfer or exchange that meets the requirements of this Section by noting the same in the register maintained by the Trustee for such purpose; *provided* that

(1) no transfer or exchange will be effective until it is registered in such register; and

(2) the Trustee will not be required (i) to issue, register the transfer of or exchange any Note for a period of 15 days before a selection of Notes to be redeemed or purchased pursuant to a Repurchase Offer, (ii) to register the transfer of or exchange any Note so selected for redemption or purchase in whole or in part, except, in the case of a partial redemption or purchase, that portion of any Note not being redeemed or purchased, or (iii) if a redemption or a purchase pursuant to a Repurchase Offer is to occur after a regular record date but on or before the corresponding interest payment date, to register the transfer of or exchange any Note on or after the regular record date and before the date of redemption or purchase. Prior to the registration of any transfer, the

Issuer, the Trustee and their agents will treat the Person in whose name the Note is registered as the owner and Holder thereof for all purposes (whether or not the Note is overdue), and will not be affected by notice to the contrary.

From time to time the Issuer will execute and the Trustee will authenticate additional Notes as necessary in order to permit the registration of a transfer or exchange in accordance with this Section.

No service charge will be imposed in connection with any transfer or exchange of any Note, but the Issuer and the Trustee/Registrar may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than a transfer tax or other similar governmental charge payable upon exchange pursuant to subsection (b)(4)).

(e) (1) Global Note to Global Note. If a beneficial interest in a Global Note is transferred or exchanged for a beneficial interest in another Global Note, the Trustee will (x) record a decrease in the principal amount of the Global Note being transferred or exchanged equal to the principal amount of such transfer or exchange and (y) record a like increase in the principal amount of the other Global Note. Any beneficial interest in one Global Note that is transferred to a Person who takes delivery in the form of an interest in another Global Note, or exchanged for an interest in another Global Note, will, upon transfer or exchange, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer and exchange restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(2) Global Note to Certificated Note. If a beneficial interest in a Global Note is transferred or exchanged for a Certificated Note, the Trustee will (x) record a decrease in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (y) deliver one or more new Certificated Notes in authorized denominations having an equal aggregate principal amount to the transferee (in the case of a transfer) or the owner of such beneficial interest (in the case of an exchange), registered in the name of such transferee or owner, as applicable.

(3) Certificated Note to Global Note. If a Certificated Note is transferred or exchanged for a beneficial interest in a Global Note, the Trustee will (x) cancel such Certificated Note, (y) record an increase in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (z) in the event that such transfer or exchange involves less than the entire principal amount of the canceled Certificated Note, deliver to the Holder thereof one or more new Certificated Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Certificated Note, registered in the name of the Holder thereof.

(4) Certificated Note to Certificated Note. If a Certificated Note is transferred or exchanged for another Certificated Note, the Trustee will (x) cancel the Certificated Note being transferred or exchanged; (y) deliver one or more new

Certificated Notes in authorized denominations having an aggregate principal amount equal to the principal amount of such transfer or exchange to the transferee (in the case of a transfer) or the Holder of the canceled Certificated Note (in the case of an exchange), registered in the name of such transferee or Holder, as applicable, and (z) if such transfer or exchange involves less than the entire principal amount of the canceled Certificated Note, deliver to the Holder thereof one or more Certificated Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Certificated Note, registered in the name of the Holder thereof.

SECTION 2.12 Restrictions on Transfer and Exchange.

(a) The transfer or exchange of any Note (or a beneficial interest therein) may only be made in accordance with this Section and Section 2.11 and, in the case of a Global Note (or a beneficial interest therein), the applicable rules and procedures of the Depositary. The Trustee shall refuse to register any requested transfer or exchange that does not comply with the preceding sentence.

(b) Subject to paragraph (c), the transfer or exchange of any Note (or a beneficial interest therein) of the type set forth in column A below for a Note (or a beneficial interest therein) of the type set forth opposite in column B below may only be made in compliance with the certification requirements (if any) described in the clause of this paragraph set forth opposite in column C below.

A	B	C
Rule 144A Global Note	Rule 144A Global Note	(1)
Rule 144A Global Note	Regulation S Global Note	(2)
Rule 144A Global Note	Certificated Note	(3)
Regulation S Global Note	Rule 144A Global Note	(4)
Regulation S Global Note	Regulation S Global Note	(1)
Regulation S Global Note	Certificated Note	(5)
Certificated Note	Rule 144A Global Note	(4)
Certificated Note	Regulation S Global Note	(2)
Certificated Note	Certificated Note	(3)

(1) No certification is required.

(2) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee a duly completed Regulation S Certificate; *provided* that if the requested transfer or exchange is made by the Holder of a Certificated Note that does not bear a Restricted Legend, then no certification is required.

(3) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee (x) a duly completed Rule 144A Certificate, (y) a duly completed Regulation S Certificate or (z) a duly completed Institutional Accredited Investor Certificate, and/or an Opinion of Counsel and such other certifications and evidence as the Issuer may reasonably require in order to determine that the proposed

transfer or exchange is being made in compliance with the Securities Act and any applicable securities laws of any state of the United States; *provided* that if the requested transfer or exchange is made by the Holder of a Certificated Note that does not bear a Restricted Legend, then no certification is required. In the event that (i) the requested transfer or exchange takes place after the Restricted Period and a duly completed Regulation S Certificate is delivered to the Trustee or (ii) a Certificated Note that does not bear a Restricted Legend is surrendered for transfer or exchange, upon transfer or exchange the Trustee will deliver a Certificated Note that does not bear a Restricted Legend.

(4) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee a duly completed Rule 144A Certificate.

(5) Notwithstanding anything to the contrary contained herein, no such exchange is permitted if the requested exchange involves a beneficial interest in a Temporary Regulation S Global Note. If the requested transfer or exchange involves a beneficial interest in a Permanent Regulation S Global Note, no certification is required and the Trustee will deliver a Certificated Note that does not bear a Restricted Legend.

(c) No certification is required in connection with any transfer or exchange of any Note (or a beneficial interest therein)

(1) after such Note is eligible for resale pursuant to Rule 144(k) under the Securities Act (or a successor provision); *provided* that the Issuer has provided the Trustee with an Officers' Certificate to that effect, and the Issuer may require from any Person requesting a transfer or exchange in reliance upon this clause (1) an opinion of counsel and any other reasonable certifications and evidence in order to support such certificate; or

(2) sold pursuant to an effective registration statement.

Any Certificated Note delivered in reliance upon this paragraph will not bear a Restricted Legend.

(d) The Trustee will retain copies of all certificates, opinions and other documents received in connection with the transfer or exchange of a Note (or a beneficial interest therein), and the Issuer will have the right to inspect and make copies thereof at any reasonable time upon written notice to the Trustee.

SECTION 2.13 Temporary Regulation S Global Notes.

(a) Each Note originally sold in reliance upon Regulation S will be evidenced by one or more Regulation S Global Notes that bear the Temporary Regulation S Global Note Legend.

(b) An owner of a beneficial interest in a Temporary Regulation S Global Note (or a Person acting on behalf of such an owner) may provide to the Trustee (and the Trustee will accept) a duly completed Certificate of Beneficial Ownership at any time after the Restricted

Period (it being understood that the Trustee will not accept any such certificate during the Restricted Period). Promptly after acceptance of a Certificate of Beneficial Ownership with respect to such a beneficial interest, the Trustee will cause such beneficial interest to be exchanged for an equivalent beneficial interest in a Permanent Regulation S Global Note, and will (x) permanently reduce the principal amount of such Temporary Regulation S Global Note by the amount of such beneficial interest and (y) increase the principal amount of such Permanent Regulation S Global Note by the amount of such beneficial interest.

(c) Notwithstanding paragraph (b), if after the Restricted Period any Initial Purchaser owns a beneficial interest in a Temporary Regulation S Global Note, such Initial Purchaser may, upon written request to the Trustee accompanied by a certification as to its status as an Initial Purchaser, exchange such beneficial interest for an equivalent beneficial interest in a Permanent Regulation S Global Note, and the Trustee will comply with such request and will (x) permanently reduce the principal amount of such Temporary Regulation S Global Note by the amount of such beneficial interest and (y) increase the principal amount of such Permanent Regulation S Global Note by the amount of such beneficial interest.

(d) Notwithstanding anything to the contrary contained herein, any owner of a beneficial interest in a Temporary Regulation S Global Note shall not be entitled to receive payment of principal or interest on such beneficial interest or other amounts in respect of such beneficial interest until such beneficial interest is exchanged for an interest in a Permanent Regulation S Global Note or transferred for an interest in another Global Note or a Certificated Note.

SECTION 2.14 Defaulted Interest. If the Issuer defaults in a payment of interest on the Notes, the Issuer shall pay the defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner (including, if accrued prior to February 15, 2011, in the form of Additional Notes). The Issuer may pay the defaulted interest to the persons who are Noteholders on a subsequent special record date. The Issuer shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail or cause to be mailed to each Noteholder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

The Issuer may make payment of any defaulted interest in any other lawful manner not inconsistent with the requirements (if applicable) of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Trustee of the proposed payment pursuant to this paragraph, such manner of payment shall be deemed practicable by the Trustee.

SECTION 2.15 Payment of Interest. Interest accruing on the Notes and payable on or before February 15, 2011 shall be paid in the form of Additional Notes as provided in Section 2.02(d). Notwithstanding anything else in this Indenture or the Notes to the contrary, all interest shall accrue and be payable in cash and not in Additional Notes commencing on the earliest of (i) February 16, 2011, (ii) acceleration of the Notes pursuant to Section 6.02 (unless such acceleration shall be rescinded in accordance with Section 6.04, in which case this clause (ii) shall not apply *ab initio* and such interest shall be payable in Additional Notes, subject to clauses (i) and (iii) of this paragraph) and (iii) the occurrence of an Event of Default under Section

6.01(9) (with respect to the Issuer or any of its Restricted Subsidiaries). In addition, interest payable on any Notes in connection with a redemption or repurchase under this Indenture shall be paid in cash.

ARTICLE 3
REDEMPTION

SECTION 3.01 Notices to Trustee. If the Issuer elects to redeem Notes pursuant to Section 3.07, it shall notify the Trustee in writing of the redemption date and the principal amount of Notes to be redeemed.

The Issuer shall give the notice to the Trustee provided for in this Section not less than 30 nor more than 60 days before the redemption date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate and an Opinion of Counsel from the Issuer to the effect that such redemption shall comply with the conditions herein. If fewer than all the Notes are to be redeemed, the record date relating to such redemption shall be selected by the Issuer and given to the Trustee, which record date shall be not fewer than 30 days after the date of notice to the Trustee, unless the Trustee otherwise agrees. Any such notice may be canceled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

SECTION 3.02 Selection. If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

(a) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or

(b) if the Notes are not listed on any national securities exchange, on a *pro rata* basis, by lot or by such method as the Trustee shall deem fair and appropriate;

provided that no Notes of $2,000 or less shall be redeemed in part, except that (a) Additional Notes issued in payment of interest may be redeemed in other denominations and (b) if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed. On and after the redemption date, unless the Issuer defaults in payment of the redemption price or the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, interest will cease to accrue on the Notes or portions of the Notes called for redemption.

SECTION 3.03 Notice. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture. Notices of redemption may not be conditional.

The notice shall identify the Notes to be redeemed and shall state:

(a) the redemption date and any conditions to the occurrence thereof;

(b) the redemption price;

(c) the name and address of the Paying Agent;

(d) that Notes called for redemption must be presented and surrendered to the Paying Agent to collect the redemption price;

(e) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date, upon presentation and surrender of such Note, a new Note or Notes in aggregate principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note;

(f) that, unless the Issuer defaults in making such redemption payment or the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, interest will cease to accrue on the Notes (or portion thereof) called for redemption on and after the redemption date;

(g) that the Notes called for redemption are being redeemed pursuant to Section 3.07;

(h) the CUSIP number, if any, printed on the Notes being redeemed; and

(i) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Issuer's request (which may be revoked at any time in writing prior to the time at which the Trustee shall have given such notice to the Holders) made at least 30 days prior to the redemption date, the Trustee shall give the notice of redemption in the Issuer's name and at the Issuer's expense. In such event, the Issuer shall provide the Trustee with the information required by this Section and shall prepare the text of the notice of redemption.

SECTION 3.04 Effect of Notice of Redemption. Once notice of redemption is mailed, Notes called for redemption become due and payable on the date fixed for redemption and at the redemption price stated in the notice. Upon surrender to the Paying Agent, such Notes shall be paid at the redemption price stated in the notice, plus accrued interest to the redemption date; *provided* that if the redemption date is after a regular record date and on or prior to the interest payment date, the accrued and unpaid interest shall be payable to the Noteholder of the redeemed Notes registered at the close of business on the relevant record date. On and after the redemption date, interest will cease to accrue on Notes or portions of Notes called for redemption. If mailed in the manner herein, the notice shall be conclusively presumed to have been given whether or not the Holder receives such notice. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.05 Deposit of Redemption Price. By 12:00 noon on the redemption date, the Issuer shall deposit with the Paying Agent (or, if the Issuer or a wholly-owned Subsidiary is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued interest on all Notes to be redeemed on the redemption date other than Notes or portions of Notes called for redemption that have been delivered by the Issuer to the Trustee for cancellation. If the redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name a Note is registered at the close of business on such record date.

SECTION 3.06 Notes Redeemed in Part. Upon surrender of a Note that is redeemed in part, the Issuer shall execute and the Trustee shall authenticate for the Holder (at the Issuer's expense) a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

SECTION 3.07 Optional Redemption.

(a) At any time prior to February 15, 2010, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes issued under this Indenture (including Additional Notes) at a redemption price of 115% of the principal amount thereof on the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that:

(1) at least 65% of the aggregate principal amount of Notes issued under this Indenture (excluding Notes held by the Issuer and its Subsidiaries but including Additional Notes) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

(b) At any time, the Issuer may redeem all or part of the Notes at a redemption price equal to the sum of (i) 100% of the principal amount on the redemption date of the Notes redeemed *plus* (ii) the Applicable Premium as of the date of redemption.

(c) Except pursuant to clauses (a) and (b) of this Section 3.07, the Notes will not be redeemable at the Issuer's option.

(d) Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date. If the redemption date is on or after an interest payment record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Holder of record at the close of business on such record date.

SECTION 3.08 No Sinking Fund. There shall be no sinking fund for the payment of principal on the Notes to the Noteholders.

SECTION 3.09. Repurchase Offers.

(a) If the Issuer shall be required to commence an offer to all Holders to purchase Notes (a "Repurchase Offer") pursuant to Section 5.09 (a "Change of Control Offer"), Section 5.08(a)(4) (a Collateral Sale Offer) or Section 5.08(b)(4) (an Excess Proceeds Offer), the Issuer shall follow the procedures specified in this Section 3.09:

(1) (A) Within 10 days after a Change of Control (unless (1) the Issuer is not required to make such offer pursuant to Section 5.09(b) or (2) all Notes have been called for redemption pursuant to Section 3.07(b)), or (B) on the date on which the Issuer is required to make a Repurchase Offer pursuant to Section 5.08(a)(4) or Section 5.08(b)(4), the Issuer shall commence a Repurchase Offer, which shall remain open for a period of at least 20 Business Days following its commencement, by sending a notice to the Trustee and each of the Holders, by first class mail, which notice shall contain all instructions and materials necessary to enable the Holders to tender Notes pursuant to such Repurchase Offer. Such notice, which shall govern the terms of the Repurchase Offer, shall describe the transaction or transactions that constitute the Change of Control or otherwise require the Repurchase Offer and shall state:

(i) that the Repurchase Offer is being made pursuant to Section 5.08(a)(4), Section 5.08(b)(4) or Section 5.09, as the case may be, and this Section 3.09;

(ii) the principal amount of Notes the Issuer is required to offer to repurchase or that the Issuer is required to offer to purchase all of the outstanding principal amount of Notes (such amount, the "Offer Amount"), the purchase price and that on the date specified in such notice (the "Purchase Date"), which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, the Issuer shall repurchase an Offer Amount of Notes validly tendered and not withdrawn pursuant to Section 5.08(a)(4), Section 5.08(b)(4) or Section 5.09, as the case may be, and this Section 3.09;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless the Issuer defaults in making such payment, Notes accepted for payment pursuant to the Repurchase Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to a Repurchase Offer may elect to have all or any portion of such Note purchased;

(vi) that Holders electing to have a Note purchased pursuant to any Repurchase Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note, or such other customary documents of surrender and transfer as the Issuer may reasonably request, duly completed, or transfer the Note by book-entry transfer, to the Issuer,

the Depositary, or the Paying Agent at the address specified in the notice prior to the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if the Issuer, the Depositary or the Paying Agent, as the case may be, in each case with a copy to the Trustee, receives, not later than the Purchase Date, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing its election to have such Note purchased;

(viii) that Holders whose Notes are purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer); and

(ix) the CUSIP number, if any, printed on the Notes being repurchased and that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

(2) On the Purchase Date, the Issuer shall, to the extent lawful, (A) accept for payment, on a pro rata basis to the extent necessary in the case of a Repurchase Offer that is not a Change of Control Offer, the Notes or portions thereof properly tendered pursuant to the Repurchase Offer and not theretofore withdrawn and shall deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this Section 3.09, (B) deposit with the Paying Agent an amount equal to the payment required in respect of all Notes or portions thereof so tendered and (C) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of the Notes or portions thereof being purchased by the Issuer. The Issuer, the Depositary or the Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the Change of Control Payment (or other payment due in respect of such Repurchase Offer if not a Change of Control Offer) with respect to the Notes tendered by such Holder and accepted by the Issuer for purchase, and the Issuer shall promptly issue a new Note, and the Trustee, upon written request from the Issuer, shall authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Notes so surrendered; *provided* that each such new Note shall be in a minimum principal amount of $2,000 or an integral multiple of $1,000 in excess thereof (except that Additional Notes issued in payment of interest may be purchased in other denominations). Any Note not so accepted shall be promptly mailed or delivered by the Issuer to the Holder thereof. On the Purchase Date, all Notes purchased by the Issuer shall be delivered to the Trustee for cancellation. All Notes or portions thereof purchased pursuant to the Repurchase Offer shall be canceled by the Trustee. The Issuer shall publicly announce the results of the Repurchase Offer on or as soon as practicable after the Purchase Date, but in no case more than five Business Days thereafter. For the purposes of the preceding sentence, it shall be sufficient for the Issuer to publish the results of the Repurchase Offer on its website on the world wide web.

If the Issuer complies with the provisions of the preceding paragraph, on and after the Purchase Date interest shall cease to accrue on the Notes or the portions of Notes repurchased. If a Note is repurchased on or after an interest payment record date but on or before the related interest payment date, then any accrued and unpaid interest shall be paid to the Holder in whose name such Note was registered at the close of business on such record date and no other interest will be payable to Holders who tender pursuant to the Repurchase Offer. If any Note called is not repurchased upon surrender because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the Purchase Date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes.

(b) The Issuer shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable in connection with a Change of Control Offer, a Collateral Sale Offer or an Excess Proceeds Offer. To the extent that the provisions of any applicable securities laws or regulations conflict with this Section 3.09, the Issuer shall comply with such securities laws and regulations and shall not be deemed to have breached its obligations under this Section 3.09 by virtue thereof.

(c) Once notice of repurchase is mailed in accordance with this Section 3.09, all Notes validly tendered and not withdrawn (or, in the case of a Repurchase Offer that is not a Change of Control Offer, if the Issuer is not required to repurchase all of such Notes then the pro rata portion of such Notes that the Issuer may be required to repurchase) become irrevocably due and payable on the Purchase Date at the purchase price specified herein. A notice of repurchase may not be conditional.

(d) Other than as specifically provided in this Section 3.09 or Sections 5.08 or 5.09, any purchase pursuant to this Section 3.09, Section 5.08(a)(4) or Section 5.08(b)(4) shall be made pursuant to Sections 3.02 and 3.06.

ARTICLE 4
AFFIRMATIVE COVENANTS

So long as any Note remains outstanding:

SECTION 4.01 Reports. The Issuer shall furnish to the Trustee and, upon written request, to Holders of the Notes a copy of all of the information and reports referred to in clauses (1) and (2) below:

(1) (a) within 120 days after the end of each fiscal year, annual audited financial statements for such fiscal year (along with customary comparative results) and (b) within 60 days of the end of each of the first three fiscal quarters of every fiscal year, unaudited financial statements for the interim period as of, and for the period ending on, the end of such fiscal quarter (along with comparative results for the corresponding interim period in the prior year), in each case, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" with respect to the periods presented and, with respect to the annual information only, a report on the

annual financial statements by the Issuer's certified independent accountants (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information included in the Offering Memorandum or the then applicable Commission requirements); and

(2) within five Business Days of the occurrence of an event required to be therein reported, such other reports containing substantially the same information required to be contained in a Current Report on Form 8-K under the Exchange Act (other than Items 3.01 (Notice of delisting or failure to satisfy a continued listing rule or standard; transfer of listing), 3.02 (Unregistered sales of equity securities), 3.03 (Modification of rights of security holders), 5.01 (Change of control) and 5.04 (Temporary suspension of trading under registrant's employee benefit plans) thereof); *provided* that if the Issuer becomes subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, in lieu of the foregoing requirements, the Issuer will file all reports in the time periods specified in the Commission's rules and regulations.

If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by this Section 4.01 shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of its Unrestricted Subsidiaries to the extent such information would be required if the Issuer was subject to the periodic reporting requirements of the Exchange Act.

In addition, for so long as any Notes remain outstanding, if at any time the Issuer and the Guarantors are not required to file with the Commission the reports required by the preceding paragraphs, the Issuer and the Guarantors shall furnish to the Holders of Notes and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

SECTION 4.02 Payment of Obligations. The Issuer shall, and shall cause each of its Restricted Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges levied or imposed upon the Issuer or any Restricted Subsidiary or upon the income, profits or property of the Issuer or any Restricted Subsidiary and (ii) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a material liability or Lien upon the property of the Issuer or any Restricted Subsidiary; *provided, however*, that the Issuer shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which appropriate reserves, if necessary (in the good faith judgment of management of the Issuer), are being maintained in accordance with GAAP or where the failure to effect such payment will not be materially disadvantageous to the Holders.

SECTION 4.03 Corporate Existence. Except as otherwise permitted in this Indenture, the Issuer and the Guarantors shall do or cause to be done all things necessary to preserve and keep in full force and effect their corporate existences and the corporate,

partnership, limited liability company or other existence of any Restricted Subsidiary in accordance with their respective organizational documents (as the same may be amended from time to time).

SECTION 4.04 FCC License Subsidiary; Licenses.

(a) All FCC Licenses acquired after the Issue Date shall, as soon as practicable after receipt thereof, be held by the FCC License Subsidiary, except as required by law or administrative action. All Industry Canada Licenses in existence on the Issue Date or acquired after the Issue Date shall be held by TerreStar Canada or another entity designated by the Issuer that becomes a Guarantor, except as required by law or administrative action. The Issuer shall not transfer or dispose of any Capital Stock it directly or indirectly owns in each of the Canadian Entities; *provided, that* the Issuer may dispose of its Capital Stock of any of the Canadian Entities in compliance with Section 5.08 if such disposition does not adversely affect the rights of the Issuer under the IRU Agreement or result in the loss of the orbital slot granted by Industry Canada for TerreStar-1.

(b) After the FCC License Subsidiary has been formed, the Issuer shall maintain direct ownership of all of the Capital Stock of the FCC License Subsidiary.

SECTION 4.05 Compliance Certificates.

(a) The Issuer shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Issuer (beginning with the fiscal year ending December 31, 2007), an Officers' Certificate as to the signers' knowledge of the Issuer's compliance with all conditions and covenants on its part contained in this Indenture and stating whether or not the signer knows of any Default or Event of Default. For the purposes of this Section 4.05, compliance shall be determined without regard to any grace period or requirement of notice provided pursuant to the terms of this Indenture.

(b) The Issuer shall promptly deliver to the Trustee and in any event within five Business Days of any Officer becoming aware of the occurrence of any Default or Event of Default, an Officers' Certificate setting forth the details of such Default or Event of Default and the action which the Issuer is taking or proposes to take to remedy the same.

SECTION 4.06 Designation of Unrestricted Subsidiaries.

(a) The Board of Directors of the Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary properly designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 5.04(a) (or clause (9) of Section 5.04(b)) or under one or more clauses of the definition of Permitted Investments, as determined by the Issuer. Such designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors

of the Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default or an Event of Default.

All Subsidiaries of Unrestricted Subsidiaries shall be automatically deemed to be Unrestricted Subsidiaries.

(b) Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officers' Certificate certifying that such designation complied with clause (a) of this Section 4.06 and was permitted under Section 5.04. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Issuer as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 5.01, the Issuer will be in default of such covenant. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Issuer; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under Section 5.01, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable quarterly reference period; and (2) no Default or Event of Default would be in existence following such designation.

SECTION 4.07 . Additional Guarantees and Collateral.

(a) With respect to the following property acquired after the Issue Date by the Issuer or any Guarantor (1) any assets, including, but not limited to, after-acquired real property (but excluding (i) any leased real property, other than a ground lease with an individual fair market value that exceeds $1,000,000 and (ii) any owned real property with an individual fair market value of $1,000,000 or less) or any equipment or fixtures which constitute accretions, additions or technological upgrades to the equipment or fixtures that form part of the Collateral or (2) any Additional Assets in compliance with Section 5.08 (but excluding, in either case Excluded Property (as defined in the Security Agreements)), the Issuer or such Guarantor shall (x) execute and deliver such amendments to the Security Agreements, mortgages or deeds of trust and such other documents as the Collateral Agent reasonably deems necessary or advisable to grant to the Holders a security interest in such property and (y) file any financing statement or mortgages or deeds of trust and deliver any stock certificates and accompanying powers necessary to grant to the Holders a perfected first priority security interest (subject only to Permitted Liens) in such property, and thereupon all provisions of this Indenture and the Intercreditor Agreement relating to the Collateral shall be deemed to relate to such after-acquired property to the same extent and with the same force and effect. Notwithstanding anything herein to the contrary, if granting or perfecting any Lien to secure the Notes on any Collateral that consists of rights that are licensed or leased from a third-party requires the consent of such third party pursuant to the terms of an applicable license or lease agreement, and such terms are enforceable under applicable law, the Issuer or the relevant Guarantor, as the case may be, shall use all commercially reasonable efforts to obtain such consent with respect to the granting or

perfecting of such Lien, but if the third party does not consent to the granting or perfecting of such Lien after the use of commercially reasonable efforts, none of the Issuer or the Guarantors will be required to do so.

(b) If the Issuer or any Restricted Subsidiary acquires or creates another Domestic Subsidiary (other than a Domestic Subsidiary that is a Subsidiary, directly or indirectly, of a Foreign Subsidiary) after the Issue Date, such newly acquired or created Domestic Subsidiary shall, on the date on which it is acquired or created, become a Guarantor by executing and delivering to the Trustee a supplemental indenture in the form of Exhibit J hereto, pursuant to which such Domestic Subsidiary will guarantee, on a joint and several basis, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior secured basis.

(c) If any Restricted Subsidiary that is not a Guarantor shall Guarantee any Indebtedness of the Issuer or any Guarantor while the Notes are outstanding, then such Subsidiary shall become a Guarantor under this Indenture and shall execute and deliver to the Trustee a supplemental indenture in the form of Exhibit J hereto.

(d) The Issuer may elect to make any Foreign Subsidiary or any Affiliate a Guarantor, with the consent of any such party, by causing such Person to execute and deliver to the Trustee a supplemental indenture in the form of Exhibit J hereto.

(e) Each Guarantor shall become a party to the Collateral Documents applicable to it and, to the extent that such Guarantor elects to guarantee any Additional Secured Obligations, the Intercreditor Agreement. The Issuer (i) shall cause each Subsidiary Guarantor to become a party to the Collateral Documents and the Intercreditor Agreement and (ii) shall, or shall cause each Subsidiary Guarantor to, file any financing statement or deliver any stock certificates and accompanying powers necessary to grant to the Collateral Agent, for the benefit of itself and the Holders, perfected first priority security interests (subject only to Permitted Liens) in any Collateral held by such Guarantor, to the extent a security interest therein can be perfected by the filing of a financing statement or the delivery of stock certificates and accompanying powers.

(f) Each Guarantor shall, and the Issuer shall, and shall cause each of its Subsidiaries that is a Guarantor to, promptly grant to the Holders security interests and Mortgages in such owned real property or ground lease interest in real property of the Issuer or any such Guarantor as is acquired after the Issue Date by the Issuer or such Guarantor and that, together with any improvements thereon, individually has a value in excess of $1,000,000 ("Premises"), as additional security for the obligations of the Issuer and each of the Guarantors under this Indenture, the Guarantees, the Collateral Documents and, in the case of the Issuer and the Guarantors party thereto, the Intercreditor Agreement (unless the subject property is already mortgaged to a third party to the extent permitted by Section 5.02, constitutes Excluded Property or has been owned by the Issuer or such Guarantor for less than three months and shall be sold pursuant to a sale and lease back transaction within three months of the date of acquisition by the Issuer or such Guarantor). With respect to such Premises, the Issuer shall deliver to the Collateral Agent, as mortgagee or beneficiary, as applicable, fully executed counterparts of Mortgages, each dated as of a date no later than 60 days after the date of acquisition of such

Premises, duly executed by the Issuer or the applicable Guarantor, together with evidence of the completion or satisfactory arrangements for the completion (such as delivery to a reputable title insurance company for recording and filing) of all recordings and filings of such Mortgages (and payment of any taxes or fees in connection therewith) as may be necessary to create a valid, perfected Lien, subject to Permitted Liens and on a shared basis with any Additional Secured Obligations, against the Premises purported to be covered thereby. With respect to any Premises that have a fair market value in excess of $10,000,000, the Issuer shall also deliver to the Collateral Agent mortgagee's title insurance policies in favor of the Collateral Agent, as mortgagee for the ratable benefit of itself and the Holders (on a shared basis with any Additional Secured Obligations), in the amount of the fair market value of such Premises as determined in good faith by the Issuer's senior management and in the form necessary, with respect to the property purported to be covered by such Mortgage, to ensure that title to such property is marketable and that the interests created by the Mortgage constitute valid Liens thereon free and clear of all Liens, defects and encumbrances, other than Permitted Liens, and such policies shall be accompanied by evidence of the payment in full of all premiums thereon and such fixture filings, surveys, instruments, certificates, agreements and/or other documents and such local counsel opinions as the Collateral Agent and its counsel shall reasonably request.

(g) Any Guarantee given by any Restricted Subsidiary that was required to be given by Section 4.07(c) hereof shall be automatically released upon the release by the Holders of the Indebtedness described in Section 4.07(c) or the guarantee thereof by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness), which resulted in the Notes being guaranteed by such Restricted Subsidiary, at such time as (a) no other Indebtedness of the Issuer and the other Guarantors has been guaranteed by such Restricted Subsidiary or (b) the holders of all such other Indebtedness which is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness).

(h) The FCC License Subsidiary shall, promptly after the FCC License has been transferred to it, become a Guarantor and execute a supplemental indenture hereto in substantially the form of Exhibit J hereto pursuant to which it will guarantee, on a joint and several basis, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior secured basis.

(i) The Issuer shall cause the FCC License Subsidiary to become a party to the Collateral Documents and, if applicable, the Intercreditor Agreement and take such actions necessary or advisable to grant to the Collateral Agent, for the benefit of itself and the Holders of the Notes, a perfected security interest in any Collateral held by the FCC License Subsidiary, subject to Permitted Liens.

(j) The Collateral Agent shall execute an appropriate instrument prepared by the Issuer evidencing the release of a Guarantor from its obligations under its Guarantee, the Collateral Documents and the Intercreditor Agreement upon receipt of an Officer's Certificate by the Issuer or such Guarantor stating that all conditions set forth in Section 4.07(g), 5.03(f), 11.02(a)(1), 11.02(a)(2), 11.02(a)(3) or 11.02(a)(5), as applicable, have been satisfied or that the

Capital Stock of such Guarantor has been disposed of in accordance with the provisions of this Indenture.

(k) The foregoing provisions shall not apply to Subsidiaries that have been properly designated as Unrestricted Subsidiaries in accordance with Section 4.06 for so long as they continue to constitute Unrestricted Subsidiaries.

SECTION 4.08 Maintenance of Insurance.

(a) The Issuer shall obtain, or cause to be obtained, prior to the launch of each satellite and shall maintain, or cause to be maintained, launch insurance with respect to each satellite launch covering the period from the launch to 180 days or more following the launch of each satellite on such terms (including coverage period, exclusions, limitations on coverage, co-insurance, deductibles and coverage amount) as is customary in the industry for similar persons at the time of such launch.

(b) The Issuer shall procure and maintain, or cause to be procured and maintained, Full In-Orbit Insurance for each satellite; *provided* that such Full In-Orbit Insurance shall only be required if, and to the extent and on such terms (including coverage period, exclusions, limitations on coverage, co-insurance, deductibles and coverage amount) as is determined by the Board of Directors of the Issuer to be in the best interests of the Issuer as evidenced by a resolution of the Board of Directors.

(c) Insurance policies required by the foregoing paragraphs obtained or renewed after the Issue Date shall:

(1) contain no exclusions other than customary exclusions and such specific exclusions applicable to the performance of the satellite (or portion thereof, or the type of satellite or portion thereof, as applicable) being insured as are acceptable to the Board of Directors of the Issuer in order to obtain insurance for a price that is, and on other terms and conditions that are, commercially reasonable; and

(2) subject to the proviso in clause (b) of this Section 4.08, provide coverage for all risks of loss and damage to the satellite.

(d) In the event that the Issuer or any Guarantor receives Net Insurance Proceeds relating to any satellite, the Issuer or such Guarantor shall apply such Net Insurance Proceeds in the manner provided under Section 5.08.

SECTION 4.09 Covenants with Respect to the Canadian Entities. At all times after the Transfer Agreements have become effective, the Issuer will exercise its rights under such Transfer Agreements so as not to permit the Canadian Entities to (each, a "Covered Transaction"):

(a) engage in (i) any sale, lease, transfer or other disposition of any assets or rights; or (ii) the issuance of any Equity Interests in a Canadian Entity or the sale of any Equity Interests of a Canadian Entity;

(b) incur any Indebtedness; or

(c) directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien, other than Liens on their respective assets having an aggregate value of $500,000 or less,

unless, in each case, a Subsidiary Guarantor would be permitted to engage in such Covered Transaction in compliance with Sections 5.01, 5.02 and 5.08; *provided, however*, that in the case of an Asset Sale or Recovery Event of a Canadian Entity, any fair market value determination required to be made in connection therewith may be made by the Board of Directors of such entity.

For purposes of compliance with the preceding sentence of this Section 4.09,

(i) any Covered Transaction engaged in by a Canadian Entity shall be deemed to be a transaction by a Restricted Subsidiary of the Issuer that is a Subsidiary Guarantor and has provided a Subsidiary Guarantee; and

(ii) each Canadian Entity shall be considered to be Restricted Subsidiary and Subsidiary Guarantor for purposes of such defined terms used in Sections 5.01, 5.02 and 5.08.

Furthermore, for purposes of determining compliance with Sections 5.01, 5.02 and 5.08 following the occurrence of one or more Covered Transactions, effect shall be given to such Covered Transactions as if they had been transactions by Restricted Subsidiaries and Subsidiary Guarantors, including, but not limited to, for purposes of determining basket usage under Section 5.01(b). Nothing in this Section 4.09 shall be deemed to alter or amend the terms of the Transfer Agreements.

ARTICLE 5
NEGATIVE COVENANTS

So long as any Note remains outstanding:

SECTION 5.01 Indebtedness.

(a) The Issuer shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt); *provided, however*, that the Issuer and any Subsidiary Guarantor may incur Indebtedness (including Acquired Debt) if the Issuer's Leverage Ratio as of the date on which such additional Indebtedness is incurred would not be greater than 6.75 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of the quarterly reference period.

(b) The provisions of clause (a) of this Section 5.01 will not apply to any of the following items of Indebtedness:

(1) the incurrence of $1.00 of additional senior secured or unsecured Indebtedness by the Issuer or any Subsidiary Guarantor for each $4.00 of Net Proceeds received by the Issuer after the Issue Date from the issue or sale of Capital Stock of the Issuer or cash capital contributions to the Issuer (in each case, other than proceeds of Disqualified Stock, sales of Capital Stock to the Issuer or any of its Restricted Subsidiaries or cash or securities contributed to the Issuer pursuant to the Motient Funding Agreement); *provided* that, prior to any Incurrence of Indebtedness under this clause (1), the Issuer shall have received at least $150.0 million of Net Proceeds after the Issue Date from the issue or sale of Capital Stock of the Issuer or cash contributed to the capital of the Issuer (in each case other than proceeds of Disqualified Stock or sales of Capital Stock to the Issuer or any of its Restricted Subsidiaries or cash or securities contributed to the Issuer pursuant to the Motient Funding Agreement); and *provided, further* that any Net Proceeds received by the Issuer or cash contributions to the Issuer's capital and used to incur Indebtedness pursuant to this clause (1) shall be excluded from the calculation of Net Proceeds under Section 5.04(a)(4)(C)(ii);

(2) Existing Indebtedness;

(3) the incurrence by the Issuer and the Subsidiary Guarantors of Indebtedness represented by the Notes (other than Additional Notes not issued in payment of interest or the Notes), Additional Notes issued in payment of interest on the Notes and the related Guarantees to be issued on the Issue Date and additional Guarantees issued after the Issue Date pursuant to Section 4.07;

(4) the incurrence by the Issuer or any Subsidiary Guarantor of Indebtedness represented by Capital Lease Obligations, mortgage financings or Purchase Money Indebtedness with respect to assets other than Capital Stock or other Investments, including the incurrence of Indebtedness representing the financing of installments of Full In-Orbit Insurance, launch insurance premiums or launch services, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or equipment used in a Permitted Business, and Attributable Debt, in an aggregate principal amount not to exceed $50.0 million at any time outstanding;

(5) the incurrence by the Issuer or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, discharge, defease or replace Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 5.01(a) or under any other clause of this Section 5.01(b) (excluding clause (6)), *provided* that for purposes of any limit contained in any such other clause the aggregate amount of Indebtedness incurred pursuant to this clause (5) outstanding at any one time shall be treated as outstanding pursuant to such other clause;

(6) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries; *provided, however*, that:

(i) if the Issuer or any Subsidiary Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Subsidiary Guarantor, such Indebtedness shall be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Issuer, or such Subsidiary Guarantee, in the case of a Subsidiary Guarantor; and

(ii) (A) any subsequent issuance or transfer of Equity Interests or any other event that results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary (B) any sale or other transfer of any such Indebtedness to a Person that is neither the Issuer nor a Restricted Subsidiary or (C) the designation of a Restricted Subsidiary which holds Indebtedness as an Unrestricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by the Issuer or any of its Restricted Subsidiaries of Hedging Obligations;

(8) the Guarantee by the Issuer or any of the Subsidiary Guarantors of Indebtedness of the Issuer or any Restricted Subsidiary that was permitted to be incurred by another provision of this Section 5.01(b); *provided* that if the Indebtedness being guaranteed is (A) *pari passu* in right of payment to the Notes or any Subsidiary Guarantee, then the Guarantee related to such Indebtedness shall rank equally in right of payment to the Notes or such Subsidiary Guarantee, as the case may be, or (B) subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the Guarantee of such Indebtedness shall be subordinated in right of payment to the same extent to the Notes or such Subsidiary Guarantee, as the case may be;

(9) the incurrence of Indebtedness by the Issuer or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) in the ordinary course of business inadvertently drawn against insufficient funds, *provided, however*, that such Indebtedness is extinguished within five Business Days of incurrence;

(10) the incurrence of Indebtedness by the Issuer or any of its Restricted Subsidiaries incurred in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, surety and similar bonds and completion guarantees provided by the Issuer or any Restricted Subsidiary, in each case, in the ordinary course of business;

(11) the incurrence of Indebtedness by one or more Foreign Subsidiaries of the Issuer in an aggregate principal amount outstanding at any one time not to exceed the greater of (a) $30.0 million or (b) 2.5% of Consolidated Total Assets;

(12) Indebtedness of a Restricted Subsidiary incurred and outstanding on the date on which such Restricted Subsidiary was acquired by, or merged into, the Issuer or any Restricted Subsidiary (other than Indebtedness incurred (A) to provide all or

any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Issuer or (B) otherwise in connection with, or in contemplation of, such acquisition); *provided, however,* that at the time such Restricted Subsidiary is acquired by the Issuer, the Issuer would have been able to incur $1.00 of additional Indebtedness pursuant to Section 5.01(a) after giving effect to the incurrence of such Indebtedness pursuant to this clause (12);

(13) the incurrence of additional Indebtedness by the Issuer or any Subsidiary Guarantor in an aggregate principal amount which, when taken together with all other Indebtedness incurred pursuant to this clause (13) and then outstanding, does not exceed the greater of (A) $500.0 million and (B) an amount equal to 150% of the Net Proceeds received by the Issuer since the Issue Date from the issue or sale of Capital Stock of the Issuer or cash contributed to the capital of the Issuer (in each case other than proceeds of Disqualified Stock or sales of Capital Stock to the Issuer or any of its Restricted Subsidiaries); *provided, however,* that any Indebtedness incurred under this clause (13) shall have a Weighted Average Life to Maturity that is greater than the then remaining Weighted Average Life to Maturity of the Notes; *provided further* that any Net Proceeds received by the Issuer or cash contributions to the Issuer's capital and used to incur Indebtedness pursuant to this clause (13) shall be excluded from the calculation of Net Proceeds under Section 5.04(a)(4)(C)(ii);

(14) the incurrence of Purchase Money Indebtedness constituting Indebtedness by the Issuer or any Subsidiary Guarantor to finance the procurement, construction and launch of one or more satellites and/or ground-based beam-forming earth stations in an amount at any time outstanding not to exceed $100.0 million;

(15) the incurrence of Capital Lease Obligations or Purchase Money Indebtedness of the Issuer or any Subsidiary Guarantor incurred to finance the lease or purchase of wireless communications spectrum in North America; provided that in the case of Capital Lease Obligations, the rights of the lessor under such Capital Lease Obligations shall be limited to the wireless communications spectrum leased and, in the case of Purchase Money Indebtedness, the lenders of such Purchase Money Indebtedness shall only have recourse to the wireless communications spectrum purchased (or any Restricted Subsidiary that owns no material assets other than such spectrum) and shall have no other claim against the Issuer and its other Restricted Subsidiaries; *provided, further,* that the Issuer shall have received at least $500.0 million of Designated Equity Contributions prior to any incurrence under this clause (15) and shall not have made a Designated Equity Election;

(16) the incurrence by the Issuer or any Subsidiary Guarantor of additional Indebtedness, which may be secured on an equal and ratable basis with the Notes or otherwise in accordance with the terms of this Indenture, together with all other Indebtedness incurred pursuant to this clause (16) that is at the time outstanding, in an aggregate principal amount (or accreted value, as applicable) at any time outstanding not to exceed $50.0 million;

(17) the incurrence of subordinated Obligations by the Issuer or any Subsidiary Guarantor, which, when added together with the amount of all other subordinated Obligations incurred pursuant to this clause (17) and then outstanding, does not exceed $250.0 million; *provided, however,* that any Indebtedness incurred under this clause (17) shall have a Weighted Average Life to Maturity that is greater than the then remaining Weighted Average Life to Maturity of the Notes and a final maturity date that is later than the date that is 91 days after the Stated Maturity of the Notes; and

(18) the incurrence of Indebtedness by the Issuer or any Subsidiary Guarantor to finance the purchase or construction of property (real or personal) or equipment that is used for the construction of the Issuer's terrestrial network so long as, at the time of incurrence thereof, the ratio of total consolidated Indebtedness of the Issuer and its Restricted Subsidiaries determined in accordance with GAAP (including Indebtedness under all financings under this clause (18)) to Invested Capital does not exceed 75%.

(c) The Issuer shall not permit any of the Unrestricted Subsidiaries to incur any Indebtedness other than Non-Recourse Debt. If any Non-Recourse Debt of an Unrestricted Subsidiary shall at any time cease to constitute Non-Recourse Debt or such Unrestricted Subsidiary shall be redesignated a Restricted Subsidiary, such event will be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary.

(d) For purposes of determining compliance with this Section 5.01:

(1) in the event that any Indebtedness meets the criteria of more than one of the categories described in clauses (1) through (18) of Section 5.01(b), the Issuer, in its sole discretion, will be permitted to classify (or later reclassify in whole or in part) such item of Indebtedness in any manner that complies with this Section 5.01;

(2) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same, or less onerous, terms, the reclassification of preferred stock of the Issuer or any Subsidiary Guarantor as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock or preferred stock in the form of additional shares of the same class of Disqualified Stock or preferred stock, the accrual of dividends on Disqualified Stock or preferred stock and the accretion of the liquidation preference of Disqualified Stock or preferred stock will not be deemed to be an incurrence of Indebtedness for purposes of this Section 5.01;

(3) Indebtedness permitted by this Section 5.01 need not be permitted solely by reference to one provision permitting such Indebtedness, but may be permitted in part by one such provision and in part by one or more other provisions of this Section 5.01 permitting such Indebtedness; and

(4) for the purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar-equivalent principal amount of such Indebtedness incurred pursuant

thereto shall be calculated based on the relevant currency exchange rate in effect on the earlier of the date that such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this Section 5.01, the maximum amount of Indebtedness that the Issuer or any Restricted Subsidiary may incur pursuant to this Section 5.01 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

SECTION 5.02 Limitation on Liens. The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness or trade payables (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired.

SECTION 5.03 Merger, Consolidation and Sale of Assets.

(a) The Issuer shall not, directly or indirectly: (x) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation); or (y) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person unless:

(1) either: (A) the Issuer is the surviving corporation; or (B) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made (the "Successor Person") is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia; *provided* that if such surviving person is not a corporation, a corporate wholly-owned Restricted Subsidiary of such Person organized under the laws of the United States, any state or the District of Columbia becomes a co-issuer of the Notes in connection therewith;

(2) the Successor Person (if other than the Issuer) expressly assumes all the obligations of the Issuer under the Notes, this Indenture, the Collateral Documents (as applicable) and the Intercreditor Agreement pursuant to agreements reasonably satisfactory to the Trustee and shall cause such amendments, supplements or other instruments to be executed, filed and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Lien on the Collateral owned by or transferred

to the Successor Person, together with such financing statements or comparable documents as may be required to perfect any security interests in such Collateral which may be perfected by the filing of a financing statement or a similar document under the Uniform Commercial Code or other similar statute or regulation of the relevant states or jurisdictions;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) (A) the Issuer or the Successor Person (if other than the Issuer) shall, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable annualized quarterly period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in Section 5.01(a); or (B) the Leverage Ratio on the date of such transaction after giving pro forma effect thereto and the related financing transaction would be equal to or less than the Leverage Ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction; and

(5) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, sale, assignment, transfer, conveyance, lease or other disposition complies with the provisions of this Indenture.

(b) For purposes of this Section 5.03, the sale, assignment, transfer, conveyance, lease or other disposition of all or substantially all of the properties and assets of one or more Restricted Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Restricted Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

(c) The Successor Person shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture, the Collateral Documents and the Intercreditor Agreement but, in the case of a lease of all or substantially all its assets, the Issuer will note be released from the obligation to pay the principal of and interest on the Notes.

(d) Notwithstanding the preceding, (x) any Restricted Subsidiary may consolidate with, merge into, sell, assign, convey, lease or otherwise transfer all or part of its properties and assets to the Issuer or to any Guarantor and (y) the Issuer may merge with an Affiliate formed solely for the purpose of re-forming the Issuer in another jurisdiction or changing the Issuer's form of organization; *provided* that if the form of the Issuer's organization is changed, then a corporate wholly-owned Restricted Subsidiary of the Issuer organized under the laws of the United States, any state or the District of Columbia becomes a co-issuer of the Notes.

(e) A Guarantor may not consolidate, amalgamate or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Issuer or another Guarantor, unless:

(1) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(2) subject to the provisions of Section 5.03(f), the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Guarantor) assumes all the obligations of such Guarantor under this Indenture (including its Guarantee), the Collateral Documents and, if applicable, the Intercreditor Agreement to which such Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee and the Collateral Agent.

(f) In the event of:

(1) a sale or disposition of all or substantially all of the assets of any Guarantor by way of merger, consolidation, amalgamation or otherwise; or

(2) the sale or other disposition of Capital Stock of any Guarantor if, in the case of a Guarantor that is a Subsidiary, as a result of such disposition, such Person ceases to be a Subsidiary of the Issuer or, in the case of any of the Canadian Entities, the Issuer ceases to hold any direct or indirect interest in the Equity Interests of such Canadian Entity,

then the Person acquiring such assets (in the case of clause (c)(1)) or such Guarantor (in the case of clause (c)(2)) will be automatically released and relieved of any obligations under its Guarantee; *provided, that* such sale or other disposition complies with Section 5.08.

SECTION 5.04 Restricted Payments.

(a) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer and other than dividends or distributions payable to the Issuer or a Restricted Subsidiary of the Issuer);

(2) purchase, redeem or otherwise acquire or retire for value (including in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any direct or indirect parent of the Issuer;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor (other than Indebtedness among the Issuer and the Guarantors) that is contractually subordinated to the Notes or to any Guarantee, except a payment of principal at the Stated Maturity thereof, or within one year prior to such Stated Maturity; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(A) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(B) the Issuer would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable quarterly period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in Section 5.01(a); and

(C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments declared or made by the Issuer and its Restricted Subsidiaries after the Issue Date, is less than the sum, without duplication, of:

(i) 100% of Consolidated EBITDA accrued during the period (treated as one accounting period) from the beginning of the first fiscal quarter during which the Issuer generates positive Consolidated EBITDA to the end of the most recent fiscal quarter for which internal financial statements are available *less* 1.4 times the Consolidated Interest Expense of the Issuer for the same period (if such amount in this clause (i) is a negative amount, *minus* the amount by which such amount is less than zero), *plus*

(ii) 100% of the aggregate Net Proceeds received by the Issuer since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock) of the Issuer or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Issuer that have been converted into or exchanged for such Equity Interests (other than Equity Interests or Disqualified Stock or debt securities) sold to a Subsidiary of the Issuer or an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Issuer or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination); *provided, however*, that there shall be excluded from the calculation of Net Proceeds under this clause (ii) any Net Proceeds received by the Issuer from the issue or sale of its Capital Stock or cash capital contributions received by the Issuer and which is deemed to be used to incur Indebtedness pursuant to clauses (1) and (13) of Section 5.01(b); until and except to the extent any such Indebtedness incurred pursuant to such clause in respect of such Net Proceeds has been redesignated to another clause of Section 5.01(b); *provided, further* that Designated Equity Contributions shall be excluded from the calculation of Net Proceeds under this clause (ii) unless the Issuer has made a Designated Equity Election, in which case the amount by which such Designated Equity Contributions exceeds the net present value of all payments to be made under Capital Lease Obligations and Purchase Money

Indebtedness incurred pursuant to clause (15) of Section 5.01(b) shall be permitted to be included in the calculation of Net Proceeds under this clause (ii), *plus*

(iii) 100% of the aggregate Net Proceeds received by the Issuer or a Restricted Subsidiary since the Issue Date from (A) Restricted Investments, whether through interest payments, principal payments, dividends or other distributions and payments, or the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) thereof made by the Issuer and its Restricted Subsidiaries and (B) a cash dividend from, or the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of, an Unrestricted Subsidiary, in each case to the extent not otherwise included in Consolidated Net Income of the Issuer for such period; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after the Issue Date is redesignated as a Restricted Subsidiary after the Issue Date, the fair market value of the Issuer's Investment in such Subsidiary as of the date of such redesignation.

(b) So long as no Default has occurred and is continuing or would be caused thereby, the preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice the dividend or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer (other than Disqualified Stock and other than Equity Interests issued or sold to an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or guaranteed by the Issuer or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination) or from the substantially concurrent contribution of common equity capital to the Issuer; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (a)(4)(C)(ii) of Section 5.04; *provided, further* that payments of amounts pursuant to this clause shall be excluded from subsequent calculations of the amount of Restricted Payments;

(3) the defeasance, redemption, repurchase or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Guarantee in exchange for, or out of the net cash proceeds of the substantially concurrent incurrence of, Permitted Refinancing Indebtedness (other than to a Subsidiary of the Issuer); *provided* that payments of

amounts pursuant to this clause shall be excluded from subsequent calculations of the amount of Restricted Payments;

(4) the payment of any dividend or distribution by a Restricted Subsidiary of the Issuer to the holders of its Equity Interests on a *pro rata* basis; *provided* that payments of amounts to the Issuer or any of its Restricted Subsidiaries pursuant to this clause (4) shall be excluded from subsequent calculations of the amount of Restricted Payments;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer or any direct or indirect parent of the Issuer held by any current or former officer, director or employee of the Issuer or any of its Restricted Subsidiaries or their estates or heirs pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such Equity Interests repurchased, redeemed, acquired or retired pursuant to this clause may not exceed $2.5 million in the aggregate since the Issue Date; *provided further* that cancellation in connection with a repurchase of Equity Interests of the Issuer of Indebtedness owing to the Issuer from employees, directors, officers or consultants of the Issuer or any of its Subsidiaries incurred to finance the acquisition of such Equity Interests by such individuals shall not be deemed to constitute a Restricted Payment; *provided, further* that payments of amounts pursuant to this clause shall be excluded from subsequent calculations of the amount of Restricted Payments;

(6) repurchases of Equity Interests deemed to occur upon the exercise of stock options, warrants or other convertible securities to the extent such Equity Interests represent a portion of the exercise price thereof; *provided* that payments of amounts pursuant to this clause shall be excluded from subsequent calculations of the amount of Restricted Payments;

(7) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer issued on or after the Issue Date in accordance with the Leverage Ratio test set forth in Section 5.01(a); *provided* that payments pursuant to this clause shall be excluded from subsequent calculations of Restricted Payments;

(8) the declaration and payment of dividends by the Issuer to, or the making of loans to, any direct or indirect parent in amounts required for any direct or indirect parent to pay:

(i) franchise taxes and other fees, taxes and expenses required to maintain their corporate existence; *provided* that payments of amounts pursuant to this clause (i) shall be excluded from subsequent calculations of the amount of Restricted Payments;

(ii) federal, state and local income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Subsidiaries;

provided that payments of amounts pursuant to this clause (ii) shall be excluded from subsequent calculations of the amount of Restricted Payments;

(iii) (A) reasonable salary, bonus and other benefits payable to directors, officers and employees of any direct or indirect parent company of the Issuer to the extent such salaries, bonuses and other benefits are substantially attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries and (B) general corporate overhead expenses of any direct or indirect parent company of the Issuer to the extent such expenses are substantially attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries; *provided* that payments of amounts pursuant to this clause (iii), up to a maximum of $5.0 million for any fiscal year of the Issuer, shall be excluded from subsequent calculations of the amount of Restricted Payments;

(iv) costs, fees and expenses incident to a private placement or public offering of any securities of such parent, so long as all of the net proceeds of such offering (if it is completed) are contributed to the Issuer; *provided* that payments of amounts pursuant to this clause (iv) shall be excluded from subsequent calculations of the amount of Restricted Payments; and

(v) taxes payable by any direct or indirect parent in connection with a contribution of shares of SkyTerra common stock to the Issuer pursuant to the Motient Funding Agreement *provided* that such taxes relate to increases in the value of such shares after their issuance to Motient Ventures Holding Inc., and *provided, further* that payments of amounts pursuant to this clause (v) shall be excluded from subsequent calculations of the amount of Restricted Payments;

(9) other Restricted Payments in an aggregate amount since the Issue Date not to exceed $5.0 million; and

(10) Restricted Payments made pursuant to the Transfer Agreements; *provided* that payments of amounts pursuant to this clause shall be excluded from subsequent calculations of the amount of Restricted Payments.

(c) The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any non-cash Restricted Payment that is required to be valued by this covenant shall be determined by the Board of Directors of the Issuer acting in good faith, whose resolution with respect thereto will be delivered to the Trustee. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $25.0 million.

SECTION 5.05 Transactions with Affiliates.

(a) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any

of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each, an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction in arm's-length dealings by the Issuer or such Restricted Subsidiary with a Person who is not an Affiliate; and

(2) the Issuer delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, a written resolution of the Board of Directors of the Issuer set forth in an Officers' Certificate certifying that a majority of the disinterested members of the Board of Directors, if any, have approved such Affiliate Transaction and determined that such Affiliate Transaction complies with this Section 5.05; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $15.0 million, a written opinion as to the fairness to the Issuer or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an independent accounting, appraisal or investment banking firm of national standing.

(b) Notwithstanding the foregoing, none of the following shall be prohibited by Section 5.05(a) or be deemed to be Affiliate Transactions:

(1) reasonable and customary (A) directors' fees and indemnification and similar arrangements, (B) consulting fees in an amount not to exceed $250,000 per fiscal year, (C) employee salaries, bonuses and employment agreements (including indemnification arrangements) and (D) compensation or employee benefit arrangements and incentive arrangements with any officer, director or employee entered into in the ordinary course of business (including customary benefits thereunder) and payments pursuant thereto;

(2) transactions between or among the Issuer and/or any of its Restricted Subsidiaries and Guarantees issued by and other transactions of the Issuer or any of its Restricted Subsidiaries for the benefit of the Issuer or any of its Restricted Subsidiaries, as the case may be;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer or any Restricted Subsidiary solely because the Issuer or any Restricted Subsidiary owns an Equity Interest in, or controls, such Person;

(4) the pledge of Equity Interests of Unrestricted Subsidiaries to support the Indebtedness thereof;

(5) issuances and sales of Equity Interests (other than Disqualified Stock) of the Issuer to Affiliates of the Issuer and the granting of registration and other customary rights in connection therewith, or the receipt of capital contributions from Affiliates of the Issuer that are not Restricted Subsidiaries of he Issuer solely in exchange for Equity Interests (other than Disqualified Stock) of the Issuer;

(6) Restricted Payments that are permitted by Section 5.04 and Permitted Investments (other than pursuant to clause (1) or clause (3) of the definition of "Permitted Investments");

(7) the performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any agreement to which the Issuer or any Restricted Subsidiaries is a party as of or on the Issue Date and to the extent described in the Offering Memorandum, substantially as described therein, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; *provided, however*, that any future amendment, modification, supplement, extension or renewal entered into after the Issue Date will be permitted to the extent that its terms are not materially more disadvantageous to the Holders than the terms of the agreements in effect on the Issue Date;

(8) the performance of obligations of the Issuer or any of its Subsidiaries under the terms of the Transfer Agreements, the Motient Funding Agreement and the TerreStar Shareholders Agreement on the terms described in the Offering Memorandum, as these agreements may be amended, modified, supplemented, extended or renewed from time to time; *provided, however*, that any future amendment, modification, supplement, extension or renewal entered into after the Issue Date will be permitted to the extent that its terms are not more disadvantageous in any material respect to the Holders of the Notes than the terms of the agreements in effect on the Issue Date or described in the Offering Memorandum;

(9) any transaction in which the Issuer or any of its Restricted Subsidiaries delivers to the Trustee a letter issued by an investment banking, appraisal or accounting firm of national standing stating that such transaction is fair from a financial point of view or meets the requirements of clause (1) of Section 5.05(a); and

(10) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture which are fair to the Issuer and its Restricted Subsidiaries, in the reasonable determination of the Board of Directors or the senior management of the Issuer, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party.

SECTION 5.06 Limitation on Lines of Business. The Issuer shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Issuer and its Subsidiaries taken as a whole.

SECTION 5.07 Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.

(a) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any of its Restricted Subsidiaries (it being understood that the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock) or pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries (it being understood that the subordination of loans or advances made to the Issuer or any of its Restricted Subsidiaries to other Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries shall not be deemed a restriction on the ability to make loans or advances); or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries.

(b) The preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive in any material respect, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) this Indenture, the Notes, the related Guarantees, the Collateral Documents, the Intercreditor Agreement and the Transfer Agreements;

(3) applicable law or any applicable rule, regulation or order;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, including any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of any such agreements or instruments; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings,

replacements or refinancings are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing such original agreement or instrument; *provided, further*, that, in the case of Indebtedness, such Indebtedness was permitted by Section 5.01;

(5) in the case of Section 5.07(a)(3):

(i) a lease, license or similar contract that restricts in a customary manner the subletting, assignment or transfer of any subject property or asset, or the assignment or transfer of any such lease, license or other contract;

(ii) mortgages, pledges or other security agreements otherwise permitted under this Indenture securing Indebtedness of the Issuer or any of its Restricted Subsidiaries to the extent such encumbrances or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements; or

(iii) reciprocal easement agreements of the Issuer or any of its Restricted Subsidiaries containing customary provisions restricting dispositions of the subject real property interests;

(6) leases and other agreements containing net worth provisions entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(7) Purchase Money Indebtedness for property acquired in the ordinary course of business and Capital Lease Obligations permitted under this Indenture that, in each case, impose restrictions on the property purchased or leased of the nature described in Section 5.07(a)(3);

(8) any agreement for the sale or other disposition of assets or Capital Stock of a Restricted Subsidiary permitted under this Indenture that restricts the sale of assets, distributions or loans by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive in any material respect, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens securing Indebtedness otherwise permitted to be incurred under Section 5.02 that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into in the ordinary course of business; *provided* that such restrictions apply only to the assets or property subject to such agreements;

(12) any agreement or instrument entered into after the Issue Date, provided that the encumbrances or restrictions in such agreement or instrument are not materially more restrictive, taken as a whole, than those contained in this Indenture, the Notes or the Collateral Documents;

(13) any Indebtedness permitted to be incurred or issued subsequent to the Issue Date pursuant to clause (11) of Section 5.01(b); *provided* that the Board of Directors of the Issuer determines (as evidenced by a resolution of the Board of Directors) in good faith at the time such encumbrances or restrictions are created that such encumbrances or restrictions would not reasonably be expected to impair the ability of the Issuer to make payments of interest and scheduled payments of principal on the Notes in each case as and when due; and

(14) restrictions on cash or other deposits or net worth under contracts or leases entered into in the ordinary course of business.

SECTION 5.08 Asset Sales and Recovery Events.

(a) (1) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale of Collateral unless:

(i) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at least equal to the fair market value of the Collateral sold or otherwise disposed of (such fair market value to be determined as of the date of contractually agreeing to such Asset Sale);

(ii) the fair market value is determined in good faith by the Issuer's Board of Directors;

(iii) at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents and 100% of the Net Proceeds therefrom is deposited directly into a deposit account constituting Collateral; *provided* that the amount of any consideration that is not in the form of cash or Cash Equivalents, taken together with all consideration not in the form of cash or Cash Equivalents received pursuant to this clause (iii) at the time of determination, shall not exceed an amount equal to the greater of (x) $25.0 million and (y) 2.5% of Consolidated Total Assets; and

(iv) the remaining consideration from such Asset Sale that is not in the form of cash or Cash Equivalents is promptly following its acquisition pledged as Collateral to secure the Notes.

(2) Within 360 days of receipt of any Net Proceeds from an Asset Sale or Recovery Event relating to Collateral, the Issuer or any of its Restricted Subsidiaries may apply such Net Proceeds to invest in Additional Assets, which Additional Assets are upon their acquisition added to the Collateral securing the Notes.

(3) All of the Net Proceeds received by the Issuer or such Restricted Subsidiary, as the case may be, from any Recovery Event shall be deposited directly into an account pledged under the Collateral Documents and may be withdrawn by the Issuer or such Restricted Subsidiary to be invested in Additional Assets (which may include performance of a Restoration of the affected Collateral) in accordance with this clause (3) within 360 days of the date of such Recovery Event.

(4) Any Net Proceeds from Asset Sales of Collateral or Recovery Events relating to Collateral that are not applied or invested as provided in Section 5.08(a) or in accordance with the Collateral Documents shall constitute "Excess Collateral Proceeds."

Subject to clause (5) of this Section 5.08(a), no later than the 365th day after the Asset Sale or Recovery Event pursuant to this Section 5.08(a) (or, at the Issuer's option, at any earlier date), if the aggregate amount of Excess Collateral Proceeds exceeds $10.0 million, the Issuer shall:

(i) make an offer (a "Collateral Sale Offer") to all Holders of Notes; and

(ii) prepay, purchase or redeem (or make an offer to do so) any other Indebtedness of the Issuer that is *pari passu* in right of payment with the Notes in accordance with provisions governing such Indebtedness requiring the Issuer to prepay, purchase or redeem such Indebtedness with the proceeds from any Asset Sales (of offer to do so),

pro rata in proportion to the aggregate principal amount of the Notes and the respective principal amounts of such other Indebtedness (or, in the case of Indebtedness issued at a discount, the accreted value thereof) required to be prepaid, purchased or redeemed or tendered for, in the case of the Notes pursuant to such Collateral Sale Offer, to purchase the maximum aggregate principal amount of Notes that may be purchased out of such *pro rata* portion of the Excess Collateral Proceeds, at an offer price in cash in an amount equal to 100% of their aggregate principal amount plus accrued and unpaid interest (if any) to the date of purchase subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date in accordance with the procedures set forth in Section 3.09(a). The offer price in any Collateral Sale Offer shall be equal to 100% of the aggregate principal amount of the Notes, and the aggregate principal amount outstanding of such other Pari Passu Indebtedness (or, in the case of Indebtedness issued at a discount, the accreted value thereof), plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, and shall be payable in cash, in each case, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof, except that if a premium is to be paid to the holders of such other Indebtedness, such premium shall not be paid with the Net Proceeds from Asset Sales. If any Excess Collateral Proceeds remain after consummation of a Collateral Sale Offer, the Issuer may use those Excess Collateral Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and aggregate principal amount (or, in the case of Indebtedness issued at a discount, the accreted value thereof) outstanding of the Pari

Passu Indebtedness tendered in such Collateral Sale Offer exceeds the amount of Excess Collateral Proceeds, the portion of each Note and Pari Passu Indebtedness to be purchased shall be determined by the Trustee on a *pro rata* basis among the holders of such Notes and Pari Passu Indebtedness with appropriate adjustments such that the Notes may only be purchased in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Upon completion of each Collateral Sale Offer or the application of Excess Collateral Proceeds pursuant to this Section 5.08(a)(4), the amount of Excess Proceeds will be reset at zero.

(5) Notwithstanding the foregoing, the Issuer or such Restricted Subsidiary shall be deemed to have applied Net Proceeds from an Asset Sale or Recovery Event if, within such 360-day period, the Issuer or such Restricted Subsidiary has entered into a binding commitment or agreement to invest such Net Proceeds and continues to use all commercially reasonable efforts to so apply such Net Proceeds as soon as practicable thereafter, and no Collateral Sale Offer needs to be launched unless there occurs any abandonment or termination of such commitment or agreement after such 360-day period, in which case the Net Proceeds not applied will constitute Excess Proceeds at such time.

(b) (1) The Issuer shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale (other than an Asset Sale of Collateral) unless:

(i) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of (such fair market value to be determined on the date of contractually agreeing to such Asset Sale);

(ii) the fair market value is determined by the Issuer's Board of Directors and evidenced by a resolution of such Board of Directors set forth in an Officers' Certificate delivered to the Trustee; and

(iii) at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

(2) Within 360 days after the receipt of any Net Proceeds from an Asset Sale (other than an Asset Sale of Collateral) or a Recovery Event (other than a Recovery Event involving Collateral), the Issuer or any Restricted Subsidiary may apply such Net Proceeds at its option to:

(i) repay, purchase or otherwise retire the Notes or other Indebtedness (and to correspondingly reduce commitments with respect thereto) that is *pari passu* in right of payment with the Notes; *provided* that the Issuer shall also equally and ratably reduce Obligations under the Notes by making an offer (in accordance with the procedures set forth in Section 5.08(b)(4) for an Excess Proceeds Offer) to all Holders of Notes to purchase the *pro rata* principal amount

of Notes (on the basis of the aggregate principal amount of the Notes and the principal amount of other Pari Passu Indebtedness tendered in such Excess Proceeds Offer) at a purchase price equal to 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, to the repurchase date (subject to the right of the Holders of record on the relevant record date to receive interest due on the relevant interest payment date);

(ii) repay or repurchase Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another of its Restricted Subsidiaries; or

(iii) acquire or invest in Additional Assets.

(3) Notwithstanding the foregoing, the Issuer or such Restricted Subsidiary shall be deemed to have applied Net Proceeds from an Asset Sale or Recovery Event within such 360-day period if, within such 360-day period, the Issuer or such Restricted Subsidiary has entered into a binding commitment or agreement to invest such Net Proceeds and continues to use all commercially reasonable efforts to so apply such Net Proceeds as soon as practicable thereafter, and no Excess Proceeds Offer needs to be launched unless there occurs any abandonment or termination of such commitment or agreement after such 360-day period, in which case the Net Proceeds not so applied will constitute Excess Proceeds at such time.

(4) Any Net Proceeds from Asset Sales (other than Asset Sales of Collateral) or Recovery Events (other than Recovery Events relating to Collateral) that are not applied or invested as provided in Section 5.08(b)(3) will constitute "Excess Proceeds." Subject to Section 5.08(b)(3), no later than the 365th day after the Asset Sale or Recovery Event (or, at the Issuer's option, an earlier date), if the aggregate amount of Excess Proceeds exceeds $10.0 million, the Issuer shall:

(i) make an offer (an "Excess Proceeds Offer") to all Holders of Notes; and

(ii) prepay, purchase or redeem (or make an offer to do so) any other Indebtedness of the Issuer that is *pari passu* in right of payment with the Notes in accordance with provisions governing such Indebtedness requiring the Issuer to prepay, purchase or redeem such Indebtedness with the proceeds from any Asset Sales (of offer to do so),

pro rata in proportion to the principal amount of the Notes and the respective principal or accreted amounts of such other Indebtedness required to be prepaid, purchased or redeemed or tendered for, in the case of the Notes pursuant to such Excess Proceeds Offer, to purchase the maximum aggregate principal amount of Notes that may be purchased out of such *pro rata* portion of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of their aggregate principal amount plus accrued and unpaid interest, if any, to the date of purchase subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date in accordance with

the procedures set forth in Section 3.09(a). The offer price in any Excess Proceeds Offer will be equal to 100% of the aggregate principal amount of the Notes and such other Pari Passu Indebtedness, plus accrued and unpaid interest if any, to, but excluding, the date of purchase, and will be payable in cash, in each case, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof, except that if a premium is to be paid to the Holders of such other Indebtedness, such premium shall not be paid with the Net Proceeds from Asset Sales. If any Excess Proceeds remain after consummation of an Excess Proceeds Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and the principal amount or accreted value of the other Pari Passu Indebtedness tendered in such Excess Proceeds Offer exceeds the amount of Excess Proceeds, the Excess Proceeds will be allocated by the Issuer to the Notes and such other Pari Passu Indebtedness on a *pro rata* basis as nearly as practicable (on the basis of the aggregate principal amount of the Notes and the principal amount of other Pari Passu Indebtedness tendered in such Excess Proceeds Offer) and the portion of each Note to be purchased will thereafter be determined by the Trustee on a *pro rata* basis among the Holders of such Notes with appropriate adjustments such that the Notes may only be purchased in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Upon completion of each Excess Proceeds Offer, the amount of Excess Proceeds will be reset at zero.

(c) If the purchase date of a Collateral Sale Offer or Excess Proceeds Offer is on or after an interest payment record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Holder in whose name a Note is registered at the close of business on such record date, and no interest will be payable to Holders who tender Notes pursuant to the Collateral Sale Offer or Excess Proceeds Offer.

(d) Pending the final application of any Net Proceeds from an Asset Sale or Recovery Event, the Issuer and its Restricted Subsidiaries may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(e) For purposes of this Section 5.08, each of the following shall be deemed to be cash:

(1) the amount of any liabilities, as shown on the most recent consolidated balance sheet or in the notes thereto, of the Issuer or such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets, provided that the Issuer or such Restricted Subsidiary is released from further liability;

(2) any securities, Notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received in that conversion) within 180 days of receipt thereof; and

(3) any stock or assets received as consideration for such Asset Sale that would otherwise constitute a permitted application of Net Proceeds (or other cash in such amount) under clauses (1), (2) or (4) of the definition of "Additional Assets."

SECTION 5.09 Change of Control.

(a) If a Change of Control occurs, unless all Notes have been called for redemption pursuant to Section 3.07, the Issuer shall make an offer to each Holder to repurchase all or any part of such Holder's Notes pursuant to a Change of Control Offer made pursuant to Section 3.09 at an offer price in cash (the "Change of Control Payment") equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, thereon to, but excluding, the date of purchase.

(b) The Issuer shall not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in Section 3.09 applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer or (2) notice of redemption has been given pursuant to Section 3.07 unless and until there is a default in payment of the applicable redemption price.

SECTION 5.10 Payments for Consent. The Issuer shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes, or the Collateral Documents or the Intercreditor Agreement unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

ARTICLE 6
DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default and Remedies.

(a) Each of the following is an "Event of Default" under this Indenture:

(1) default for 30 days in the payment when due of interest on the Notes (including the failure to deliver to the Holders of the Notes properly authorized and authenticated Additional Notes issued in payment of interest and including any additional interest payable pursuant to Interest Step-Ups);

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of or premium, if any, on, the Notes;

(3) failure by the Issuer or any of its Restricted Subsidiaries to comply with Section 5.03;

(4) failure by the Issuer or any of its Restricted Subsidiaries for 30 days after notice to the Issuer by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with (a) Section 3.09 or Articles 4 or 5 or (b) any of its obligations under the Collateral Documents;

(5) failure by the Issuer or any Restricted Entity for 60 days after notice to the Issuer by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the other covenants or agreements in this Indenture;

(6) failure to pay at final maturity principal of any Indebtedness of the Issuer or of any Restricted Entity (including Guarantees by the Issuer or any Restricted Entity), whether such Indebtedness or Guarantee now exists or is created after the Issue Date, prior to the expiration of the grace period after final maturity provided in such Indebtedness or any such Indebtedness is accelerated by the Holders thereof, in each case if the principal amount of all such Indebtedness aggregates $10.0 million or more;

(7) failure by the Issuer or any Restricted Entity to pay final judgments entered by a court or courts of competent jurisdiction (not subject to appeal) aggregating in excess of $10.0 million (net of any amounts which a reputable and creditworthy insurance company has acknowledged liability for in writing), which judgments are not paid, discharged or stayed for a period of 60 days after the date on which the right to appeal has expired;

(8) except as permitted by this Indenture, any Subsidiary Guarantee of a Guarantor that is a Significant Subsidiary or is the FCC License Subsidiary, or the Guarantee of a Canadian Entity, shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or the Issuer or any Guarantor that is a Significant Subsidiary or is the FCC License Subsidiary, or is a Canadian Entity, or any Person acting on behalf of the Issuer or any such Guarantor, shall deny or disaffirm its obligations under its Guarantee and in the case of the Guarantee of a Canadian Entity, such Guarantee has not been reinstated within 120 days of such event;

(9) (i) the Issuer, any Restricted Subsidiary that is a Significant Subsidiary, any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, the FCC License Subsidiary or any Canadian Entity (unless such Canadian Entity has ceased to be a Guarantor at such time) shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Issuer, any Restricted Subsidiary that is a Significant Subsidiary, any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, the FCC License Subsidiary, or any Canadian Entity

(unless such Canadian Entity is not a Guarantor at such time) shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Issuer, any Restricted Subsidiary that is a Significant Subsidiary, any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, the FCC License Subsidiary, or any Canadian Entity (unless such Canadian Entity is not a Guarantor at such time) any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Issuer, any Restricted Subsidiary that is a Significant Subsidiary, any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, the FCC License Subsidiary, or any Canadian Entity (unless such Canadian Entity is not a Guarantor at such time) any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Issuer, any Restricted Subsidiary that is a Significant Subsidiary, any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, the FCC License Subsidiary, or any Canadian Entity (unless such Canadian Entity is not a Guarantor at such time) shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; and

(10) (a) failure by the Issuer and the Guarantors to receive the U.S. FCC Letter of Intent Authorization by July 31, 2008; or (b) a revocation, cancellation or relinquishment of (i) the U.S. FCC Letter of Intent Authorization or (ii) any FCC authorization held by the Issuer or a Restricted Subsidiary of the Issuer to operate ancillary terrestrial component facilities, unless the revocation, cancellation or relinquishment (x) remains subject to reconsideration, review, or appeal at the FCC or any court, provided that during the pendency of such reconsideration, review or appeal the Issuer is permitted to utilize the related spectrum and continues to conduct its business in the ordinary course, or (y) is accompanied by the issuance of a substitute or successor license, permit, or authorization of substantially equivalent utility;

(11) a revocation, cancellation or relinquishment of the Industry Canada License, which results in a loss of the orbital slot for TerreStar-1 or any replacement satellite for TerreStar-1, unless such revocation, cancellation or relinquishment (x) remains subject to reconsideration, review or appeal of Industry Canada or any court, provided that during the pendency of such reconsideration, review or appeal the Issuer continues to conduct its businesses in the ordinary course or (y) is accompanied by the issuance of a substitute or successor license, permit, or authorization of substantially equivalent utility; and

(12) (a) any of the Collateral Documents at any time for any reason is declared null and void, or shall cease to be effective in all material respects to give the Collateral Agent, the Liens with the priority purported to be created thereby subject to no other Liens with the priority purported to be created thereby (in each case, other than as expressly permitted by this Indenture and the applicable Collateral Documents or by

reason of the termination of this Indenture or the applicable Collateral Document in accordance with its terms), or there occurs any enforcement action against the Collateral or (b) with respect to any Collateral having a fair market value in excess of $10.0 million, the Issuer or any Guarantor asserts, in any pleading in any court of competent jurisdiction, that any such security interest is invalid or unenforceable.

(b) The foregoing shall constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

SECTION 6.02 Acceleration.

(a) In the case of an Event of Default specified in clause (9) of Section 6.01 with respect to the Issuer, any Restricted Subsidiary of the Issuer that is a Significant Subsidiary, the FCC License Subsidiary, any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or any Canadian Entity, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes, by notice in writing to the Trustee and the Issuer, may declare all the Notes to be due and payable. Notwithstanding anything contained in this Indenture or the Notes to the contrary, upon such a declaration, the principal of, premium, if any, and accrued and unpaid interest, if any, on the Notes will become immediately due and payable.

(b) In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) of Section 6.01 has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) of Section 6.01 shall be remedied or cured by the Issuer or a Restricted Entity or waived by the Holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (i) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (ii) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

SECTION 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of or interest on the Notes or to enforce the performance of any provision of the Notes, the Guarantees, the Collateral Documents or the Intercreditor Agreement.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Noteholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative (to the extent permitted by law).

SECTION 6.04 Rescission of Acceleration; Waiver of Past Defaults. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes rescind an acceleration or waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of principal of, or interest or premium, if any, on the Notes. When a Default is waived, it is deemed cured and ceases to exist and any Event of Default arising therefrom shall be deemed to have been cured and waived for every purpose under this Indenture, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05 Control by Majority. The Holders of a majority in aggregate principal amount of the Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee by this Indenture. However, the Trustee may refuse to follow any direction (a) that conflicts with law, (b) that conflicts with the provisions of this Indenture, (c) if the board of directors or trustees, or executive committee, or trust committee of directors or trustees or trust officers of the Trustee determines in good faith that the action or proceeding so directed would involve the Trustee in personal liability or expense for which it is not adequately indemnified (as determined by such body) or (d) subject to Section 7.01, that the Trustee determines is unduly prejudicial to the rights of other Noteholders; *provided, however*, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all liability, losses and expenses caused by taking or not taking such action.

SECTION 6.06 Limitation on Suits. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Noteholder may pursue any remedy with respect to this Indenture, the Notes, any Guarantee, the Collateral Documents or the Intercreditor Agreement unless:

(a) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(b) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(c) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(d) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(e) the Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

A Noteholder shall not use this Indenture to prejudice the rights of another Noteholder or to obtain a preference or priority over another Noteholder.

SECTION 6.07 Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest on the Notes held by such Holder, on or after the respective due dates expressed in the Notes, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08 Collection Suit by Trustee. If an Event of Default specified in Section 6.01(a)(1) or (2) occurs and is continuing, the Trustee may obtain judgment in its own name and as trustee of an express trust against the Issuer for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.06.

SECTION 6.09 Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Noteholders allowed in any judicial proceedings relative to the Issuer, any Subsidiary or any Guarantor, their creditors or their property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.06.

SECTION 6.10 Priorities. If the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.06;

SECOND: to Noteholders for amounts due and unpaid on the Notes for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, respectively; and

THIRD: to the Issuer.

The Trustee may fix a record date and payment date for any payment to Noteholders pursuant to this Section. At least 15 days before such record date, the Trustee shall mail to each Noteholder and the Issuer a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.06 or a suit by Holders of more than 10% in principal amount of the Notes.

SECTION 6.12 Waiver of Stay or Extension Laws. Neither the Issuer nor any Guarantor (to the extent they may lawfully do so) shall at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer and each Guarantor (to the extent that they may lawfully do so) hereby expressly waive all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 6.13 Rights and Remedies Cumulative. No right or remedy conferred or reserved to the Trustee or to the Holders under this Indenture is intended to be exclusive of any other right or remedy, and all such rights and remedies are, to the extent permitted by law, cumulative and in addition to every other right and remedy hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy hereunder, or otherwise, will not prevent the concurrent or subsequent assertion or exercise of any other right or remedy.

SECTION 6.14 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

ARTICLE 7
TRUSTEE

SECTION 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such statements, certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the statements, certificates and opinions to determine whether or not they conform on their face to the requirements of

this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee shall not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of Section 7.01(b);

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer or Trust Officers unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from any party authorized to direct the Trustee under this Indenture.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any potential or actual liability or expense (financial or otherwise) in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability or expense is not reasonably assured to it.

SECTION 7.02 Rights of Trustee. Subject to Section 7.01:

(a) The Trustee may conclusively rely, and shall be protected in acting or refraining from acting, upon any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in any such document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care; *provided*, that such agent's conduct does not constitute willfull misconduct or gross negligence with respect to Canadian Communications Statutes that restrict or prohibit such action.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; *provided, however,* that the Trustee's conduct does not constitute willful misconduct or gross negligence.

(e) The Trustee may consult with counsel of its selection, and the advice or opinion of such counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(g) The Trustee shall not be required to give any note, bond or surety in respect of the execution of the trusts and powers under this Indenture.

(h) The permissive rights of the Trustee to take any action enumerated in this Indenture shall not be construed as a duty to take such action.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, including as the Collateral Agent under the Security Agreements, and to each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Issuer deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(k) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer will be sufficient if signed by an Officer of the Issuer.

(l) [Reserved].

(m) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(n) In no event shall the Trustee be responsible or liable for special, indirect or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of

profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(o) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including acts of God, earthquakes, fire, flood, terrorism, wars and other military disturbances, sabotage, epidemics, riots, interruptions, loss or malfunction of utilities, computer (hardware or software) or communications services, accidents, labor disputes, acts of civil or military authorities and governmental action.

(p) The Trustee shall have no duty to inquire as to the performance of the Issuer with respect to the covenants contained in Articles 4 or 5. Delivery of reports, information and documents to the Trustee under Article 4 is for informational purposes only, and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including Issuer's compliance with any of its covenants hereunder.

SECTION 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Trustee. However, the Trustee is subject to Sections 7.09 and 7.10.

SECTION 7.04 Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes, and it shall not be responsible for any statement of the Issuer in this Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication.

SECTION 7.05 Notice of Defaults. If a Default occurs and is continuing and is known to the Trustee, the Trustee shall mail to each Holder notice of the Default. Except in the case of a Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of Noteholders. The Issuer shall deliver to the Trustee, forthwith upon any Officer obtaining actual knowledge of any Default, written notice of any event which would constitute such Default, its status and what action the Issuer is taking or proposes to take in respect thereof. Notwithstanding anything to the contrary expressed in this Indenture, the Trustee shall not be deemed to have knowledge of any Default or Event of Default hereunder, except in the case of an Event of Default under Section 6.01(a)(1) or (2) (*provided* that the Trustee is Paying Agent), unless and until a Trust Officer receives written notice thereof at its Corporate Trust Office, from the Issuer or a Holder that such Default has occurred and such notice references this Indenture and the Notes.

SECTION 7.06 Compensation and Indemnity. The Issuer shall pay to the Trustee from time to time such compensation as is agreed to in writing by the Trustee and Issuer for the Trustee's services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable out-of-pocket disbursements, advances and expenses incurred or made

by it, including but not limited to costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents, counsel, accountants and experts. The Issuer and each Guarantor, jointly but not severally, shall indemnify and defend the Trustee and its officers, directors, shareholders, agents and employees (each, an "Indemnified Party") for and hold each Indemnified Party harmless against any and all loss, damage, claims, liability or expense (including reasonable attorneys' fees and expenses) including taxes (other than taxes based upon, measured by or determined by the income of the Trustee) incurred by them without negligence or bad faith on their part arising out of or in connection with the acceptance or administration of this Indenture or the Notes and the performance of their duties hereunder, including the cost and expense of enforcing this Indenture against the Issuer (including this Section 7.06), and defending itself against or investigating any claim or liability (whether asserted by a Holder or any other person). The Trustee, in its capacity as Paying Agent, Collateral Agent, Registrar, Custodian and agent for service of notice and demands, and the Trustee's officers, directors, shareholders, agents and employees, when acting in such other capacity, shall have the full benefit of the foregoing indemnity as well as all other benefits, rights and privileges accorded to the Trustee in this Indenture when acting in such other capacity. The Trustee shall notify the Issuer of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; *provided* that any failure so to notify the Issuer shall not relieve the Issuer or any Guarantor of its indemnity obligations hereunder. The Issuer shall defend the claim and the Indemnified Parties shall provide reasonable cooperation at the Issuer's expense in the defense. Such Indemnified Parties may have separate counsel and the Issuer shall pay the fees and expenses of such counsel; *provided* that the Issuer shall not be required to pay such fees and expenses if it assumes such Indemnified Parties' defense and, in such Indemnified Parties' reasonable judgment, there is no conflict of interest between the Issuer and such parties in connection with such defense. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by an Indemnified Party through such party's own willful misconduct, negligence or bad faith. The Issuer need not pay any settlement made without its consent (which consent shall not be unreasonably withheld).

The Trustee's right to receive payment of any amounts due under this Indenture shall not be subordinated to any other Indebtedness of the Issuer, and the Notes shall be subordinate to the Trustee's rights to receive such payment.

The Issuer's payment obligations pursuant to this Section shall survive the satisfaction or discharge of this Indenture, any rejection or termination of this Indenture under any Bankruptcy Law or the resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(a)(9) with respect to the Issuer, the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

SECTION 7.07. Replacement of Trustee. The Trustee may resign at any time by so notifying the Issuer in writing. The Holders of a majority in principal amount of the Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing and may appoint a successor Trustee. The Issuer shall remove the Trustee if:

(a) the Trustee is adjudged bankrupt or insolvent;

(b) a receiver or other public officer takes charge of the Trustee or its property; or

(c) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Issuer or by the Holders of a majority in principal amount of the Notes and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the "retiring Trustee"), the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Noteholders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of at least 10% in aggregate principal amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee at the expense of the Issuer.

Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuer's and Guarantors' obligations under Section 7.06 shall continue for the benefit of the retiring Trustee.

SECTION 7.08 Successor Trustee by Merger, Etc. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee, *provided*, that such Person shall be qualified and eligible under this Article 7.

In case at the time such successor or successors by consolidation, merger, conversion or transfer shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificate shall have the full force which it is anywhere in the Notes or this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.09 Eligibility; Disqualification. The Trustee shall always satisfy the requirements of paragraphs (1), (2) and (5) of TIA Section 310(a). The Trustee (or its parent holding company) shall have a combined capital and surplus of at least $50,000,000. If at any time the Trustee shall cease to satisfy any such requirements, it shall resign immediately in the manner and with the effect specified in this Article 7. The Trustee shall be subject to the provisions of TIA Section 310(b). Nothing herein shall prevent the Trustee from filing with the Commission the application referred to in the penultimate paragraph of TIA Section 310(b).

SECTION 7.10 Preferential Collection of Claims against the Issuer. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

SECTION 7.11 Disqualification; Conflicting Interests. If the Trustee has or shall acquire a conflicting interest within the meaning of the TIA, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the TIA and this Indenture.

SECTION 7.12 Acknowledgement of Trustee. The Trustee acknowledges that it has received a copy of the Registration Rights Agreement, dated as of September 25, 2006 (the "Registration Rights Agreement"), by and between Motient and SkyTerra and agrees, upon its becoming owner of, or obtaining dispositive authority with respect to or in connection with any disposition of the Resale Shares (as defined in the Registration Rights Agreement) to be bound by the provisions of the Registration Rights Agreement, in connection with any right it may have to dispose of any such Resale Shares. Further, the Trustee agrees to become bound by Section 4.7 of the Exchange Agreement dated as of May 6, 2006 (the "Exchange Agreement") by and among Motient, Motient Ventures Holding Inc. and SkyTerra. SkyTerra shall be a third party beneficiary of this provision.

ARTICLE 8
DISCHARGE OF INDENTURE; DEFEASANCE

SECTION 8.01 Legal Defeasance and Covenant Defeasance.

(a) The Issuer may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.01(b) or 8.01(c) be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

(b) Upon the Issuer's exercise under Section 8.01(a) of the option applicable to this Section 8.01(b), the Issuer and each Guarantor shall, subject to the satisfaction of the conditions set forth in Section 8.02, be deemed to have been discharged from their obligations with respect to the Notes, the Collateral Documents and any Guarantee on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuer and each Guarantor shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes and any Guarantee, which Notes and Guarantee shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.04 and the other Sections of this Indenture referred to in (i) and (ii) below, and to have satisfied all their other obligations under the Notes and this Indenture (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of outstanding Notes to payments in respect of the principal of, or interest or premium, if any, on such Notes when such payments are due from the funds in the trust described in this Article 8, (ii) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or

stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust; (iii) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantor's obligations in connection therewith and (iv) this Section 8.01 and Section 8.02. Subject to compliance with this Article 8, the Issuer may exercise its Legal Defeasance option notwithstanding the prior exercise of its Covenant Defeasance option.

(c) Upon the Issuer's exercise under Section 8.01(a) of the option applicable to this Section 8.01(c) subject to the satisfaction of the conditions set forth in Section 8.02, each Guarantor shall be released from its Guarantee and the Issuer and each Guarantor shall be released from their obligations under Sections 4.01 through 4.09 and 5.01 through 5.10 with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration of act of Holders (and the consequences of any thereof) in connection with such Sections, but shall continue to be deemed "outstanding" for all the other purposes hereunder. For this purpose, Covenant Defeasance means that, with respect of any term, condition or limitation set forth in any such Section, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document and such omission to comply shall not constitute a Default or Event of Default, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Issuer's exercise of its Covenant Defeasance option, subject to the satisfaction of the conditions set forth in Section 8.02, Sections 6.01(a)(3) (solely as it relates to Section 5.03(a)(4)), 6.01(a)(4) (other than with respect to compliance with Section 4.01), 6.01(a)(5), 6.01(a)(6), 6.01(a)(7), 6.01(a)(10), 6.01(a)(11) and 6.01(a)(12) shall not constitute Events of Default with respect to the Notes and the Guarantees.

SECTION 8.02 Conditions to Legal or Covenant Defeasance. In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuer must irrevocably deposit with the Trustee (or another qualifying trustee; for purposes of this Section 8.02 and Section 8.04, the term "Trustee" shall include such other qualifying trustee), in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Notes, or a combination thereof, in such amounts as shall be sufficient (without reinvestment), in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(b) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming, subject to customary assumptions and exclusions, that: (A) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the United States, reasonably acceptable to the Trustee confirming, subject to customary assumptions and exclusions, that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and the grant of any Lien securing such borrowing) shall have occurred and be continuing on the date of such deposit and the deposit or such Lien shall not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Issuer or any of its Restricted Subsidiaries is a party or by which the Issuer or any of its Restricted Subsidiaries is bound;

(f) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, no trust funds shall be subject to the effect of Section 547 of the United States Bankruptcy Code or any analogous New York State law provision or any other applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(g) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Holders over the other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others; and

(h) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.03 Satisfaction and Discharge of Indenture. Upon the request of the Issuer, this Indenture shall cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for herein or pursuant hereto), the Issuer and the Guarantors shall be discharged from their obligations under the Notes and the Guarantees, and the Trustee, at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, the Guarantees and the Notes when:

(a) either (i) all the Notes theretofore authenticated and delivered (other than mutilated, destroyed, lost or stolen Notes that have been replaced or paid) have been delivered to

the Trustee for cancellation or (ii) all Notes not theretofore delivered to the Trustee for cancellation (A) have become due and payable by reason of the mailing of a notice of redemption or otherwise, (B) will become due and payable at maturity within one year or (C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer, in the case of each of (A), (B) or (C) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Notes, or a combination of cash in U.S. dollars and non-callable Government Notes, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not theretofore delivered to the Trustee for cancellation for principal and premium, if any, and accrued interest to the date of such deposit (in the case of Notes that have become due and payable) or to the Stated Maturity or redemption date, as the case may be;

(b) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and the grant of any Lien to secure such borrowing) and the deposit will not result in breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(c) the Issuer or any Guarantor has paid or caused to be paid all sums payable under this Indenture by the Issuer or any Guarantor;

(d) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be; and

(e) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided in this Indenture relating to the satisfaction and discharge of this Indenture, the Guarantees and the Notes have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Issuer to the Trustee under Section 7.06 and, if money shall have been deposited with the Trustee pursuant to clause (a)(ii) of this Section, the obligations of the Trustee and the Paying Agent under Section 8.04 and Section 2.04 shall survive.

SECTION 8.04 Deposited Money and Government Notes to Be Held in Trust; Miscellaneous Provisions. Subject to Section 8.05, all money and Government Notes (including the proceeds thereof) deposited with the Trustee pursuant to Section 8.02 or 8.03 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal,

premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuer from time to time upon the request of the Issuer any money or Government Notes held by it as provided in Section 8.02 or 8.03 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.02(a)), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.05 Repayment to Issuer. Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, premium or interest on any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Issuer on its request or (if then held by the Issuer) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer, cause to be published once, in the New York Times (national edition) and the Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Issuer.

SECTION 8.06 Reinstatement: If the Trustee or Paying Agent is unable to apply any U.S. dollars or Government Notes in accordance with this Article 8 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with this Article 8; *provided, however*, that, if the Issuer or any Guarantor makes any payment of principal of, premium or interest on any Note following the reinstatement of its obligations, the Issuer or any Guarantor, as the case may be, shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENTS

SECTION 9.01 Without Consent of Holders. The Issuer, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes, the Guarantees, the Collateral Documents or the Intercreditor Agreement without notice to or consent of any Holder of Notes to:

(a) cure any ambiguity, defect or inconsistency;

(b) provide for uncertificated Notes in addition to or in place of certificated Notes;

(c) provide for the assumption of the Issuer's or any Guarantor's obligations to Holders of Notes and Guarantees in the case of a merger, consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(d) make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights of any such Holder under this Indenture, the Notes, the Guarantees, the Collateral Documents or the Intercreditor Agreement, in any material respect;

(e) provide for the issuance of Additional Notes in accordance with the provisions set forth in this Indenture;

(f) evidence and provide for the acceptance of an appointment of a successor trustee;

(g) conform the text of this Indenture, the Notes, the Guarantees, the Collateral Documents or the Intercreditor Agreement to any provision of the "Description of notes" in the Offering Memorandum, to the extent that such provision was intended to be a verbatim recitation of a provision of this Indenture, the Notes, the Guarantees, the Collateral Documents or the Intercreditor Agreement;

(h) release a Guarantor from its obligations under its Guarantee, the Notes or this Indenture in accordance with the applicable provisions of this Indenture;

(i) add Guarantees with respect to the Notes;

(j) add additional Collateral to secure the Notes;

(k) release Liens in favor of the Collateral Agent in the Collateral as provided under Section 11.02;

(l) comply with the rules of any applicable securities depositary or, if required, with the requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA; or

(m) provide for the accession or succession of any parties to the Collateral Documents and/or to the Intercreditor Agreement (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of a Credit Facility or any other agreement or action that is not prohibited by this Indenture or to permit the Liens with respect to Indebtedness that is permitted by this Indenture to be equally and ratably secured.

After an amendment under this Section becomes effective, the Issuer shall mail to the Holders a notice briefly describing such amendment. The failure to give such notice to all the

Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.02 With Consent of Holders. The Issuer, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes, the Guarantees, the Collateral Documents or the Intercreditor Agreement without notice to any Holder but with the written consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of this Indenture, the Notes or the Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount, of the then outstanding Notes (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). Notwithstanding the foregoing, without the consent of each Holder affected, an amendment or waiver shall not (with respect to any Notes held by a non-consenting Holder):

(a) reduce the principal amount of the Notes whose Holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of (or premium on) or change the fixed maturity of any Note, reduce any premium payable upon, or change the dates (to earlier dates) of, redemption of any Note (other than Section 5.08 or 5.09);

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) waive a Default or Event of Default in the payment of principal of or interest or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(e) make any Note payable in currency other than that stated in the Notes;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on, the Notes or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(g) release any Guarantor that is a Significant Subsidiary from any of its obligations under its Subsidiary Guarantee or this Indenture, except in accordance with the terms of this Indenture;

(h) modify any Collateral Document or the provisions in this Indenture dealing with the Collateral Documents or application of trust moneys in any manner adverse to the Holders of the Notes or otherwise release any material Collateral other than in accordance with this Indenture, the Collateral Documents and the Intercreditor Agreement;

(i) modify the Intercreditor Agreement in any manner adverse to the Holders of the Notes in any material respect other than in accordance with the terms of this Indenture, the Collateral Documents and the Intercreditor Agreement;

(j) make any change in Section 9.01 or this Section 9.02; or

(l) except as permitted by the Security Agreements or Section 11.06, release all or substantially all of the Collateral.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof. A consent to any amendment or waiver under this Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

After an amendment under this Section becomes effective, the Issuer shall mail to the Holders a notice briefly describing such amendment. However, the failure to give such notice to all the Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.03 Revocation and Effect of Consents and Waivers. A consent to an amendment or a waiver by a Holder of a Note shall bind the Holder and every subsequent Holder of that Note or portion of the Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent or waiver is not made on the Note. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Note or portion of the Note if the Trustee receives written notice of revocation before the date the requisite number of consents are received by the Issuer or the Trustee. After an amendment or waiver becomes effective, it shall bind every Noteholder. An amendment or waiver becomes effective once the requisite number of consents are received by the Issuer or the Trustee and any other conditions to effectiveness of such consent specified in the amendment or waiver are satisfied.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Noteholders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Noteholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date.

SECTION 9.04 Notation on or Exchange of Notes. If an amendment changes the terms of a Note, the Trustee may require the Holder of the Note to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note regarding the changed terms and return it to the Holder. Alternatively, if the Issuer or the Trustee so determines, the Issuer in exchange for the Note shall issue and the Trustee shall authenticate a new Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new Note shall not affect the validity of such amendment.

SECTION 9.05 Trustee to Sign Amendments. The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive indemnity reasonably

satisfactory to it and to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture that such amendment is the legal, valid and binding obligation of the Issuer and the Guarantors enforceable against them in accordance with its terms, subject to customary exceptions, and complies with the provisions hereof.

SECTION 9.06 Compliance with TIA. Every amendment to or supplement of this Indenture or the Notes shall comply with the TIA, if required, as in effect at the date of such amendment or supplement.

ARTICLE 10
GUARANTEES

SECTION 10.01 Guarantee.

(a) Each Guarantor hereby jointly and severally (and, in respect of the Canadian Entities, severally but not jointly and severally each as to 100% of the Guaranteed Obligations) unconditionally and irrevocably guarantees, as a primary obligor and not merely as a surety, to each Holder and to the Trustee and its successors and assigns (i) the full and punctual payment of principal of, premium, if any, and interest on the Notes when due, whether at maturity, by acceleration, by redemption or otherwise, subject to any applicable grace period, and all other monetary obligations of the Issuer under this Indenture (including obligations to the Trustee) and the Notes and (ii) the full and punctual performance within applicable grace periods of all other obligations of the Issuer, whether for expenses, indemnification or otherwise under this Indenture and the Notes (all of the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from each such Guarantor, and that each such Guarantor shall remain bound under this Article 10 notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Guarantor waives presentation to, demand of, payment from and protest to the Issuer of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Notes or the Guaranteed Obligations. The obligations of each Guarantor hereunder shall not be affected by (i) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Issuer or any other Person under this Indenture, the Notes or any other agreement or otherwise; (ii) any extension or renewal of any Guaranteed Obligations; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (iv) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; (v) the failure of any Holder or Trustee to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; or (vi) any change in the ownership of such Guarantor, except as provided in Section 5.03.

(c) Each Guarantor further agrees that its Guarantee herein constitutes a Guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations. Each Guarantor irrevocably

waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Issuer or any other Person. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of any Guarantor as a matter of law or equity.

(d) Each Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Issuer or otherwise.

(e) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Issuer to pay the principal of or premium, if any, or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (i) the unpaid principal amount of such Guaranteed Obligations, (ii) accrued and unpaid interest or premium, if any, on such Guaranteed Obligations (but only to the extent not prohibited by law) and (iii) all other monetary Guaranteed Obligations of the Issuer to the Holders and the Trustee.

(f) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations. Each Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of any Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 6, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of this Section.

SECTION 10.02 Limitation on Liability. Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the obligations guaranteed hereunder by any Guarantor shall not exceed the maximum amount that can be guaranteed

without rendering this Indenture and the respective Guarantee, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

SECTION 10.03 Successors and Assigns. This Article 10 shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 10.04 No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article 10 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 10 at law, in equity, by statute or otherwise.

SECTION 10.05 Modification. No modification, amendment or waiver of any provision of this Article 10, nor the consent to any departure by any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in the same, similar or other circumstances.

SECTION 10.06 Execution and Delivery of the Guarantee. The execution by each Guarantor of this Indenture (or a supplemental indenture in the form of Exhibit J hereto) evidences the Guarantee of such Guarantor, whether or not the person signing as an officer of the Guarantor still holds that office at the time of authentication of any Note. The delivery of any Note after authentication by the Trustee constitutes due delivery of the Guarantee set forth in this Indenture on behalf of each Guarantor.

SECTION 10.07 Release of Guarantees.

(a) The Guarantee of a Guarantor will be automatically released:

(i) in accordance with the provisions in Section 4.07(g), 5.03(f), 11.02(a)(1), 11.02(a)(2), 11.02(a)(3) or 11.02 (a)(5);

(ii) with respect to any Foreign Subsidiary, if the other Guarantee which resulted in the creation of the Guarantee pursuant to Section 4.07(c) is released or discharged, except a discharge or release by or as a result of payment under such Guarantee;

(iii) if the Issuer designates such Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of this Indenture; or

(iv) upon the Legal or Covenant Defeasance or satisfaction and discharge of the Notes and the Subsidiary Guarantees as provided under Sections 8.01, 8.02 and 8.03.

ARTICLE 11
COLLATERAL AND SECURITY

SECTION 11.01 Security Agreements. All obligations of (a) the Issuer under this Indenture and the Notes, including due and punctual payment of the principal of and interest on the Notes when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of and interest on the Notes and the prompt payment and performance of all other obligations of the Issuer to the Holders of Notes or the Trustee under this Indenture and the Notes and (b) each Guarantor under this Indenture, including its guarantee under Article 10 of this Indenture or under any Guarantee of the obligations of the Issuer, including the prompt payment of the principal of, premium and interest on, the Notes in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and the prompt payment or performance of all other obligations of the Issuer to the Holders or the Trustee under this Indenture or under the Notes, all according to the terms hereunder or thereunder (all such obligations, collectively, the "Secured Obligations"), are secured as provided in the Security Agreements which the Issuer and the Guarantors have entered into simultaneously with the execution of this Indenture and which are attached as Exhibit K and Exhibit L hereto (it being understood and agreed that, notwithstanding anything that may be to the contrary herein, neither this Indenture nor the Security Agreements shall require or create a pledge of or other security interest in Excluded Property. Each Holder of Notes, by its acceptance thereof, consents and agrees to the terms of the Security Agreements (including the provisions providing for foreclosure and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and authorizes and directs the Collateral Agent to enter into the Security Agreements and to perform its obligations and exercise its rights thereunder in accordance therewith. The Issuer will deliver to the Trustee copies of all documents, agreements and instruments delivered to the Collateral Agent pursuant to the Security Agreements, and will do or cause to be done all such acts and things as may be necessary or proper, or as may be required by the provisions of the Security Agreements, to assure and confirm to the Trustee and the Collateral Agent the security interest in the Collateral contemplated hereby, by the Security Agreements or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Notes secured hereby, according to the intent and purposes herein expressed. The Issuer and the Guarantors may grant security for Pari Passu Indebtedness with an equal priority to the security granted to the Holders of the Notes. The Issuer shall take, and shall cause its Restricted Subsidiaries to take, and the Guarantors shall take, at their sole expense, upon request of the Trustee, any and all actions reasonably required to cause the Security Agreements to create and maintain, as security for the obligations of the Issuer and the Guarantors hereunder, a valid and enforceable perfected first priority Lien in and on all the Collateral, in favor of the Collateral Agent for the benefit of the Holders of Notes superior to and prior to the rights of all third Persons (subject to Permitted Liens) and subject to no Liens other than Permitted Liens. Upon the issuance of any Pari Passu Indebtedness, the Trustee shall enter into an Intercreditor

Agreement in substantially the form of Exhibit M hereto, on behalf of the Holders of Notes, with the holders, or trustee or agent for such holders, of such Pari Passu Indebtedness and take such other actions as the Issuer shall request to ensure that the holders of Pari Passu Indebtedness have a valid and perfected lien on the Collateral provided by the signatories to the Intercreditor Agreement, with the same priority as the Holders.

SECTION 11.02 Release of Collateral.

(a) The Liens on the Collateral will be released with respect to the Notes:

(1) in whole, upon payment in full of the principal of, accrued and unpaid interest and premium, if any, on the Notes;

(2) in whole, upon satisfaction and discharge of this Indenture as set forth under Section 8.03;

(3) in whole, upon a Legal Defeasance or Covenant Defeasance as set forth under Section 8.01;

(4) in part, as to any property constituting Collateral (A) that is sold or otherwise disposed of by the Issuer or any Guarantor in a transaction permitted by Section 5.08 or by the Collateral Documents, to the extent of the interest sold or disposed of; (B) that is disposed of in a transaction of the nature described in clause (1), clause (5), clause (7), clause (8) (except to the extent of any excess proceeds remaining after satisfaction of the obligation being satisfied through such foreclosure), clause (9), clause (10) or clause (11) of the second paragraph in the definition of "Asset Sale," and is subject to a disposition as therein provided; (C) that constitutes Excess Collateral Proceeds that remain unexpended after the conclusion of a Collateral Sale Offer conducted in accordance with this Indenture; (D) that is owned or at any time acquired by a Guarantor that has been released from its Guarantee in accordance with this Indenture, concurrently with the release thereof; (E) that is Capital Stock of a Subsidiary of the Issuer to the extent necessary for such Subsidiary not to be subject to any requirement pursuant to Rule 3-16 or Rule 3-10 of Regulation S-X under the Securities Act, due to the fact that such Subsidiary's Capital Stock secures the Notes, to file separate financial statements with the Commission (or any other governmental agency); (F) with respect to TerreStar-1, upon transfer of TerreStar-1 from the Issuer to TerreStar Canada in compliance with Section 5.04(b)(10); (G) that is used to make a Restricted Payment or Permitted Investment permitted by this Indenture; (H) that becomes Excluded Property; (I) that is owned by a Subsidiary that is designated as an Unrestricted Subsidiary; or (J) otherwise in accordance with, and as expressly provided for under, this Indenture;

(5) with the consent of each Holder of the Notes affected thereby (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, Notes);

provided, that, in the case of any release in whole pursuant to clause (1) above, all amounts owing to the Trustee under this Indenture, the Notes, the Guarantees, the Collateral Documents and the Intercreditor Agreement have been paid.

Upon compliance by the Issuer or the Guarantors, as the case may be, with the conditions precedent set forth above, the Trustee or the Collateral Agent shall promptly cause to be released and reconveyed to the Issuer, or its Guarantors, as the case may be, the released Collateral.

(b) The Issuer shall comply with Section 313(b) of the TIA, relating to reports, and Section 314(d) of the TIA, relating to the release of property and to the substitution therefor of any property to be pledged as Collateral for the Notes. Any certificate or opinion required by Section 314(d) of the TIA may be made by an Officer of the Issuer except in cases where Section 314(d) requires that such certificate or opinion be made by an independent engineer, appraiser or other expert, who shall be reasonably satisfactory to the Trustee. Notwithstanding anything to the contrary in this paragraph, each of the Issuer and the Guarantors shall not be required to comply with all or any portion of Section 314(d) of the TIA if it determines, in good faith based on advice of counsel, that under the terms of Section 314(d) and/or any interpretation or guidance as to the meaning thereof of the Commission and its staff, including "no action" letters or exemptive orders, all or any portion of Section 314(d) is inapplicable.

(c) The Issuer and the Guarantors may, among other things, without any release or consent by the Trustee, conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien of the Collateral Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) abandoning, terminating, canceling, releasing or making alterations in or substitutions of any leases (other than the IRU Agreement) or contracts subject to the Lien of this Indenture or any of the Collateral Documents; (iii) surrendering or modifying any franchise, license (excluding any FCC License or Industry Canada License) or permit subject to the Lien of this Indenture or any of the Collateral Documents which it may own or under which it may be operating; altering, repairing, replacing, changing the location or position of and adding to its structures, machinery, systems, equipment, fixtures and appurtenances; (iv) granting a license of any intellectual property; (v) selling, transferring or otherwise disposing of inventory in the ordinary course of business; (vi) making cash payments (including for the repayment of Indebtedness or interest) from cash that is at any time part of the Collateral in the ordinary course of business that are not otherwise prohibited by this Indenture and the Collateral Documents; and (vii) abandoning any intellectual property which is no longer used or useful in the Issuer's business. The Issuer and the Guarantors shall deliver to the Collateral Agent, within 60 days following the end of the first three fiscal quarters of every fiscal year or within 120 days following the end of the fiscal year, an Officers' Certificate to the effect that all releases and withdrawals during the preceding three-month period (or since the Issue Date, in the case of the first such certificate) with respect to which no release or consent of the Collateral Agent was obtained in the ordinary course of the Issuer's and the Guarantors' business and were not prohibited by this Indenture.

(d) Other than pursuant to Sections 4.07(g), 5.03(f), 11.02(a)(4)(B), (C), (G), (H) and (I) and 11.02(c) of this Indenture and Section 5.12 of the U.S. Security Agreement and Section 5.12 of the Canadian Security Agreement, no Collateral may be released from the Lien and security interest created by the Security Agreements pursuant to the provisions of the Security Agreements unless the requirements of Section 11.03 have been satisfied.

(e) At any time when a Default or Event of Default has occurred and is continuing and the maturity of the Notes has been accelerated (whether by declaration or otherwise) and the Trustee has delivered a notice of acceleration to the Collateral Agent, no release of Collateral pursuant to the provisions of the Security Agreements will be effective as against the Holders of Notes.

(f) The release of any Collateral from the terms of this Indenture and the Collateral Documents will not be deemed to impair the security under this Indenture in contravention of the provisions hereof if and to the extent the Collateral is released pursuant to the terms of this Indenture or the Collateral Documents.

SECTION 11.03 Certificates of the Company. Subject to Section 11.02(d), the Issuer will furnish to the Trustee and the Collateral Agent, prior to each proposed release of Collateral pursuant to this Indenture and the Collateral Documents:

(a) a notice from the Issuer describing the Collateral proposed to be released (the "Released Collateral") and requesting release of the Released Collateral;

(b) an Officers' Certificate certifying that:

(1) the release of such Released Collateral complies with the terms and conditions of this Indenture;

(2) all conditions precedent in this Indenture and the Collateral Documents to such release have been complied with; and

(3) no Default or Event of Default pursuant to clause (1) or (2) of Section 6.01(a) hereof is in effect or continuing on the date thereof or would result therefrom;

(c) an Opinion of Counsel substantially to the effect that all conditions precedent herein and under the Collateral Documents relating to the release of the Released Collateral have been complied with; and

(d) all documents required by §314(d) of the TIA, the Collateral Documents, the Intercreditor Agreement and this Indenture.

SECTION 11.04 Authorization of Actions to be Taken by the Trustee under the Security Agreements. Subject to the provisions of Sections 7.01 and 7.02, the Trustee may, in its sole discretion and without the consent of the Holders of Notes, direct, on behalf of the Holders of Notes, the Collateral Agent to take all actions it deems necessary or appropriate in order to:

(1) enforce any of the terms of the Security Agreements; and

(2) collect and receive any and all amounts payable in respect of the obligations of the Issuer hereunder.

The Trustee will have power to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Agreements or this Indenture, and such suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Holders in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders or of the Trustee).

SECTION 11.05 Authorization of Receipt of Funds by the Trustee under the Security Agreements. The Trustee is authorized to receive any funds for the benefit of the Holders distributed under the Security Agreements, and to make further distributions of such funds to the Holders of Notes according to the provisions of this Indenture.

SECTION 11.06 Certain Limitations Upon Actions by the Collateral Agent. Notwithstanding anything in this Indenture or the Collateral Documents to the contrary, the Collateral Agent will not be permitted to take any action under this Indenture that would constitute or result in any transfer of control or assignment of any FCC License or Industry Canada License without obtaining all necessary FCC, Industry Canada and other governmental authority approvals, and all voting rights in any Collateral representing control rights in the holders of any FCC License or Industry Canada License shall remain with the Issuer and the Guarantors notwithstanding the occurrence of any Event of Default until such required consents of the FCC or Industry Canada shall have been obtained (and, in that connection, the Collateral Agent and the Holders of the Notes shall be entitled to rely on the advice of FCC or Industry Canada counsel selected by the Collateral Agent to determine whether FCC or Industry Canada approval or other governmental authority approvals are required). Notwithstanding anything to the contrary in this Indenture, the Collateral Agent shall not foreclose on, sell, assign, transfer or otherwise dispose of, or exercise any right to control any FCC License or Industry Canada License or take any other action that would affect the operational, voting, or other control of the Issuer and the Guarantors, unless such action is taken in accordance with the provisions of the Communications Act of 1934, as from time to time amended, and the rules, regulations and policies of the FCC, Industry Canada and any other governmental authority.

ARTICLE 12
MISCELLANEOUS

SECTION 12.01 Notices. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Issuer: or a Subsidiary Guarantor

TerreStar Networks Inc.
12010 Sunset Hills Road, 6th Floor
Reston, VA 20190
Attn: Jeffrey W. Epstein

with a copy to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
Attention: Joerg H. Esdorn

If to a Canadian Entity:

c/o TMI Communications Inc.
1601 Telesat Court
Gloucester, Ontario K1B5P4
Canada

with a copy to:

Fraser Milner Casgrain LLP
1420-99 Bank Street
Ottowa, Ontario K1P1H4
Canada
Attention: David Little

if to the Trustee:

U.S. Bank National Association
EP-MN-WS3C
60 Livingston Avenue
St. Paul MN 55107-1419
Attn: Corporate Trust Services
Fax: (651) 495-8097

The Issuer or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 12.02 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer to the Trustee to take or refrain from taking any action under this Indenture, at the request of the Trustee the Issuer shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.03) stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.03) stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 12.03 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(a) a statement that the individual making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with or satisfied; and

(d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 12.04 When Notes Disregarded. In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which the Trustee actually knows are so owned shall be so disregarded. Also, subject to the foregoing, only Notes outstanding at the time shall be considered in any such determination.

SECTION 12.05 Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Noteholders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 12.06 Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions are not required to be open in the State of New York or the state where the Corporate Trust Office is located. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

SECTION 12.07 GOVERNING LAW. **THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 12.08 No Recourse Against Others. A director, officer, incorporator, employee or stockholder of the Issuer or any Guarantor, as such, shall not have any liability for

any obligations of the Issuer or any Guarantor under the Notes; this Indenture, the Guarantees, the Collateral Documents, the Intercreditor Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. By accepting a Note, each Noteholder waives and releases all such liability. The waiver and release shall be part of the consideration for the issue of the Notes.

SECTION 12.09 Successors. All agreements of the Issuer and each Guarantor in this Indenture and the Notes shall bind their successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 12.10 Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 12.11 Table of Contents; Headings. The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

SECTION 12.12 Severability. In case any one or more of the provisions in this Indenture, in the Notes or in the Guarantee shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 12.13 No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret another indenture, loan or debt agreement of the Issuer or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 12.14 Trust Indenture Act Controls. If any provision hereof limits, qualifies or conflicts with another provision of the TIA which is required hereunder to be a part of and govern this Indenture, the required provision shall control.

SECTION 12.15 Communications by Holders with other Holders. Noteholders may communicate pursuant to Section 312(b) of the TIA with other Noteholders with respect to their rights under this Indenture or the Notes. The Trustee shall comply with Section 312(b) of the TIA relating to Noteholder communications. The Issuer, the Trustee, the Registrar and any other person shall have the protection of Section 312(c) of the TIA.

SECTION 12.16 Submission to Jurisdiction; Agent for Service of Process. Any legal action or proceeding with respect to this Indenture, the Notes, the Guarantees, the Security Agreements, the Intercreditor Agreement or any Collateral Document may be instituted in the federal courts of the United States of America located in the City of New York or the courts of the State of New York in each case located in the Borough of Manhattan in the City of New York and by execution and delivery of this Indenture, each of the Issuer, the Guarantors and the Trustee consents, for itself and in respect of its property, to the non-exclusive jurisdiction of

those courts. Each of the Issuer, the Guarantors and the Trustee irrevocably waives any objection, including an objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Indenture, the Notes, the Guarantees, the Security Agreements, the Intercreditor Agreement or any Collateral Document or any other document related thereto. Each of the Issuer, the Guarantors and the Trustee agrees that service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any lawsuit, action or other proceeding brought in any such court. Each party not located in the United States hereby irrevocably appoints CT Corporation System, which currently maintains a New York City office at 111 Eighth Avenue-13th Floor, New York, New York 10011, United States of America, as its agent to receive service of process or other legal summons for purposes of any such action or proceeding that may be instituted in any state or federal court in the City and State of New York.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

TERRESTAR NETWORKS INC.

By: _____
Name: NEIL G. MARACO
Title: CHIEF FINANCIAL OFFICER

TERRESTAR NETWORKS HOLDINGS (CANADA) INC.

By: _____
Name:
Title:

TERRESTAR NETWORKS (CANADA) INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

TERRESTAR NETWORKS INC.

By: _____
Name:
Title:

TERRESTAR NETWORKS HOLDINGS (CANADA) INC.

By: _____
Name: STEVEN NICHOLS
Title: EXECUTIVE VICE-PRESIDENT, OPERATIONS

TERRESTAR NETWORKS (CANADA) INC.

By: _____
Name: STEVEN NICHOLS
Title: EXECUTIVE VICE-PRESIDENT, OPERATIONS

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Name: Richard Prokosch
Title: Vice President

[Indenture Signature Page]

EXHIBIT A

[FACE OF NOTE]

TERRESTAR NETWORKS INC.

15% Senior Secured PIK Note due 2014

[CUSIP] [CINS] _____

No. ..... $_____

TerreStar Networks Inc., a Delaware corporation (the "Issuer," which term includes any successor under the Indenture hereinafter referred to), for value received, promises to pay to _____, or its registered assigns, the principal sum of _____ DOLLARS ($_____) [or such other amount as indicated on the Schedule of Increases and Decreases of Notes attached hereto][1] on February 15, 2014.

Interest Rate: As set forth on the reverse hereof.

Interest Payment Dates: February 15 and August 15.

Regular Record Dates: February 1 and August 1.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which will for all purposes have the same effect as if set forth at this place.

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[1] For Global Securities only

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed manually or by facsimile by its duly authorized officers.

Date: TERRESTAR NETWORKS INC.

By: _____
Name:
Title:

(Form of Trustee's Certificate of Authentication)

This is one of the 15% Senior Secured PIK Note due 2014 described in the Indenture referred to in this Note.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

[REVERSE SIDE OF SECURITY]

TERRESTAR NETWORKS INC.

15% Senior Secured PIK Note due 2014

1. Principal and Interest.

The Issuer promises to pay the principal of this Note on February 15, 2014.

The Issuer promises to pay interest on the principal amount of this Note as follows:

(a) Interest on this Note will accrue at a rate of 15% per annum [from the Issue Date][4] and will be payable semi-annually in arrears on each Interest Payment Date as set forth on the face of this Note commencing on August 15, 2007 to the Holders of record on the Regular Record Date set forth on the face of this Note immediately preceding each Interest Payment Date;

(b) until and including February 15, 2011, accrued interest on this Note will be payable in Additional Notes; and

(c) after February 15, 2011, accrued interest on this Note will be payable in cash;

(d) notwithstanding clause (a) above,

(i) if by the date which is 60 days after the adoption of the Congressional budget resolution regarding the U.S. federal government's budget for its 2009 fiscal year (the "Government Contract Milestone Date") the Issuer has not certified to the Trustee that the Issuer has entered into a bona fide binding agreement with a department, agency or instrumentality of the U.S. federal government pursuant to which the Issuer will provide telecommunications services during a multi-year period and will receive compensation therefor, then commencing as of the Government Contract Milestone Date and continuing through the date, if any, on which such certification is provided to the Trustee, the Issuer will pay additional interest on this Note, which additional interest shall equal an increase in the annual interest rate on this Note (in addition to any increases required pursuant to clause (ii) and/or (iii) of this paragraph) by 0.5% per annum;

(ii) if by October 1, 2008 (the "Commercial Contract Milestone Date") the Issuer has not certified to the Trustee that the Issuer has entered into a bona fide binding agreement with a non-governmental entity pursuant to which the Issuer will provide telecommunications services during a multi-year period and will receive compensation

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[4] For Additional Securities, should be the date of their original issue.

therefor, then commencing as of the Commercial Contract Milestone Date and continuing through the date, if any, on which such certification is provided to the Trustee, the Issuer will pay additional interest on this Note, which additional interest shall equal an increase in the annual interest rate on this Note (in addition to any increases required pursuant to clause (i) and/or (iii) of this paragraph) by 0.5% per annum;

(iii) if by December 31, 2008 (the "ATC Milestone Date"), the Issuer has not certified to the Trustee that the Issuer has been authorized by the FCC to provide an Ancillary Terrestrial Component in combination with the Issuer's MSS, then commencing as of the ATC Milestone Date and continuing through the date, if any, on which such certification is provided to the Trustee, the Issuer will pay additional interest on this Note, which additional interest shall equal an increase in the annual interest rate on this Note (in addition to any increases required pursuant to clause (i) and/or (ii) of this paragraph) by 0.5% per annum; and

(iv) any certification required by the foregoing clauses (i), (ii) or (iii) shall be in the form of an Officers' Certificate provided to the Trustee signed by the Issuer's Chief Executive Officer and Chief Financial Officer.

Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a Regular Record Date and the next Interest Payment Date, from such Interest Payment Date) or, if no interest has been paid, from [the Issue Date/the date this Note was issued].[4] Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Interest not paid when due and any interest on principal, premium or interest not paid when due will be paid to the Persons that are Holders on a special record date determined in accordance with the Indenture.

If the payment of interest as set forth in the preceding would be usurious under applicable law, then, in that event, notwithstanding anything to the contrary in this Note, the Indenture, any Guarantee, the Collateral Documents or the Intercreditor Agreement or any other agreement entered into in connection with or as security for this Note, the Indenture, any Guarantee, the Collateral Documents or the Intercreditor Agreement, it is agreed that the aggregate of all consideration which constitutes interest under applicable law that is contracted for, taken, reserved, charged or received by any Holder under this Note, the Indenture, any Guarantee, the Collateral Documents or the Intercreditor Agreement or under any other agreement entered into in connection with or as security for this Note, the Indenture, any Guarantee, the Collateral Documents or the Intercreditor Agreement shall under no circumstances exceed the maximum amount allowed by such applicable law and any excess shall be canceled automatically and, if theretofore paid, shall be refunded by each applicable Holder to the Issuer.

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[4] For Additional Securities, should be the date of their original issue.

2. Indenture; Guarantee.

This is one of the Notes issued under an Indenture dated as of February 14, 2007 (as amended from time to time, the "Indenture"), among the Issuer, the guarantors from time to time party thereto and U.S. Bank National Association, as Trustee. Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are senior secured obligations of the Issuer. Subject to certain conditions, Additional Notes may be issued pursuant to the Indenture, and the originally issued Notes and all such Additional Notes vote together for all purposes as a single class. This Note is guaranteed by the Guarantors as set forth in the Indenture.

3. Redemption and Repurchase; Discharge or Defeasance Prior to Redemption or Maturity.

This Note is subject to optional redemption, and may be the subject of a Repurchase Offer, as further described in the Indenture. Except for certain required Repurchase Offers, there is no sinking fund or mandatory redemption applicable to this Note.

If the Issuer deposits with the Trustee money or Government Notes sufficient to pay the then outstanding principal of, premium, if any, and accrued interest on the Notes to redemption or maturity, each of the Issuer and the Guarantors may in certain circumstances be discharged from the Indenture, the Notes and the Collateral Documents or may be discharged from certain of its obligations under certain provisions of the Indenture.

4. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in denominations of $2,000 principal amount and any multiple of $1,000 in excess thereof, except that Additional Notes in payment of interest may be issued in other denominations. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Trustee may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Trustee will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

5. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Notes may declare all the Notes to be due and payable. If a bankruptcy or insolvency default with respect to the Issuer, any Restricted Subsidiary of the Issuer that is a Significant Subsidiary, any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary, the FCC License Subsidiary or any Canadian Entity occurs and is continuing, the Notes automatically become due and payable.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of a majority in principal amount of the Notes then outstanding may direct the Trustee in its exercise of remedies.

6. Amendment and Waiver.

Subject to certain exceptions, the Indenture and the Notes may be amended, and defaults may be waived, with the consent of the Holders of a majority in principal amount of the outstanding Notes. Without notice to or the consent of any Holder, the Issuer and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency.

7. Authentication.

This Note is not valid until the Trustee (or Authenticating Agent) signs the certificate of authentication on the other side of this Note.

8. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

9. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Issuer will furnish a copy of the Indenture to any Holder upon written request and without charge.

[FORM OF TRANSFER NOTICE]

FOR VALUE RECEIVED the undersigned registered Holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

_____

_____

Please print or typewrite name and address including zip code of assignee

the within Note and all rights thereunder, hereby irrevocably constituting and appointing

_____

attorney to transfer said Note on the books of the Issuer with full power of substitution in the premises.

[THE FOLLOWING PROVISION TO BE INCLUDED ON ALL SECURITIES BEARING A RESTRICTED LEGEND]

In connection with any transfer of this Note occurring prior to _____, the undersigned confirms that such transfer is made without utilizing any general solicitation or general advertising and further as follows: ☐

Check One

☐ (1) This Note is being transferred to a "qualified institutional buyer" in compliance with Rule 144A under the Securities Act of 1933, as amended, and certification in the form of Exhibit F to the Indenture is being furnished herewith.

☐ (2) This Note is being transferred to a non-U.S. person in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Regulation S thereunder, and certification in the form of Exhibit E to the Indenture is being furnished herewith.

or

☐ (3) This Note is being transferred other than in accordance with (1) or (2) above and documents are being furnished which comply with the conditions of transfer set forth in this Note and the Indenture.

If none of the foregoing boxes is checked, the Trustee is not obligated to register this Note in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in the Indenture have been satisfied.

Date: _____

_____
Seller

By: _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee:[5] _____

By: _____
To be executed by an executive officer

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[5] Signatures must be guaranteed by an "**eligible guarantor institution**" meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Association Medallion Program ("**STAMP**") or such other "**signature guarantee program**" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Issuer pursuant to Section 3.09 of the Indenture, check the box: ☐

If you wish to have a portion of this Note purchased by the Issuer pursuant to Section 3.09 of the Indenture, state the amount (in original principal amount) below:

$_____.

Date:_____

Your Signature:_____
(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:[1]_____

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[1] Signatures must be guaranteed by an "**eligible guarantor institution**" meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Association Medallion Program ("**STAMP**") or such other "**signature guarantee program**" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF INCREASES AND DECREASES OF NOTES[1]

The following increases or decreases of the principal amount of this Global Note have been made:

Date of increase or decrease	Amount of decrease in principal amount of this Global Note	Amount of increase in principal amount of this Global Note	Principal amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee

[1] For Global Securities

EXHIBIT B

DTC LEGEND

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS A BENEFICIAL INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE ARE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE ARE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE TRANSFER PROVISIONS OF THE INDENTURE.

EXHIBIT C

REGULATION S LEGEND

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF $250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

EXHIBIT D

RULE 144A LEGEND

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHER WISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF $250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

EXHIBIT E

REGULATION S CERTIFICATE

_____, ____

U.S. Bank National Association
EP-MN-WS3C
60 Livingston Avenue
St. Paul MN 55107-1419
Attn: Corporate Trust Services

Re: TerreStar Networks Inc. 15% Senior Secured PIK Notes due 2014 (the "Notes") issued under the Indenture (the "Indenture") dated as of February 14, 2007

Ladies and Gentlemen:

Terms are used in this certificate as used in Regulation S ("Regulation S") under the Securities Act of 1933, as amended (the "Securities Act"), except as otherwise stated herein.

[CHECK A OR B AS APPLICABLE.]

☐ A. This certificate relates to our proposed transfer of $____ principal amount of Notes issued under the Indenture. We hereby certify as follows:

1. The offer and sale of the Notes was not and will not be made to a person in the United States (unless such person is excluded from the definition of "U.S. Person" pursuant to Rule 902(k)(2)(vi) or the account held by it for which it is acting is excluded from the definition of "U.S. Person" pursuant to Rule 902(k)(2)(i) under the circumstances described in Rule 902(h)(3)) and such offer and sale was not and will not be specifically targeted at an identifiable group of U.S. citizens abroad.

2. Unless the circumstances described in the parenthetical in paragraph 1 above are applicable, either (a) at the time the buy order was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was outside the United States or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market, and neither we nor any person acting on our behalf knows that the transaction was pre-arranged with a buyer in the United States.

3. Neither we, any of our affiliates, nor any person acting on our or their behalf has made any directed selling efforts in the United States with respect to the Notes.

4. The proposed transfer of Notes is not part of a plan or scheme to evade the registration requirements of the Securities Act.

5. If we are a dealer or a person receiving a selling concession, fee or other remuneration in respect of the Notes, and the proposed transfer takes place during the Restricted Period (as defined in the Indenture), or we are an officer or director of the Issuer or an Initial Purchaser (as defined in the Indenture), we certify that the proposed transfer is being made in accordance with the provisions of Rule 904(b) of Regulation S.

☐ B. This certificate relates to our proposed exchange of $____ principal amount of Notes issued under the Indenture for an equal principal amount of Notes to be held by us. We hereby certify as follows:

1. At the time the offer and sale of the Notes was made to us, either (i) we were not in the United States or (ii) we were excluded from the definition of "U.S. person" pursuant to Rule 902(k)(2)(vi) or the account held by us for which we were acting was excluded from the definition of "U.S. person" pursuant to Rule 902(k)(2)(i) under the circumstances described in Rule 902(h)(3); and we were not a member of an identifiable group of U.S. citizens abroad.

2. Unless the circumstances described in paragraph 1(ii) above are applicable, either (a) at the time our buy order was originated, we were outside the United States or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market and we did not pre-arrange the transaction in the United States.

3. The proposed exchange of Notes is not part of a plan or scheme to evade the registration requirements of the Securities Act.

You and the Issuer are entitled to rely upon this certificate and are irrevocably authorized to produce this certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF SELLER (FOR TRANSFERS) OR OWNER (FOR EXCHANGES)]

By:_____
Name:
Title:
Address:

Date: _____

EXHIBIT F

RULE 144A CERTIFICATE

_____, ____

U.S. Bank National Association
EP-MN-WS3C
60 Livingston Avenue
St. Paul MN 55107-1419
Attn: Corporate Trust Services

Re: TerreStar Networks Inc. 15% Senior Secured PIK Notes due 2014 (the "Notes") issued under the Indenture (the "Indenture") dated as of February 14, 2007

Ladies and Gentlemen:

This certificate relates to:

[CHECK A OR B AS APPLICABLE.]

☐ A. Our proposed purchase of $____ principal amount of Notes issued under the Indenture.

☐ B. Our proposed exchange of $____ principal amount of Notes issued under the Indenture for an equal principal amount of Notes to be held by us.

We and, if applicable, each account for which we are acting in the aggregate owned and invested more than $100,000,000 in securities of issuers that are not affiliated with us (or such accounts, if applicable), as of _____, 20__, which is a date on or since the close of our most recent fiscal year. We and, if applicable, each account for which we are acting, are a qualified institutional buyer within the meaning of Rule 144A ("Rule 144A") under the Securities Act of 1933, as amended (the "Securities Act"). If we are acting on behalf of an account, we exercise sole investment discretion with respect to such account. We are aware that the transfer of Notes to us, or such exchange, as applicable, is being made in reliance upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Prior to the date of this certificate we have received such information regarding the Issuer as we have requested pursuant to Rule 144A(d)(4) or have determined not to request such information.

You and the Issuer are entitled to rely upon this certificate and are irrevocably authorized to produce this certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF PURCHASER (FOR TRANSFERS)
OR OWNER (FOR EXCHANGES)]

By: _____
Name:
Title:
Address:

Date: _____

EXHIBIT G

INSTITUTIONAL ACCREDITED INVESTOR CERTIFICATE[1]

U.S. Bank National Association
EP-MN-WS3C
60 Livingston Avenue
St. Paul MN 55107-1419
Attn: Corporate Trust Services

Re: TerreStar Networks Inc. 15% Senior Secured PIK Notes due 2014 (the "Notes") issued under the Indenture (the "Indenture") dated as of February 14, 2007

Ladies and Gentlemen:

This certificate relates to:

[CHECK A OR B AS APPLICABLE.]

☐ A. Our proposed purchase of $____ principal amount of Notes issued under the Indenture.

☐ B. Our proposed exchange of $____ principal amount of Notes issued under the Indenture for an equal principal amount of Notes to be held by us.

We hereby confirm that:

1. We are an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act") (an "Institutional Accredited Investor").

2. Any acquisition of Notes by us will be for our own account or for the account of one or more other Institutional Accredited Investors as to which we exercise sole investment discretion.

3. We have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of an investment in the Notes and we and any accounts for which we are acting are able to bear the economic risks of and an entire loss of our or their investment in the Notes.

4. We are not acquiring the Notes with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdiction; *provided* that the disposition of our property and the property of any accounts for which we are acting as fiduciary will remain at all times within our and their control.

5. We acknowledge that the Notes have not been registered under the Securities Act and that the Notes may not be offered or sold within the United States or to or for the benefit of U.S. persons except as set forth below.

6. The principal amount of Notes to which this certificate relates is at least equal to $250,000.

We agree for the benefit of the Issuer, on our own behalf and on behalf of each account for which we are acting, that such Notes may be offered, sold, pledged or otherwise transferred only in accordance with the Securities Act and any applicable securities laws of any State of the United States and only (a) to the Issuer, (b) pursuant to a registration statement which has become effective under the Securities Act, (c) to a qualified institutional buyer in compliance with Rule 144A under the Securities Act, (d) in an offshore transaction in compliance with Rule 904 of Regulation S under the Securities Act, (e) in a principal amount of not less than $250,000, to an Institutional Accredited Investor that, prior to such transfer, delivers to the Trustee a duly completed and signed certificate (the form of which may be obtained from the Trustee) relating to the restrictions on transfer of the Notes or (f) pursuant to an exemption from registration provided by Rule 144 under the Securities Act or any other available exemption from the registration requirements of the Securities Act.

Prior to the registration of any transfer in accordance with (c) or (d) above, we acknowledge that a duly completed and signed certificate (the form of which may be obtained from the Trustee) must be delivered to the Trustee. Prior to the registration of any transfer in accordance with (e) or (f) above, we acknowledge that the Issuer reserves the right to require the delivery of such legal opinions, certifications or other evidence as may reasonably be required in order to determine that the proposed transfer is being made in compliance with the Securities Act and applicable state securities laws. We acknowledge that no representation is made as to the availability of any Rule 144 exemption from the registration requirements of the Securities Act.

We understand that the Trustee will not be required to accept for registration of transfer any Notes acquired by us, except upon presentation of evidence satisfactory to the Issuer and the Trustee that the foregoing restrictions on transfer have been complied with. We further understand that the Notes acquired by us will be in the form of definitive physical certificates and that such certificates will bear a legend reflecting the substance of the preceding paragraph. We further agree to provide to any person acquiring any of the Notes from us a notice advising such person that resales of the Notes are restricted as stated herein and that certificates representing the Notes will bear a legend to that effect.

We agree to notify you promptly in writing if any of our acknowledgments, representations or agreements herein ceases to be accurate and complete.

We represent to you that we have full power to make the foregoing acknowledgments, representations and agreements on our own behalf and on behalf of any account for which we are acting.

You and the Issuer are entitled to rely upon this certificate and are irrevocably authorized to produce this certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF PURCHASER (FOR TRANSFERS) OR OWNER (FOR EXCHANGES)]

By: _____
Name:
Title:
Address:

Date: _____

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

By: _____

Date: _____

Taxpayer ID number: _____

EXHIBIT H

[COMPLETE FORM I OR FORM II AS APPLICABLE.]

[FORM I]

CERTIFICATE OF BENEFICIAL OWNERSHIP

U.S. Bank National Association
EP-MN-WS3C
60 Livingston Avenue
St. Paul MN 55107-1419
Attn: Corporate Trust Services

Re: TerreStar Networks Inc. 15% Senior Secured PIK Notes due 2014 (the "Notes") issued under the Indenture (the "Indenture") dated as of February 14, 2007

Ladies and Gentlemen:

We are the beneficial owner of $____ principal amount of Notes issued under the Indenture and represented by a Temporary Regulation S Global Note (as defined in the Indenture).

We hereby certify as follows:

[CHECK A OR B AS APPLICABLE.]

☐ A. We are a non-U.S. person (within the meaning of Regulation S under the Securities Act of 1933, as amended).

☐ B. We are a U.S. person (within the meaning of Regulation S under the Securities Act of 1933, as amended) that purchased the Notes in a transaction that did not require registration under the Securities Act of 1933, as amended.

You and the Issuer are entitled to rely upon this certificate and are irrevocably authorized to produce this certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF BENEFICIAL OWNER]

By: _____
Name:
Title:
Address:

Date: _____

[FORM II]

CERTIFICATE OF BENEFICIAL OWNERSHIP

U.S. Bank National Association
EP-MN-WS3C
60 Livingston Avenue
St. Paul MN 55107-1419
Attn: Corporate Trust Services

Re: TerreStar Networks Inc. 15% Senior Secured PIK Notes due 2014 (the "Notes") issued under the Indenture (the "Indenture") dated as of February 14, 2007

Ladies and Gentlemen:

This is to certify that based solely on certifications we have received in writing, by tested telex or by electronic transmission from Institutions appearing in our records as persons being entitled to a portion of the principal amount of Notes represented by a Temporary Regulation S Global Note issued under the above-referenced Indenture, that as of the date hereof, $____ principal amount of Notes represented by the Temporary Regulation S Global Note being submitted herewith for exchange is beneficially owned by persons that are either (i) non-U.S. persons (within the meaning of Regulation S under the Securities Act of 1933, as amended) or (ii) U.S. persons that purchased the Notes in a transaction that did not require registration under the Securities Act of 1933, as amended.

We further certify that (i) we are not submitting herewith for exchange any portion of such Temporary Regulation S Global Note excepted in such certifications and (ii) as of the date hereof we have not received any notification from any Institution to the effect that the statements made by such Institution with respect to any portion of such Temporary Regulation S Global Note submitted herewith for exchange are no longer true and cannot be relied upon as of the date hereof.

You and the Issuer are entitled to rely upon this certificate and are irrevocably authorized to produce this certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Yours faithfully,

[Name of DTC Participant]

By: _____
Name:
Title:
Address:

Date: _____

EXHIBIT I

TEMPORARY REGULATION S GLOBAL NOTE LEGEND

THIS NOTE IS A TEMPORARY GLOBAL NOTE. PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD APPLICABLE HERETO, BENEFICIAL INTERESTS HEREIN MAY NOT BE HELD BY ANY PERSON OTHER THAN (1) A NON-U.S. PERSON OR (2) A U.S. PERSON THAT PURCHASED SUCH INTEREST IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). BENEFICIAL INTERESTS HEREIN ARE NOT EXCHANGEABLE FOR PHYSICAL NOTES OTHER THAN A PERMANENT GLOBAL NOTE IN ACCORDANCE WITH THE TERMS OF THE INDENTURE. TERMS IN THIS LEGEND ARE USED AS USED IN REGULATION S UNDER THE SECURITIES ACT.

NO BENEFICIAL OWNERS OF THIS TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF PRINCIPAL OR INTEREST HEREON UNTIL SUCH BENEFICIAL INTEREST IS EXCHANGED OR TRANSFERRED FOR AN INTEREST IN ANOTHER NOTE.

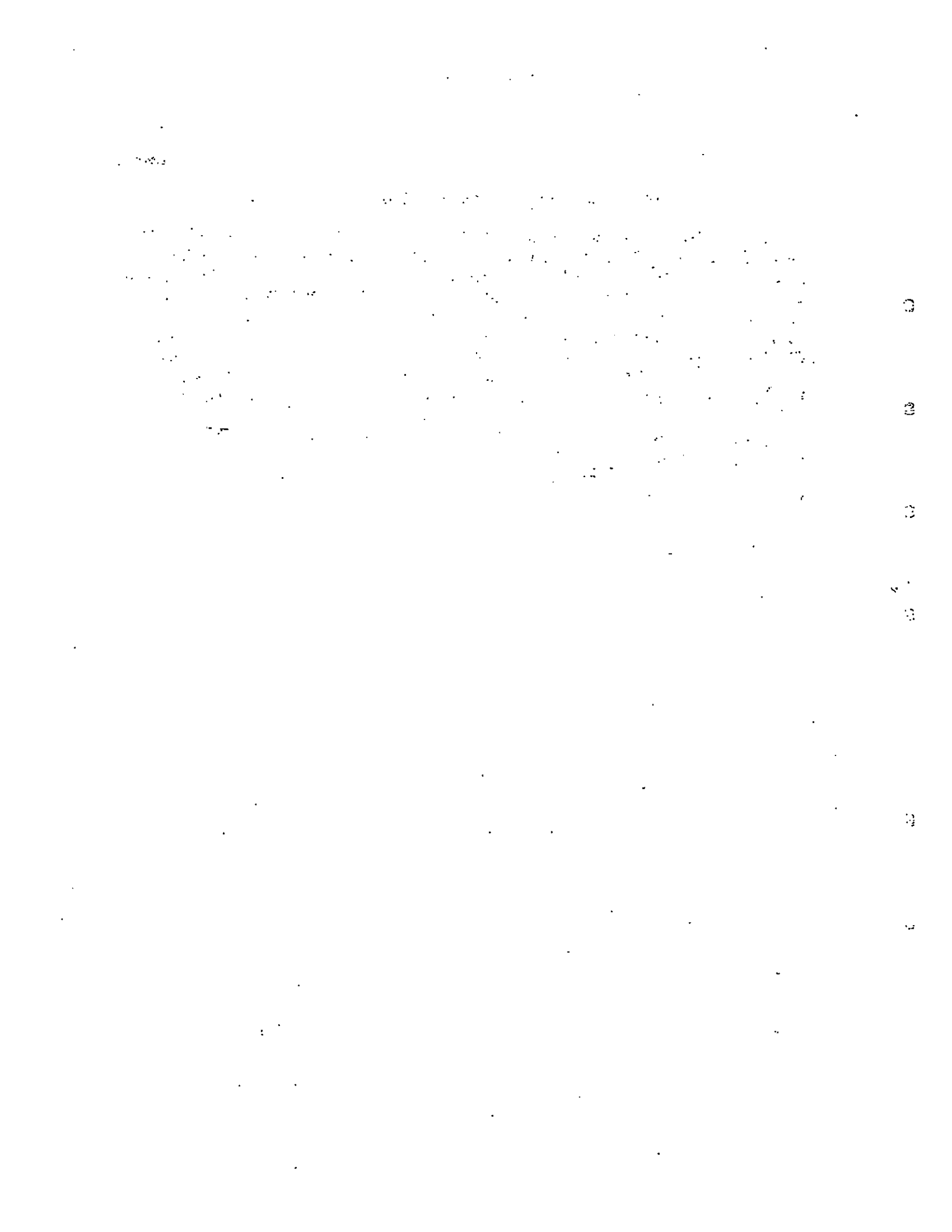

EXHIBIT J

SUPPLEMENTAL INDENTURE

dated as of _____, _____

among

TERRESTAR NETWORKS INC.,

The Guarantor(s) Party Hereto

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

15% Senior Secured PIK Notes due 2014

THIS SUPPLEMENTAL INDENTURE (this "**Supplemental Indenture**"), entered into as of _____, ____, among **TERRESTAR NETWORKS INC.**, a Delaware corporation (the "**Issuer**"), the existing Guarantors party thereto, [insert each new Guarantor executing this Supplemental Indenture and its jurisdiction of incorporation] (each an "**Undersigned**") and **U.S. BANK NATIONAL ASSOCIATION**, as trustee (the "**Trustee**").

RECITALS

WHEREAS, the Issuer and the Trustee entered into the Indenture, dated as of February 14, 2007 (the "**Indenture**"), relating to the Issuer's 15% Senior Secured PIK Notes due 2014 (the "**Notes**");

WHEREAS, as a condition to the Trustee entering into the Indenture and the purchase of the Notes by the Holders, the Issuer agreed pursuant to the Indenture to cause any newly acquired or created Domestic Subsidiaries to provide Guarantees, except in certain circumstances.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and intending to be legally bound, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Capitalized teams used herein and not otherwise defined herein are used as defined in the Indenture.

Section 2. Each Undersigned, by its execution of this Supplemental Indenture, agrees to be a Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to Guarantors, including, but not limited to, Article 10 thereof.

Section 3. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

Section 5. This Supplemental Indenture is an amendment supplemental to the Indenture and the Indenture and this Supplemental Indenture will henceforth be read together.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

TERRESTAR NETWORKS INC., as Issuer

By: _____
Name:
Title:

[GUARANTORS]

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Name:
Title:

EXHIBIT K

FORM OF U.S. SECURITY AGREEMENT

See tab 10

EXHIBIT L

FORM OF CANADIAN SECURITY AGREEMENT

See tab 11.

EXHIBIT M

FORM OF INTERCREDITOR AGREEMENT

See tab 12.

Exhibit C

The Final DIP Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

FINAL ORDER UNDER SECTIONS 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) AND 364(e) AND 507 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 2002, 4001 AND 9014: (I) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING; (II) AUTHORIZING DEBTORS TO USE CASH COLLATERAL; AND (III) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES

Upon the motion, dated October 19, 2010 (the "Motion"), of TerreStar Networks Inc. ("TSN") and each of its affiliated debtors and debtors in possession (collectively, the "Debtors") in the above-captioned cases (the "Cases") commenced on October 19, 2010 (the "Petition Date"), for interim and final orders under sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (as amended, the "Bankruptcy Code"), and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (as amended, the "Bankruptcy Rules"), and the Local

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar New York Inc. (6394); TerreStar Networks Inc. (3931); Motient Communications Inc. (3833); Motient Holdings Inc. (6634); Motient License Inc. (2431); Motient Services Inc. (5106); Motient Ventures Holding Inc. (6191); MVH Holdings Inc. (9756); TerreStar License Inc. (6537); TerreStar National Services Inc. (6319); TerreStar Networks Holdings (Canada) Inc. (1337); TerreStar Networks (Canada) Inc. (8766) and 0887729 B.C. Ltd. (1345). For the avoidance of doubt, pursuant to Section 9.17 of that certain First Amendment to the DIP Agreement dated as of November 12, 2010, from and after the Repayment Date, the Non-Subsidiary Guarantors shall cease to be Loan Parties under the DIP Agreement and each other Loan Document and shall be released from all obligations (including the guarantee and security interests provided by such Persons under Article X) under the DIP Agreement and all other Loan Documents. Accordingly, after the Repayment Date, "Debtors," as used herein, shall exclude the Non-Subsidiary Guarantors as defined in the DIP Agreement.

Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Rules"), seeking:

(I) authorization (a) for TSN (the "Borrower") to obtain up to $75 million (plus fees, interest and other amounts to be capitalized in accordance with the terms of the DIP Documents (defined below)) in aggregate principal amount of postpetition financing (the "DIP Financing") on the terms and conditions set forth in this final order (this "Final Order") and that certain Debtor-In-Possession Credit, Security & Guaranty Agreement (substantially in the form annexed to the Motion as Exhibit A, as amended by that certain First Amendment to the DIP Agreement dated as of November 12, 2010, and as hereafter amended, supplemented or otherwise modified from time to time, the "DIP Agreement";[2] and, collectively with all agreements, guaranties, collateral agreements, documents and instruments delivered or executed from time to time in connection therewith, as hereafter amended, supplemented or otherwise modified from time to time, the "DIP Documents"), among the Borrower, the Guarantors (as defined below), EchoStar Corporation ("EchoStar" or the "Initial Lender"), and the other lenders that may become party thereto from time to time (collectively, the "DIP Lenders"), and The Bank of New York Mellon, as Administrative Agent and Collateral Agent (in such capacity, the "DIP Agent"), and (b) for each of the Debtors other than the Borrower (the "Guarantors"), to jointly and severally (except as provided in section 10.17 of the DIP Agreement) guaranty on a secured basis the Borrower's obligations in respect of the DIP Financing;

---

[2] Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the DIP Agreement.

(II) authorization for the Debtors to execute and deliver the DIP Agreement and the other DIP Documents and to perform such other and further acts as may be necessary or appropriate in connection therewith;

(III) authorization for the Debtors to use the Cash Collateral (as defined in paragraph 4(g) below) pursuant to sections 361, 362 and 363 of the Bankruptcy Code, and all other Prepetition Collateral (as defined in paragraph 4(d) below);

(IV) to grant adequate protection to the PMCA Agent, each PMCA Lender, the 15% Notes Trustee/Agent, and the 15% Noteholders (each as defined below, and together, the "Prepetition Secured Parties" and, excluding the 15% Noteholders, the "Prepetition Secured Notice Parties") with respect to such use of Cash Collateral and any diminution in the value of the Prepetition Collateral securing the Debtors' obligations (the "Prepetition Secured Obligations") under or in connection with: (i) that certain Terrestar-2 Purchase Money Credit Agreement, dated as of February 5, 2008 (as amended, restated, supplemented or otherwise modified from time to time, and including any mortgage, security, pledge, control or guaranty agreements or other documentation executed in connection with the foregoing, the "PMCA"), among TSN, as borrower, U.S. Bank National Association, as collateral agent (in such capacity, the "PMCA Agent"), the guarantors party thereto from time to time, and Harbinger Capital Partners Master Fund 1, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and EchoStar, as lenders (the "PMCA Lenders"); and (ii) the 15.0% senior secured payment-in-kind notes due 2014 (the "15% Notes") issued pursuant to that certain Indenture, dated as of February 14, 2007, among TSN, as issuer, U.S. Bank National Association, as indenture trustee and collateral agent (in such capacity, the "15% Notes Trustee/Agent" and together with the PMCA Agent, the "Prepetition Agent"), and the guarantors from time to time party thereto (as amended,

restated, supplemented or otherwise modified from time to time, including by that certain First Supplemental Indenture, dated as of February 7, 2008, and that certain Second Supplemental Indenture, dated as of February 7, 2008, and including any mortgage, security, pledge, control or guaranty agreements or other documentation executed in connection with the foregoing, the "15% Notes Indenture" and, together with the PMCA, the "Prepetition Loan Documents");

(V) authorization for the DIP Agent to, subject to paragraph 9 below, upon the occurrence and continuance of an Event of Default: (a) reduce the amount of or terminate any outstanding Commitments under the DIP Agreement, (b) terminate the DIP Agreement, (c) charge the default rate of interest on the Loans, (d) declare the entirety of the Loans to be due and payable, and/or (e) subject to the Carve-Out (as defined in paragraph 7(b) below), exercise any and all remedies under applicable law (including the UCC and PPSA);

(VI) the waiver by the Debtors of any right to seek to surcharge the DIP Collateral (as defined in paragraph 8 below) pursuant to section 506(c) of the Bankruptcy Code or any other applicable law or principle of equity, which grant constitutes an "extraordinary provision" (a "Material Provision") under General Order M-274 of the United States Bankruptcy Court for the Southern District of New York;;

(VII) at a hearing (the "Final Hearing") on the Motion before this Court, pursuant to Bankruptcy Rule 4001, entry of this Final Order: (a) authorizing the Borrower to borrow under the DIP Agreement an aggregate principal amount not to exceed $75 million (plus fees, interest and other amounts to be capitalized in accordance with the terms of the DIP Documents), (b) authorizing the Debtors to use the Cash Collateral and the other Prepetition Collateral, and (c) granting adequate protection to the Prepetition Secured Parties.

The hearing on entry of the order granting the Motion on an interim basis (the "Interim Order") having been held by this Court on October 20, 2010 (the "Interim Hearing"); and the Final Hearing having been held by this Court on November 16, 2010; and upon the record made by the Debtors at the Interim Hearing and Final Hearing, including, without limitation, the admission into evidence of (i) the First Day Declaration, (ii) the Epstein DIP Declaration, (iii) the Zelin Declaration (each as defined in the Motion), and (iv) that certain First Amendment to the DIP Agreement dated as of November 12, 2010, and the other evidence submitted or adduced and the arguments of counsel made at the Interim Hearing and Final Hearing; and after due deliberation and consideration and sufficient cause appearing therefor;

IT IS FOUND, DETERMINED, ORDERED AND ADJUDGED, that:

1. *Disposition.* The Motion is granted on a final basis in accordance with the terms of this Final Order. Any objections to the Motion with respect to the entry of this Final Order that have not been withdrawn, waived or settled, and all reservation of rights included therein, are hereby denied and overruled.

2. *Jurisdiction/Venue.* This Court has core jurisdiction over the Cases, this Motion, and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. *Notice.* Based upon the Debtors' representations, notice of the Motion and the relief requested therein, and the relief requested at the Final Hearing was served by the Debtors by electronic mail, facsimile, or overnight mail to: (a) the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee"); (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) The Bank of New York Mellon as agent for the Debtors' proposed

postpetition debtor-in-possession financing; (d) Emmet, Marvin & Martin LLP as counsel to the agent for the Debtors' proposed postpetition debtor-in-possession financing; (e) U.S. Bank National Association as Collateral Agent for the Debtors' purchase money credit facility and Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and EchoStar Corporation as Lenders thereunder; (f) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. in their capacity as Lenders under the Debtors' purchase money credit facility; (g) Willkie Farr & Gallagher LLP as counsel to EchoStar Corporation in its capacity as Lender under the Debtors' purchase money credit facility and Initial Lender under the Debtors' proposed postpetition debtor-in-possession financing; (h) U.S. Bank National Association as Indenture Trustee for the Debtors' 15% Senior Secured Notes; (i) U.S. Bank National Association as Indenture Trustee for the Debtors' 6.5% Senior Exchangeable Notes, succeeded by Deutsche Bank National Trust Company; (j) Quinn Emanuel Urquhart & Sullivan, LLP as counsel to an Ad Hoc group of the Debtors' 6.5% Senior Exchangeable Notes; (k) Kirkland & Ellis LLP as counsel to an Ad Hoc group of holders of 15% Senior Secured Notes (the "15% Notes Ad Hoc Group"); (l) the Internal Revenue Service; (m) the Securities and Exchange Commission; (n) the United States Attorney for the Southern District of New York; and (o) the Federal Communications Commission. Under the circumstances, the notice provided of the Motion, the relief requested therein and the Final Hearing constitutes due and sufficient notice thereof, complies with Bankruptcy Rules 4001(c) and (d) and the Local Rules, and no further notice of the relief sought at the Final Hearing and the relief granted herein is necessary or required.

4. *Debtors' Stipulations.* Subject to the limitations contained in paragraph 17 below, the Debtors admit, stipulate, and agree that:

(a) as of the Petition Date, certain of the Debtors were justly and lawfully indebted and liable, without defense, counterclaim or offset of any kind, to the PMCA Lenders, in the amount of not less than $85.9 million of principal and accrued interest (such obligations, in addition to the obligations described below, the "Prepetition PMCA Obligations"), in respect of loans or other financial accommodations made by the PMCA Lenders pursuant to, and in accordance with the terms of, the PMCA, plus, in each case, accrued and unpaid interest thereon (such interest accruing at the default rate) and costs and expenses and other obligations owing under the PMCA;

(b) as of the Petition Date, certain of the Debtors[3] were justly and lawfully indebted and liable, without defense, counterclaim or offset of any kind, to the holders of 15% Notes (the "15% Noteholders"), in the amount of not less than $943.9 million of principal and accrued interest (such obligations, in addition other obligations described below in this paragraph, the "Prepetition 15% Notes Obligations" and, together with the Prepetition PMCA Obligations the "Prepetition Obligations"), in respect of loans or other financial accommodations made by the 15% Noteholders pursuant to, and in accordance with the terms of, the 15% Notes Indenture, plus, in each case, accrued and unpaid interest thereon and costs and expenses and other obligations owing under the 15% Notes Indenture;

(c) the liens and security interests granted to the PMCA Agent to secure the Prepetition PMCA Obligations (the "PMCA Liens") are (i) valid, binding, perfected,

[3] For the avoidance of doubt, notwithstanding anything to the contrary herein, 0887729 B.C. Ltd. is not obligated under the 15% Notes Indenture and the assets of 0887729 B.C. Ltd. were not pledged to the 15% Notes Trustee/Agent.

enforceable, first priority (subject to permitted exceptions under the PMCA) liens on and security interests in the personal and real property constituting "Collateral" under, and as defined in, the PMCA (including Cash Collateral, the "PMCA Collateral"), (ii) not subject to objection, defense, counterclaim, offset, contest, attachment, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law, and (iii) subject and subordinate only to valid, perfected, enforceable and unavoidable liens permitted under the PMCA to the extent such permitted liens are senior to the liens securing the PMCA (the "PMCA Permitted Prepetition Liens") and the Carve-Out (as defined in paragraph 7(b) below);

(d) the liens and security interests granted to the 15% Notes Trustee/Agent to secure the Prepetition 15% Notes Obligations (the "15% Notes Liens" and, together with the PMCA Liens, the "Prepetition Secured Party Liens") are (i) valid, binding, perfected, enforceable, first priority (subject to permitted exceptions under the 15% Notes Indenture) liens on and security interests in the personal and real property constituting "Collateral"[4] under, and as defined in, the 15% Notes Indenture (including Cash Collateral, the "15% Notes Collateral" and, together with the PMCA Collateral, the "Prepetition Collateral"), (ii) not subject to objection, defense, counterclaim, offset, contest, attachment, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law, and (iii) subject and subordinate only to valid, perfected, enforceable and unavoidable liens permitted under the 15% Notes Indenture to the extent such permitted liens are senior to the liens securing the Prepetition 15% Notes Obligations (the "15% Notes Permitted Prepetition Liens" and, together with the PMCA Permitted Prepetition Liens, the "Permitted Prepetition Liens") and the Carve-Out;

[4] For the purposes of this Final Order, the Debtors do not stipulate, nor do they take a position on, whether the PMCA Collateral is "Collateral," as defined in the 15% Notes Indenture.

(e) the Prepetition Obligations constitute the legal, valid and binding obligations of the Debtors, enforceable in accordance with their terms (other than in respect of the stay of enforcement arising under section 362 of the Bankruptcy Code);

(f) (i) no portion of the Prepetition Obligations shall be subject to objection, defense, counterclaim, offset, avoidance, recharacterization, recovery or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law, and (ii) the Debtors do not have, and hereby forever release, any claims (as defined in section 101(5) of the Bankruptcy Code), counterclaims, causes of action, defenses, setoff or recoupment rights, whether arising under the Bankruptcy Code or applicable nonbankruptcy law, against the Prepetition Secured Parties and their respective affiliates, subsidiaries, agents, officers, directors, employees, attorneys and advisors, in each case, solely in their capacity as Prepetition Secured Parties; and

(g) a portion of the Debtors' cash constitutes Prepetition Collateral and, therefore, is cash collateral of the Prepetition Secured Parties within the meaning of section 363(a) of the Bankruptcy Code (the "Cash Collateral").

5. *Findings Regarding the DIP Financing.*

(a) Based upon the record presented to the Court by the Debtors, it appears that the Debtors have an immediate need to obtain the DIP Financing and to use the Prepetition Collateral, including any Cash Collateral, in order to, among other things, permit the orderly continuation of their businesses, preserve the going concern value of the Debtors, pay the costs of administration of their estates and for the other purposes set forth in the DIP Documents. The Debtors' use of the Prepetition Collateral (including the Cash Collateral) and the DIP Financing is necessary to ensure that the Debtors have sufficient working capital and liquidity to preserve

and maintain the going concern value of the Debtors' estates. Good cause has, therefore, been shown for entry of this Final Order.

(b) The Debtors are unable to obtain financing on more favorable terms from sources other than the DIP Lenders pursuant to, and for the purposes set forth in, the DIP Documents and are unable to obtain adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Debtors are also unable to obtain secured credit allowable under sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code without the Debtors granting to the DIP Agent for the benefit of itself and the DIP Lenders, subject to the Carve-Out, (i) the DIP Liens (as defined in paragraph 8 below), including the priming DIP Liens described in paragraph 8(b) below, and (ii) the Superpriority Claims (as defined in paragraph 7(a) below), in each case on the terms and conditions set forth in this Final Order and the DIP Documents. Specifically, no party or parties other than the DIP Lenders would provide postpetition financing to the Debtors absent the Debtors granting such parties priming liens on the Debtors' assets pursuant to section 364(d)(1) of the Bankruptcy Code, and the Debtors were unable to satisfy the requirements of section 364(d)(1) of the Bankruptcy Code.

(c) The terms of the DIP Documents and the use of the Prepetition Collateral (including the Cash Collateral) pursuant to this Final Order and the DIP Agreement reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties. The Debtors will receive and have received fair and reasonable consideration in exchange for access to the DIP Financing and all other financial accommodations provided under the DIP Documents and this Final Order.

(d) The DIP Documents and the terms and conditions of the Debtors' use of the Prepetition Collateral (including the Cash Collateral) have been the subject of negotiations

conducted in good faith and at arm's length among the Debtors, the DIP Agent, the DIP Lenders, the Prepetition Agent and the PMCA Lenders, and the terms of the Debtors' use of Cash Collateral and all of the Debtors' obligations and indebtedness arising under or in connection with the DIP Financing, including without limitation, (i) all Loans made to, and guaranties issued by, the Debtors pursuant to the DIP Agreement, (ii) the Debtors' obligation to pay all reasonable costs and expenses of (a) the Initial Lender (including all reasonable, actual and documented fees, expenses and disbursements of the Initial Lender's counsel and financial advisors, i.e., Willkie Farr & Gallagher LLP, Sullivan & Cromwell LLP, Goodmans LLP, Steptoe & Johnson LLP and Lazard Ltd.), and (b) the DIP Agent (including all reasonable, actual and documented fees, expenses and disbursements of the DIP Agent's counsel, i.e., Emmet, Marvin & Martin, LLP) in connection with the preparation, execution and delivery of the DIP Agreement and the funding of the DIP Financing, and (iii) all other obligations (including, without limitation, indemnification and fee obligations) of the Debtors under the DIP Documents and this Final Order now or hereafter owing to the DIP Agent or any DIP Lender (collectively, (i), (ii) and (iii), the "DIP Obligations") shall be deemed to have been extended by the DIP Agent and the DIP Lenders in "good faith" as such term is used in section 364(e) of the Bankruptcy Code, and in express reliance upon the protections set forth therein, and shall be entitled to the full protection of section 364(e) of the Bankruptcy Code, in the event that this Order or any provision hereof is vacated, reversed or modified on appeal or otherwise.

(e) The Debtors have requested immediate entry of this Final Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2) and Local Rule 4001-2. Absent the relief set forth in this Final Order, the Debtors' estates will be immediately and irreparably harmed. Consummation of the DIP Financing and authorization of the use of the Prepetition Collateral

(including the Cash Collateral) in accordance with this Final Order and the DIP Documents are, therefore, in the best interest of the Debtors' estates and are consistent with the Debtors' fiduciary duties.

6. *Authorization Of The DIP Financing And The DIP Documents.*

(a) The Debtors are hereby authorized to enter into and perform their obligations under the DIP Documents and, in the case of (i) the Borrower, to borrow thereunder up to an aggregate principal amount of $75 million (plus fees, interest and other amounts to be capitalized in accordance with the terms of the DIP Documents) for working capital and other general corporate purposes of the Debtors and to pay interest, fees and all other expenses provided for in the DIP Documents, all in accordance with the terms of this Final Order, the DIP Agreement and the other DIP Documents, and (ii) the Guarantors, to jointly and severally (except as provided in section 10.17 of the DIP Agreement) guaranty such borrowing and all other DIP Obligations.

(b) The Debtors are authorized to use the proceeds of borrowings under the DIP Agreement and Cash Collateral in accordance with and to the extent permitted by the DIP Documents.

(c) In furtherance of the foregoing and without further approval of this Court, each Debtor is authorized, and the automatic stay imposed by section 362 of the Bankruptcy Code is hereby lifted to the extent necessary, to perform all acts and to execute and deliver all instruments and documents that the DIP Agent or the Initial Lender determines to be reasonably required or necessary for the Debtors' performance of their obligations under the DIP Documents, including without limitation:

(i) the execution, delivery and performance of the DIP Documents;

(ii) the execution, delivery and performance of one or more amendments, waivers, consents or other modifications to and under the DIP Documents, in each case in such form as the Debtors, the DIP Agent and the requisite DIP Lenders may agree, and no further approval of this Court shall be required for immaterial amendments, waivers, consents or other modifications to and under the DIP Documents (and any reasonable fees paid in connection therewith) that do not (A) shorten the maturity of the Loans or (B) increase the Commitments or the rate of interest payable on the Loans under the DIP Agreement; provided, that no amendment, waiver, consent or other modification having a material adverse effect on the 15% Notes Liens shall be deemed to be immaterial; provided further, that a copy of any amendment, waiver, consent or other modification to the DIP Documents shall be provided by the Debtors to (X) the U.S. Trustee, (Y) counsel to any statutory committee of unsecured creditors appointed in the Cases (the "Committee"), and (Z) counsel to the Prepetition Secured Notice Parties;

(iii) the non-refundable payment to the DIP Agent, its affiliates and the DIP Lenders, in their capacity as such, as the case may be, of (A) the fees set forth in the DIP Documents (including, without limitation, the fees provided for in the Fee Schedule, dated October 7, 2010, between the Borrower and the DIP Agent) and (B) such reasonable, actual, and documented costs and expenses as may be due from time to time under the DIP Documents, all as provided in the DIP Documents and all of which constitute DIP Obligations; and

(iv) the performance of all other acts required under or in connection with the DIP Documents.

(d) Upon execution and delivery of the DIP Documents, the DIP Documents shall constitute valid and binding obligations of the Debtors, enforceable against the Debtors in

accordance with the terms of this Final Order and the DIP Documents. No obligation, payment, transfer or grant of security under the DIP Documents or this Final Order shall be stayed, voidable, avoidable or recoverable under the Bankruptcy Code or under any applicable nonbankruptcy law (including without limitation, under sections 502(d), 548 or 549 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law), or subject to any defense, reduction, setoff, recoupment or counterclaim.

(e) The Debtors have provided the DIP Lenders with the 13-week cash flow projection included hereto in Exhibit A (the "Initial 13-Week Projection"). On a bi-weekly basis, the Debtors will provide the DIP Agent, DIP Lenders, the Prepetition Agent, the professionals retained by the Committee, and the professionals retained by the 15% Notes Ad Hoc Group (the "15% Ad Hoc Group Professionals" whose access to information pursuant to this Final Order shall be on a professional's eyes only basis) pursuant to Court Order with an updated cash flow projection for the following 13 weeks.

(f) *Oversecured Status of the Prepetition PMCA Obligations.* Effective *nunc pro tunc* to the Petition Date and for all purposes in these Cases, the value of the PMCA Collateral shall be deemed to exceed the value of the Prepetition PMCA Obligations.

7. *Superpriority Claims.*

(a) Pursuant to section 364(c)(1) of the Bankruptcy Code, all of the DIP Obligations shall constitute allowed senior administrative expense claims (the "Superpriority Claims") against the Debtors and, except to the extent expressly set forth in this Final Order in respect of the Carve-Out, such Superpriority Claims shall have priority over any and all administrative expenses, adequate protection claims and all other claims against the Debtors,

now existing or hereafter arising, of any kind whatsoever, including without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546, 1113 or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims shall for purposes of section 1129(a)(9)(A) of the Bankruptcy Code be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, and which Superpriority Claims shall be payable from and have recourse to all prepetition and postpetition property of the Debtors and all proceeds thereof, excluding the Debtors' claims and causes of action arising under sections 542-553 of the Bankruptcy Code (collectively, the "Avoidance Actions") and any proceeds thereof. For the avoidance of doubt, the DIP Obligations of any Non-Subsidiary Guarantor shall be limited to the extent set forth in section 10.17(a) of the DIP Agreement.

(b) For purposes hereof, the "Carve-Out" shall mean: (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code; (ii) fees and expenses up to $100,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) with respect to the information officer (the "Information Officer") to be appointed by the Canadian Court in connection with the proceedings commenced pursuant to the Companies' Creditors Arrangement Act (Canada) R.S.C. 1985, c. C-36 as amended in the Ontario Superior Court of Justice (Commercial List) in Toronto, Ontario, Canada (the "Canadian Proceedings"), all fees and expenses required to be paid to the Information Officer in connection with the Canadian Proceedings, including to the extent secured by the charge to be granted by the Canadian Court

over the Debtors' assets in Canada, in the maximum amount of CDN $125,000, to secure payment of any such fees and expenses of the Information Officer; and (iv) after the occurrence and during the continuance of an Event of Default under the DIP Documents, the payment of allowed professional fees and disbursements incurred by the Debtors or the Committee after the occurrence of the Event of Default not in excess of $800,000 (plus all unpaid professional fees and expenses allowed by this Court that were incurred prior to the occurrence of such Event of Default); provided that (X) the Carve-Out shall not be available to pay any such professional fees and expenses incurred in connection with the initiation or prosecution of any claims, causes of action, adversary proceedings or other litigation against the DIP Agent, the DIP Lenders, or the Prepetition Secured Parties or liens and claims held by DIP Agent, the DIP Lenders, the Prepetition Secured Parties, (Y) so long as no Event of Default shall have occurred and be continuing, the Carve-Out shall not be reduced by the payment of fees and expenses allowed by this Court under sections 328, 330 and 331 of the Bankruptcy Code, and (Z) nothing in this Final Order shall impair the right of any party to object to the reasonableness of any such fees or expenses to be paid by the Debtors' estates.

8. *DIP Liens*. As security for the DIP Obligations, effective and perfected upon the date of this Final Order and without the necessity of the execution by the Debtors (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents, or the possession or control by the DIP Agent of any property, the following security interests and liens are hereby granted to the DIP Agent, for its own benefit and the benefit of the DIP Lenders (all property identified in clauses (a), (b) and (c) below being collectively referred to as the "DIP Collateral"), subject only to the Carve-Out (all such liens and security interests granted to the DIP Agent, for its benefit

and for the benefit of the DIP Lenders, pursuant to this Final Order and the DIP Documents, the "DIP Liens"):

(a) *First Lien on Unencumbered Property.* Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority lien on, and security interest in, all tangible and intangible prepetition and postpetition property in which the Debtors have an interest, whether existing on or as of the Petition Date or thereafter acquired, that is not subject to valid, perfected, non-avoidable and enforceable liens in existence on or as of the Petition Date (collectively, and excluding any property that is excluded from the definition of "Collateral" in section 10.01 of the DIP Agreement, the "Unencumbered Property"), including without limitation, any and all unencumbered cash, accounts receivable, other rights to payment, inventory, general intangibles, contracts, securities, chattel paper, owned real estate, real property leaseholds, fixtures, machinery, equipment, deposit accounts, patents, copyrights, trademarks, tradenames, rights under license agreements and other intellectual property, instruments, investment property, goods, satellites, spare satellites, ground stations, commercial tort claims, proceeds from the disposition of Federal Communications Commission and/or Industry Canada licenses (and the Federal Communications Commission and/or Industry Canada licenses themselves, to the fullest extent permitted by applicable law), books and records, in each case, wherever located, and the proceeds, products, rents and profits of all of the foregoing, but excluding Avoidance Actions and any proceeds thereof.

(b) *Liens Junior to Certain Existing Liens.* Pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected lien on, and security interest in, all tangible and intangible prepetition and postpetition property in which the Debtors have an interest, whether now existing or hereafter acquired and all proceeds thereof,

that is subject to the Prepetition Secured Party Liens or the Permitted Prepetition Liens, which security interest and lien shall be junior to (i) the Prepetition Secured Party Liens and the Permitted Prepetition Liens (but only to the extent such liens secure valid and enforceable Prepetition Secured Obligations), and (ii) the Carve-Out, but senior to all other liens.

(c) *Liens Priming TSN Secured Party Liens.* Pursuant to section 364(d)(1) of the Bankruptcy Code, and based upon the consent of the TSN Secured Party (as defined below), a valid, binding, continuing, enforceable, fully-perfected, priming lien on, and security interest in, all now existing or hereafter acquired property of TerreStar Networks (Canada) Inc. that constitutes "Collateral" (as defined in the TSN Security Agreement (defined below)) (the "TSN Collateral") under that certain Second Amended and Restated Security Agreement, dated August 11, 2009, as amended, by and between TerreStar Networks Inc., as Secured Party (the "TSN Secured Party"), and TerreStar Canada Inc., as Obligor (the "TSN Security Agreement"). The DIP Liens on the TSN Collateral shall be senior in all respects to the security interests in, and liens on, the TSN Collateral of the TSN Secured Party (the "TSN Security Agreement Liens"), but shall be junior to: (a) the 15% Notes Permitted Prepetition Liens; (b) the 15% Notes Liens; and (c) the Carve-Out.

(d) *Liens Senior to Certain Other Liens.* The DIP Liens and the Adequate Protection Liens (as defined in paragraph 13(a) below) shall not be (i) subject or subordinate to (A) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under section 551 of the Bankruptcy Code, except to the extent the lien avoided gave rise to the claim for adequate protection, or (B) any liens arising after the Petition Date, including without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit, commission, board or court for any liability of the Debtors

or (ii) subordinated to or made *pari passu* with any other lien or security interest (other than the Permitted Prepetition Liens, the Prepetition Secured Party Liens, and the Carve-Out) under sections 363 or 364 of the Bankruptcy Code or otherwise.

(e) For the avoidance of doubt, this Final Order, the DIP Documents, and the Prepetition Loan Documents (i) do not grant security interests in property owned by parties other than the Debtors and (ii) grant security interests in property only to the extent of the Debtors' interest in property.

9. *Remedies After Event of Default.* The automatic stay under section 362 of the Bankruptcy Code is vacated and modified to the extent necessary to permit the DIP Agent and the DIP Lenders to exercise, (i) immediately upon the occurrence and during the continuance of an Event of Default, all rights and remedies under the DIP Documents, other than those rights and remedies against the DIP Collateral as provided in clause (ii) below, and (ii) upon the occurrence and during the continuance of an Event of Default, and the giving of ten (10) days' prior written notice to the Debtors, with a copy to counsel for the Debtors, counsel to the Committee, counsel to the Prepetition Secured Notice Parties and to the U.S. Trustee, all rights and remedies against the DIP Collateral provided for in the DIP Documents and this Final Order. In any hearing regarding any exercise of the DIP Lenders' rights or remedies, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing. The DIP Agent's or any DIP Lender's delay or failure to exercise rights and remedies under the DIP Documents or this Final Order shall not constitute a waiver of the DIP Agent's or the DIP Lenders' rights hereunder, thereunder or otherwise, unless any such waiver is pursuant to a written instrument executed in accordance with the terms of the applicable DIP Documents.

10. *Limitation on Charging Expenses Against Collateral.* Except to the extent of the Carve-Out with respect to the DIP Collateral and the Prepetition Collateral, no expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the DIP Collateral or the Prepetition Collateral pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law or in equity, without the prior written consent of the DIP Agent and the Prepetition Agent, and no such consent shall be implied from any other action or inaction by the DIP Agent, the DIP Lenders, or the Prepetition Secured Parties.

11. *Payments Free and Clear.* After application of payments or proceeds to Prepetition Secured Party Liens or Permitted Prepetition Liens to the extent provided in paragraph 8(b) of this Final Order, any and all payments or proceeds remitted to the DIP Agent on behalf of the DIP Lenders or the Prepetition Agent on behalf of the Prepetition Secured Parties pursuant to the provisions of this Final Order or any subsequent order of this Court shall be received free and clear of any claim, charge, assessment or other liability.

12. *Use of Prepetition Collateral (including Cash Collateral).* The Debtors are hereby authorized to use the Prepetition Collateral, including the Cash Collateral, during the period from the Petition Date through and including the Termination Date under the DIP Agreement for, among other things, working capital and general corporate purposes in accordance with the terms and conditions of this Final Order and the DIP Documents and subject to the Events of Default set forth herein and in the DIP Documents; provided that the Prepetition Secured Parties are granted adequate protection as hereinafter set forth.

13. *Adequate Protection.* The Prepetition Secured Parties are entitled, pursuant to sections 105, 361, 363 and 364 of the Bankruptcy Code, to adequate protection of their interests in the Prepetition Collateral, including Cash Collateral, in an amount equal to the aggregate diminution in value of the Prepetition Secured Parties' security interests in the Prepetition Collateral, including without limitation, any such diminution resulting from the sale, lease or use by the Debtors (or other decline in value) of any Prepetition Collateral, including the Cash Collateral, and the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code (such diminution in value, the "Adequate Protection Obligations"). As adequate protection, the Prepetition Secured Parties are hereby granted the following (the "Adequate Protection"):

(a) *Adequate Protection Liens.*

(i) As security for the payment of the Adequate Protection Obligations with respect to the PMCA, the PMCA Agent (for itself and for the benefit of the PMCA Lenders) is hereby granted (effective and perfected upon the date of this Final Order and without the necessity of the execution by the Debtors of security agreements, pledge agreements, mortgages, financing statements or other agreements) a valid, perfected replacement security interest in and lien on the PMCA Collateral (the "PMCA Adequate Protection Lien"), subject and subordinate only to (A) the Permitted Prepetition Liens, (B) Prepetition Secured Party Liens, (C) the DIP Liens, and (D) the Carve-Out, and senior to all other liens (including, without limitation, the TSN Liens).

(ii) As security for the payment of the Adequate Protection Obligations with respect to the 15% Notes, the 15% Notes Trustee/Agent (for itself and for the benefit of the 15% Noteholders) is hereby granted (effective and perfected upon the date of this

Final Order and without the necessity of the execution by the Debtors of security agreements, pledge agreements, mortgages, financing statements or other agreements): (A) a valid, perfected replacement security interest in and lien on all assets constituting the 15% Notes Collateral, and (B) a non-avoidable, valid, enforceable and perfected security interest in and lien on all of the DIP Collateral not included in (A) above, including such like kind property acquired by the estates or the Debtors after the commencement of the Cases; provided, however, for the avoidance of doubt, the DIP Collateral shall not include Avoidance Actions or the proceeds thereof (collectively, (A) and (B), the "15% Notes Adequate Protection Liens" and together with the PMCA Adequate Protection Lien, the "Adequate Protection Liens"), each of which shall be subject and subordinate only to (W) the Permitted Prepetition Liens, (X) Prepetition Secured Party Liens, (Y) the DIP Liens, and (Z) the Carve-Out, and senior to all other liens (including, without limitation, the TSN Liens).

(b) *Section 507(b) Claims.* The Adequate Protection Obligations shall constitute superpriority claims as provided in section 507(b) of the Bankruptcy Code (the "507(b) Claims"), with priority in payment over any and all administrative expenses of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including without limitation, sections 326, 328, 330, 331, 503(b), 506(c), 507(a), 1113 and 1114 of the Bankruptcy Code, subject and subordinate only to (i) the Carve-Out and (ii) the Superpriority Claims granted in respect of the DIP Obligations. Except to the extent expressly set forth in this Final Order, the Prepetition Secured Parties shall not receive or retain any payments, property or other amounts in respect of the 507(b) Claims unless and until all DIP Obligations shall have indefeasibly been paid in full in cash and the Commitments have been terminated and shall have no recourse to Avoidance Actions and the proceeds thereof.

(c) *Fees and Expenses*. The Prepetition Agent shall receive from the Debtors reimbursement of all reasonable, actual and documented fees and expenses incurred or accrued by the Prepetition Agent under and pursuant to the Prepetition Loan Documents, including, without limitation, the reasonable, actual and documented fees and disbursements of counsel to the Prepetition Agent, whether incurred or accrued prior to or after the Petition Date. None of the fees and expenses payable pursuant to this paragraph 13(c) shall be subject to separate approval by this Court (but this Court shall resolve any dispute as to the reasonableness of any such fees and expenses), and all fees and expenses payable under this Final Order shall be finally allowed ten (10) business days after copies of invoices for such fees have been provided to the Debtors, the Committee, the 15% Ad Hoc Group Professionals, and the U.S. Trustee provided that no objection is raised in writing, and no recipient of any such payment shall be required to file any interim or final fee application with respect thereto. Subject to any *bona fide* dispute as to the reasonableness of such fees and expenses, the Debtors shall pay the reasonable, actual and documented fees and expenses provided for in this paragraph 13(c) promptly (but no later than ten (10) business days) after invoices for such fees and expenses shall have been submitted to the Debtors. The Debtors shall promptly provide copies of such invoices to the Committee and the U.S. Trustee.

(d) *Information*. The Debtors shall promptly provide to the Prepetition Agent, the Committee, the 15% Ad Hoc Group Professionals, any written notices, financial information or periodic reporting, including any budgets and variance reports, that is provided to, or required to be provided to, the DIP Agent or the DIP Lenders (or their advisors) and shall continue to provide to the Prepetition Agent, the Prepetition Secured Parties, the 15% Ad Hoc Group Professionals and the Committee all financial and other reporting as provided to the Prepetition

Secured Parties prepetition in accordance with the Prepetition Loan Documents. The Debtors shall also give the Prepetition Agent reasonable access during normal business hours to the Debtors' books and records, and the Debtors shall respond to reasonable inquiries from the Prepetition Agent and the 15% Ad Hoc Group Professionals related to the Debtors' books and records and operations.

(e) In the event that this Court determines, in a final, non-appealable order, that the value of the Prepetition Secured Obligations exceeds the value of the Prepetition Collateral (i.e., the Prepetition Secured Obligations are undersecured), the Committee shall retain the right to seek: (a) to recharacterize payments of interest and professional fees paid on account of the Prepetition Obligations, and (b) disgorgement of any such interest, fees and expenses paid by the Debtors in these Cases.

14. *Reservation of Rights of Prepetition Secured Parties*. Under the circumstances and given that the Adequate Protection is consistent with the Bankruptcy Code, this Court finds that the adequate protection provided herein is reasonable and sufficient to protect the interests of the Prepetition Secured Parties. Notwithstanding any other provision hereof, the grant of adequate protection to the Prepetition Agent and the Prepetition Secured Parties pursuant hereto is without prejudice to the right of the Prepetition Agent or the Prepetition Secured Parties to seek modification of the grant of adequate protection provided hereby so as to provide different or additional adequate protection; provided, however, that any such additional or modified adequate protection shall at all times be subordinate and junior to the claims and liens of the DIP Agent and the DIP Lenders granted under this Final Order and the DIP Documents. Except as expressly provided herein, nothing contained in this Final Order (including without limitation, the authorization to use any Cash Collateral) shall impair or

modify any rights, claims or defenses available in law or equity to the Prepetition Agent or any other Prepetition Secured Party, including without limitation the rights of the Prepetition Agent as a secured party under the Bankruptcy Code or the Prepetition Loan Documents.

15. *Perfection of DIP Liens and Adequate Protection Liens.*

(a) The DIP Agent and the Prepetition Agent are hereby authorized, but not required, to file or record financing statements, intellectual property filings, mortgages, notices of lien or similar instruments in any jurisdiction, take possession of or control over, or take any other action in order to validate and perfect the liens and security interests granted to them hereunder. Whether or not the DIP Agent on behalf of the DIP Lenders, or the Prepetition Agent on behalf of the respective Prepetition Secured Parties shall, in their respective sole discretion, choose to file such financing statements, intellectual property filings, mortgages, notices of lien or similar instruments, take possession of or control over, or otherwise confirm perfection of the liens and security interests granted to them hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to challenge, dispute or subordination as of the date of entry of this Final Order.

(b) A certified copy of this Final Order may, in the discretion of the DIP Agent or the Prepetition Agent, as the case may be, be filed with or recorded in filing or recording offices in addition to or in lieu of such financing statements, mortgages, notices of lien or similar instruments, and all filing offices are hereby authorized to accept such certified copy of this Final Order for filing and recording.

(c) The Debtors shall execute and deliver to the DIP Agent and the Prepetition Agent, as the case may be, all such agreements, financing statements, instruments and other documents as the DIP Agent and the Prepetition Agent may reasonably request to evidence,

confirm, validate or perfect the DIP Liens and the Adequate Protection Liens. All such documents will be deemed to have been recorded and filed as of the Petition Date.

(d) In furtherance of the foregoing and without further approval of this Court, each Debtor is authorized to do and perform all acts to make, execute and deliver all instruments and documents and to pay all fees that may be reasonably required or necessary for the Debtors' performance hereunder.

16. *Preservation of Rights Granted Under the Final Order.*

(a) No claim or lien having a priority senior to or *pari passu* with those granted by this Final Order to the DIP Agent, the DIP Lenders, the Prepetition Agent and other the Prepetition Secured Parties shall be granted or allowed while any portion of the DIP Obligations, the Commitments, the Adequate Protection Obligations or the 507(b) Claims remain outstanding, and the DIP Liens and the Adequate Protection Liens shall not be subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code or subordinated to or made *pari passu* with any other lien or security interest (other than the Permitted Prepetition Liens, the Prepetition Secured Party Liens, and the Carve-Out).

(b) It shall constitute an Event of Default under the DIP Agreement and a termination of the right to use Cash Collateral (i) if any of the Debtors seeks, or if there is entered, any modification of this Final Order without the prior written consent of the DIP Agent and the Prepetition Agent, and no such consent shall be implied by any other action, inaction or acquiescence by the DIP Agent or the Prepetition Agent, provided, however, that if an alternative proposal for postpetition financing is presented to the Debtors then the Debtors may consider the proposal and the Debtors' right to use Cash Collateral shall not terminate solely because the

Debtors have been presented with an alternative proposal for postpetition financing, (ii) if any Debtor seeks, or if there is entered, an order converting or dismissing any of the Cases, or (iii) an order is entered appointing a trustee or examiner with expanded powers with respect to any of the Debtors. For the avoidance of doubt, nothing herein shall affect the right of any party other than the Debtors to file a motion authorizing the Debtors to use Cash Collateral on a non-consensual basis.

(c) Except as expressly provided in this Final Order or in the DIP Documents, the DIP Liens, the Superpriority Claims, the Adequate Protection Obligations, the Adequate Protection Liens, the 507(b) Claims and all other rights and remedies of the DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Secured Parties granted by this Final Order and the DIP Documents shall survive, and shall not be modified, impaired or discharged by (i) the entry of an order converting any of the Cases to a case under chapter 7 of the Bankruptcy Code, dismissing any of the Cases or by any other act or omission, or (ii) the entry of an order confirming a plan of reorganization in any of the Cases. The terms and provisions of this Final Order and the DIP Documents shall continue in the Cases, in any successor cases if the Cases cease to be jointly administered, or in any superseding chapter 7 cases under the Bankruptcy Code, and the DIP Liens, the Adequate Protection Liens, the Adequate Protection Obligations, the DIP Obligations, the Superpriority Claims, the Section 507(b) Claims, any other administrative expense claims granted pursuant to this Final Order, and all other rights and remedies of the DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Secured Parties granted by this Final Order and the DIP Documents shall continue in full force and effect until all DIP Obligations and all Adequate Protection Obligations are indefeasibly paid in full in cash.

17. *Effect of Stipulations on Third Parties.* The stipulations and admissions contained in this Final Order, including without limitation, in paragraph 4 of this Final Order: (a) shall be binding upon the Debtors for all purposes; and (b) shall be binding upon all other parties in interest, including without limitation, the Committee, unless (i) the Committee, which shall be deemed to have requisite standing, or any other party-in-interest with requisite standing (which shall, to the extent they remain a party in interest in the chapter 11 cases, include Harbinger Capital LLC or certain of its affiliates and Sprint Nextel Corporation or certain of its affiliates), in each case, without further order of the Court, has duly filed an adversary proceeding (subject to the limitations contained herein, including, without limitation, in paragraph 17) by no later than (A) the date that is the later of 75 days from the date of an order approving counsel for the Committee, or 75 days from the date of entry of this Final Order, subject to extension by the Court, after notice and a hearing, for cause shown, and (B) any such later date agreed to in writing by the Prepetition Agent in its sole and absolute discretion (X) challenging the validity, enforceability, priority or extent of the Prepetition Obligations or the liens on the Prepetition Collateral securing such Prepetition Obligations or (Y) otherwise asserting or prosecuting any claims or causes of action arising under sections 542-553 of the Bankruptcy Code or any other claims, counterclaims or causes of action, objections, contests or defenses (collectively, the "Claims and Defenses") against the Prepetition Agent or any of the other Prepetition Secured Parties or their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys or advisors in connection with any matter related to the Prepetition Obligations or the Prepetition Collateral, and (ii) an order is entered by a court of competent jurisdiction and becomes final and non-appealable in favor of the plaintiff sustaining any such challenge or claim in any such duly filed adversary proceeding; provided that, as to the

Debtors, all such Claims and Defenses are hereby irrevocably waived and relinquished as of the Petition Date. If no such adversary proceeding is duly and timely filed in respect of the Prepetition Obligations, (x) the Prepetition Obligations shall constitute allowed claims, not subject to counterclaim, setoff, subordination, recharacterization, defense or avoidance, for all purposes in the Cases and any subsequent chapter 7 case, (y) the liens on the Prepetition Collateral securing the Prepetition Obligations, as the case may be, shall be deemed to have been, as of the Petition Date, and to be, legal, valid, binding, perfected and of the priority specified in paragraph 4(b), not subject to defense, counterclaim, recharacterization, subordination or avoidance and (z) the Prepetition Obligations, the Prepetition Agent and the Prepetition Secured Parties, in each case solely in their capacity as such, as the case may be, and the liens on the Prepetition Collateral granted to secure the Prepetition Obligations shall not be subject to any other or further challenge by the Committee or any other party-in-interest, and such Committee or party-in-interest shall be enjoined from seeking to exercise the rights of the Debtors' estates, including without limitation, any successor thereto (including, without limitation, any estate representative or a chapter 7 or 11 trustee appointed or elected for any of the Debtors). If any such adversary proceeding is duly filed, the stipulations and admissions contained in paragraph 4 of this Final Order shall nonetheless remain binding and preclusive (as provided in the second sentence of this paragraph) on the Committee and any other party-in-interest, except as to any such stipulations and admissions that were expressly and successfully challenged in such adversary proceeding as set forth in a final, non-appealable order of a court of competent jurisdiction. Nothing in this Final Order vests or confers on any Person (as defined in the Bankruptcy Code) (other than the Committee as provided above), standing or authority to pursue any cause of action belonging to the Debtors or their estates, including without limitation,

Claims and Defenses with respect to the Prepetition Loan Documents or the Prepetition Obligations or any liens granted by any Debtor to secure any of the foregoing, provided, however, this Final Order does recognize the rights of Harbinger Capital LLC or certain of its affiliates and Sprint Nextel Corporation or certain of its affiliates to the extent set forth above.

18. *Limitation on Use of DIP Financing and DIP Collateral.* The Debtors shall use the DIP Financing and the Prepetition Collateral (including the Cash Collateral) solely as provided in this Final Order and the DIP Documents. Notwithstanding anything herein, no Loans under the DIP Agreement, DIP Collateral, Prepetition Collateral (including the Cash Collateral) or the Carve-Out may be used to (a) object, contest or raise any defense to, the validity, perfection, priority, extent or enforceability of any amount due under the DIP Documents, the Prepetition Loan Documents or the liens or claims granted under this Final Order, the DIP Documents or the Prepetition Loan Documents, (b) assert any Claims and Defenses or any other causes of action against the DIP Agent, the DIP Lenders, the Prepetition Agent, the other Prepetition Secured Parties or their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys or advisors, in each case, solely in their capacity as Prepetition Secured Parties, (c) prevent, hinder or otherwise delay the DIP Agent's or the Prepetition Agent's assertion, enforcement or realization on the Prepetition Collateral or the DIP Collateral in accordance with the DIP Documents, the Prepetition Loan Documents or this Final Order, (d) seek to modify any of the rights granted to the DIP Agent, the DIP Lenders, the Prepetition Agent or the other Prepetition Secured Parties hereunder or under the DIP Documents or the Prepetition Loan Documents, in the case of each of the foregoing clauses (a) through (d), without such applicable party's prior written consent or (e) pay any amount on account of any claims arising prior to the Petition Date unless such payments are (i) approved by

an order of this Court and (ii) permitted under the DIP Documents; provided that, notwithstanding anything to the contrary herein, no more than an aggregate of $250,000 of the Prepetition Collateral (including the Cash Collateral), Loans under the DIP Agreement, the DIP Collateral or the Carve-Out may be used by the Committee to investigate the validity, enforceability or priority of the Prepetition Obligations or the liens on the Prepetition Collateral securing the Prepetition Obligations, or investigate any Claims and Defenses or other causes action against the Prepetition Agent or the Prepetition Secured Parties.

19. *Exculpation* Nothing in this Final Order, the DIP Documents, or any other documents related to these transactions shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Agent, any DIP Lender, or any Prepetition Secured Party any liability for any claims arising from the prepetition or postpetition activities of the Debtors in the operation of their business, or in connection with their restructuring efforts. So long as the DIP Agent, the DIP Lenders and the Prepetition Secured Parties comply with their obligations under the DIP Documents and the Prepetition Loan Documents (as applicable) and their obligations, if any, under applicable law (including the Bankruptcy Code), (a) the DIP Agent, DIP Lenders and the Prepetition Secured Parties shall not, in any way or manner, be liable or responsible for (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency or other person, and (b) all risk of loss, damage or destruction of the Collateral shall be borne by the Debtors; provided, however, neither the DIP Agent, DIP Lenders or the Prepetition Secured Parties shall be absolved of any fraud, gross negligence or willful misconduct in connection with any of the foregoing.

20. *Final Order Governs.* In the event of any inconsistency between the provisions of this Final Order, the Interim Order and the DIP Documents, the provisions of this Final Order shall govern.

21. *Master Proofs of Claim.*

(a) To facilitate the processing of claims, to ease the burden upon this Court and to reduce any unnecessary expense to the Debtors' estates, (i) the PMCA Agent is authorized (but not required) to file a single master proof of claim (a "Master Proof of Claim") on behalf of itself and the PMCA Lenders on account of their claims arising under the PMCA and hereunder against all Debtors in the Borrower's case only; and (ii) the 15% Notes Agent/Trustee is authorized (but not required) to file a Master Proof of Claim on behalf of itself and the 15% Noteholders on account of their claims arising under the 15% Notes Indenture and hereunder against all Debtors in the Borrower's case only.

(b) Upon filing of a Master Proof of Claim by the PMCA Agent and/or the 15% Notes Agent/Trustee (as applicable), the PMCA Agent and/or the 15% Notes Agent/Trustee (as applicable) and each PMCA Lender and/or 15% Noteholder (as applicable) and each of their respective successors and assigns, shall be deemed to have filed a proof of claim in their pro rata share of the amount set forth in the Master Proof of Claim as if each such entity had filed a separate proof of claim.

(c) The provisions set forth in paragraphs (a) and (b) above are intended solely for the purpose of administrative convenience and, except to the extent set forth herein or therein, neither the provisions of this paragraph nor the Master Proof of Claim shall affect the substantive rights of the Debtors, the Committee, the Prepetition Agent, the other Prepetition Secured Parties or any other party in interest or their respective successors in interest, including

without limitation, the right of each Prepetition Secured Party (or its successor in interest) to vote separately on any plan of reorganization proposed in the Cases.

22. *Binding Effect; Successors and Assigns.* The DIP Documents and the provisions of this Final Order, including all findings herein, shall be binding upon all parties-in-interest in the Cases, including without limitation, the DIP Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Secured Parties, the Committee, and the Debtors and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for any of the Debtors, an examiner appointed pursuant to section 1104 of the Bankruptcy Code, or any other fiduciary appointed as a legal representative of any of the Debtors or with respect to the property of the estate of any of the Debtors) and shall inure to the benefit of the DIP Agent, the DIP Lenders, the Prepetition Secured Parties and the Debtors and their respective successors and assigns; provided that, except to the extent expressly set forth in this Final Order, the DIP Agent, the Prepetition Agent, the DIP Lenders and the Prepetition Secured Parties shall have no obligation to permit the use of Cash Collateral or extend any financing to any chapter 7 trustee or similar responsible person appointed for the estates of the Debtors.

23. *Effectiveness.* This Final Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof as of the Petition Date, and there shall be no stay of execution of effectiveness of this Final Order.

Dated: ***November 18, 2010***
New York, New York

/s/ Sean H. Lane
UNITED STATES BANKRUPTCY JUDGE

SCHEDULE "B"

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

ORDER PURSUANT TO BANKRUPTCY CODE SECTION 363(b) AND FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019 APPROVING THE STIPULATION BETWEEN THE DEBTORS AND HUGHES NETWORK SYSTEMS, LLC

Upon the motion (the "***Motion***")[2] of the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "***Debtors***") for entry of an order, pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019, authorizing the Debtors to enter into the Stipulation to resolve the Hughes Agreement Claims; and it appearing that the relief requested in the Motion is fair and equitable, and that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; and it appearing that the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that consideration of the Motion and the relief requested therein is a core proceeding pursuant to 28 U.S.C. § 157(b); and venue appearing proper before this court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and proper notice of the Motion has been provided, and it appearing that no other or further notice need be provided; and no objections to the Motion having been received; and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED** that:

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[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar Networks Inc. (3931), TerreStar License Inc. (6537), TerreStar National Services Inc. (6319), TerreStar Networks Holdings (Canada) Inc. (1337), TerreStar Networks (Canada) Inc. (8766); and 0887729 B.C. Ltd. (1345).

[2] Terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

1. The Motion is granted to the extent set forth herein.

2. Pursuant to Bankruptcy Code section 363(b) and Bankruptcy Rule 9019, the Debtors are authorized to enter into and perform under the Stipulation, annexed hereto as Exhibit 1.

3. Upon the entry of this Order, this Court will also enter the Stipulation. By this Order and the Stipulation, the Hughes Agreement Claims are hereby fully and finally resolved, as set forth in the Stipulation and subject to the terms hereof.

4. The Debtors and their claims agent, The Garden City Group, Inc., are authorized to execute and deliver all instruments and documents, and take such other action as may be necessary or appropriate on behalf of the Debtors' estates to implement and effectuate the Stipulation contemplated by this Order.

5. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

6. The Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the implementation of this Order.

New York, New York
Dated: **July 18, 2011**

/s/ Sean H. Lane
Honorable Sean H. Lane
United States Bankruptcy Judge

Exhibit 1

Stipulation

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

STIPULATION AND AGREED ORDER RESOLVING CERTAIN CLAIMS ASSERTED BY HUGHES NETWORK SYSTEMS, LLC

This stipulation and order (the "***Stipulation and Order***") is entered into by and among TerreStar Networks Inc. ("***TSN***"), on behalf of itself and the debtors and debtors in possession in the above-captioned cases (collectively, the "***Debtors***"), and Hughes Network

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer identification number, are: TerreStar Networks Inc. (3931); TerreStar License Inc. (6537); TerreStar National Services Inc. (6319); TerreStar Networks Holdings (Canada) Inc. (1337); TerreStar Networks (Canada) Inc. (8766); 0887729 B.C. Ltd. (1345).

Systems, LLC ("***Hughes***" and, together with TSN, the "***Parties***"). The Parties hereby stipulate and agree as follows:

WHEREAS, before the Petition Date (defined below), the Parties entered into certain agreements, including: (a) the Site Preparation and Site Hosting Agreement, dated as of December 13, 2006 (as amended, the "***O&M Agreement***"); (b) the Contract For Design, Development and Supply of Satellite Base Station Subsystem, dated as of February 6, 2007 (as amended, the "***S-BSS Contract***"); (c) the Master Agreement, dated as of June 18, 2009 (as amended, the "***U.S. VSAT Agreement***"); (d) the Master Agreement, dated as of July 8, 2009 (as amended, the "***Canadian VSAT Agreement***" and, together with the O&M Agreement, the S-BSS Contract and the U.S. VSAT Agreement, the "***Hughes Agreements***" and, individually, a "***Hughes Agreement***"); and (e) a certain contract for the design and development of GMR 1-3G software components, dated as of March 31, 2009 (the "***SDR Agreement***");

WHEREAS, on October 19, 2010 (the "***Petition Date***"), each of the Debtors filed a petition for relief under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the Southern District of New York (the "***Bankruptcy Court***"). The Debtors are operating their business and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases;

WHEREAS, on December 9, 2010, Hughes filed claim number 78 in the amount of $4,608,229.49 ("***Claim No. 78***"), which claim consisted of (i) $456,750.00 on account of prepetition payments allegedly due in connection with the O&M Agreement; (ii) $2,039,964.00 on account of prepetition payments allegedly due in connection with the S-BSS Contract; (iii) $2,021,250.00 on account of prepetition payments allegedly due under the SDR Agreement;

(iv) $52,765.49 on account of prepetition payments allegedly due in connection the U.S. and Canadian VSAT Agreements; and (v) $37,500.00 on account of prepetition payments allegedly due in connection with a certain authorization to proceed on the S-BSS Contract, dated as of July 21, 2010 (the "***ATP***");

WHEREAS, on March 9, 2011, the Debtors filed the *Debtors' Omnibus Motion for Entry of an Order Pursuant to Section 365 of the Bankruptcy Code Authorizing the Rejection of Executory Contracts and Unexpired Leases of Non-Residential Real Property* Nunc Pro Tunc *to February 9, 2011* [Docket No. 469] (the "***Omnibus Rejection Motion***"). By the Omnibus Rejection Motion, the Debtors sought authority to reject, among other agreements, the SDR Agreement. On March 23, 2011, the Bankruptcy Court granted the Omnibus Rejection Motion;[2]

WHEREAS, on April 21, 2011, Hughes filed claim number 125 in the amount of $2,648,251.00 ("***Claim No. 125***") on account of rejection damages for the SDR Agreement;

WHEREAS, on April 15, 2011, the Debtors filed the *Motion Pursuant to 11 U.S.C. §§ 105, 363, 365, 503 and 507 and Fed. R. Bankr. P. 2002, 4001, 6004, 6006, 9008 and 9014, for Entry of (I) An Order Approving (A) Bid Procedures, (B) Notice of Sale, Auction, and Sale Hearing, (C) Assumption Procedures and Related Notices; and (II) an Order Approving the Sale of Substantially All of the Debtors' Assets* [Docket No. 533] (the "***Sale Motion***"). The Sale Motion, as it relates to the bid procedures (the "***Bid Procedures***"), was approved by Order of the Bankruptcy Court dated May 4, 2011 [Docket No. 577]. On June 14, 2011, the Debtors filed the *Motion for Entry of an Order (I) Authorizing the Debtors to Enter into a Stalking Horse Agreement and (II) Approving Certain Bid Protections in Connection Therewith* [Docket No. 617] (the "***Stalking Horse Motion***") and the *Second Notice of Revised Sale Process Dates* [Docket No. 619],

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[2] *See Order Authorizing the Debtors Pursuant to Section 365 of the Bankruptcy Code to Reject the Executory Contracts Pursuant to Debtors' Omnibus Motion* Nunc Pro Tunc *to February 9, 2011* [Docket No. 497].

which set the revised Bid Deadline for June 27, 2011, the Auction for June 30, 2011, and the Sale Hearing for July 7, 2011, each as defined and all as more fully set forth in the Stalking Horse Motion;

WHEREAS, certain warranty periods under the Hughes Agreements have expired and the Parties desire to enter into a certain bridge agreement to continue such services;

WHEREAS, the Parties desire to amend the Hughes Agreements and determine the prepetition and postpetition claims held by Hughes related to each of the Hughes Agreements in the event any of the Hughes Agreements are assumed;

WHEREAS, the Debtors have previewed the terms of this Stipulation and Order with the professionals for the statutory committee of unsecured creditors appointed in the Debtors' chapter 11 cases (the "***Committee***");

WHEREAS, the Parties believe that the settlement contained herein with respect to the various prepetition and postpetition claims held by Hughes related to the Hughes Agreements would be beneficial to the Parties; and

WHEREAS, the Debtors provided adequate and appropriate notice of the Stipulation and Order to the appropriate parties.

NOW, THEREFORE, IT IS HEREBY ORDERED, AND AGREED BY AND BETWEEN THE UNDERSIGNED, SUBJECT TO COURT APPROVAL, AS FOLLOWS:

1. TSN and Hughes agree that (i) the Parties shall enter into and continue to operate in the ordinary course of business under a certain bridge agreement (the "***Bridge Agreement***") (on the terms set forth below) for warranty services related to the O&M Agreement and the S-BSS Contract and (ii) TSN shall make future payments when due in the ordinary course under each of the Hughes Agreements and the Bridge Agreement, as applicable, pursuant to the terms of such agreements, as amended, until the earlier of (with respect to each Hughes Agreement, as applicable)

(a) the effective date on which any Hughes Agreement(s) are assumed and assigned to the Successful Bidder (as such term is defined in the Sale Motion) (the "***Assumption and Assignment Effective Date***"), (b) the effective date of any chapter 11 plan confirmed in TSN's chapter 11 case (the "***Plan Effective Date***") and (c) the effective date of an order authorizing the rejection of any Hughes Agreement(s) (the "***Rejection Effective Date***").[3]

2. The terms of the Bridge Agreement, collectively, are as follows:[4] Pursuant to that certain letter agreement dated June 9, 2011 regarding the S-BSS Contract and the TerreStar S-Band Satellite Beam Access Subsystem System Warranty and Maintenance Plan ("***SBAS Warranty Plan***"), dated as of May 16, 2011 (as such letter agreement relates to the S-BSS Contract and the SBAS Warranty Plan, the "***S-BSS Warranty Services***" and the "***SBAS Warranty Services,***" respectively), Hughes will provide the S-BSS Warranty Services under the S-BSS Contract and the SBAS Warranty Services under the O&M Agreement. On account of the S-BSS Warranty Services, TSN will pay Hughes $124,897.00 per month, and on account of the SBAS Warranty Services, TSN will pay Hughes $131,170.16 per month. Other than payments due in the ordinary course in accordance with the O&M Agreement, Canadian VSAT Agreement and U.S. VSAT Agreement, during the Debtors' chapter 11 cases, the only payments to be made to Hughes shall be on account of the Bridge Agreement.

3. The Parties further agree that: (i) the Parties will amend the Hughes Agreements (on the terms set forth below) and (ii) the amounts necessary to cure defaults (the "***Cure Costs***") in

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[3] The Parties believe that the entry into the Bridge Agreement is in the ordinary course of business and, therefore, are not seeking Bankruptcy Court approval of the Bridge Agreement. For the avoidance of doubt, the Parties have included a description of the Bridge Agreement in this Stipulation and Order to accurately reflect the settlement and agreement between the Parties.

[4] The following is a summary of the Bridge Agreement entered into pursuant to this Stipulation and Order; to the extent that these summary provisions are inconsistent with the actual Bridge Agreement, the Bridge Agreement shall govern.

the event of an assumption of any Hughes Agreement(s) pursuant to section 365 of the Bankruptcy Code shall be in the amounts set forth on Exhibit A hereto and paid on the terms set forth below.

4. The Hughes Agreements will be amended (collectively, the "***Amendments***") to, among other things and subject to the remaining paragraphs of this Stipulation and Order, resolve Claim No. 78 and, upon entry by the Bankruptcy Court of this Stipulation and Order, to restructure payments due under the Hughes Agreements on the following terms:[5]

(a) On account of prepetition amounts due under the **O&M Agreement**, the O&M Agreement will be amended to provide that TSN will pay $481,830.00 in eight (8) installments payable quarterly starting on the Plan Effective Date, with interest to accrue at the rate of 10% per annum, compounded monthly, until such amount is paid in full.

(b) On account of the **SBAS Warranty Services**, TSN shall pay $1,574,042.00 in five (5) installments in the ordinary course and as they come due, the first of which shall be made on or after the Plan Effective Date, and all payments made on account of the SBAS Warranty Services under the Bridge Agreement shall be credited toward such amount. The price for any additional annual terms for the SBAS Warranty Services shall be the price for the preceding year plus an escalation charge of 2.8% payable pursuant to certain invoice requirements as set forth in the Amendments;

(c) On account of the prepetition amounts and postpetition amounts due under **S-BSS Contract and the ATP**, TSN will pay $5,407,997.00 in eight (8) installments payable quarterly starting on the Plan Effective Date, with interest to accrue at the rate of 10% per annum, compounded monthly. In addition, the Parties have amended certain exhibits to the S-BSS Contract;

(d) On account of the **S-BSS Warranty Services**, TSN shall pay $1,498,760.00 in five (5) installments in the ordinary course and as they come due, the first of which shall be made on or after the Plan Effective Date, and all payments made on account of the S-BSS Warranty Services under the Bridge Agreement shall be credited toward such amount;

(e) On account of the prepetition amounts due under the **U.S. VSAT Agreement**, the U.S. VSAT Agreement will be amended to provide that TSN will pay $45,327.37 in eight (8) installments payable quarterly starting

[5] The following is a summary of the Amendments made pursuant to this Stipulation and Order; to the extent that these summary provisions are inconsistent with the actual Amendments, the Amendments shall govern.

on the Plan Effective Date, with interest to accrue at the rate of 10% per annum, compounded monthly; and

(f) On account of the prepetition amounts due under the **Canadian VSAT Agreement**, the Canadian VSAT Agreement will be amended to provide that TSN will pay $15,190.15 in eight (8) installments payable quarterly starting on the Plan Effective Date, with interest to accrue at the rate of 10% per annum, compounded monthly.

Notwithstanding any reference in this Stipulation and Order to payments due as scheduled in Exhibit A, TSN will not make any payment of Cure Costs with respect to the Hughes Agreements until the Plan Effective Date.

5. Notwithstanding the foregoing, should the Successful Bidder (as such term is defined in the Sale Motion) fail to take assignment of any Hughes Agreement: (i) the Debtors will be permitted to reject such non-selected Hughes Agreement(s); (ii) the Amendment(s), if any, pertaining to such non-selected Hughes Agreement(s) shall be of no force or effect; and (iii) the rights of TSN and Hughes shall be fully preserved with respect to such non-selected Hughes Agreement(s). For the avoidance of doubt, the Successful Bidder may choose to take assignment of any or all of the Hughes Agreements but, importantly, is not required to take assignment of any or all of the Hughes Agreements. Further, nothing in this Stipulation shall be construed as limiting the Successful Bidder's ability to negotiate the terms of any or all of the Hughes Agreements with Hughes after entry of any order approving the sale of the Debtors' assets to such Successful Bidder.

6. In the event the Debtors do not consummate the Sale (as such term is defined in the Sale Motion) and instead choose to reorganize through a plan of reorganization, the Debtors agree to assume the Hughes Agreements, as amended.

7. In the event that the Debtors reject any of the Hughes Agreements, Hughes will be granted a general unsecured rejection damage claim (the "***Rejection Damage Claim***") against

TSN for any and all of the Debtors' obligations under such rejected Hughes Agreement(s) pursuant to sections 365(g)(1) and 502(g)(1) of the Bankruptcy Code. The allowed amount of such Rejection Damage Claim will be determined at a future date and recovery on account of any such Rejection Damage Claim will be made in accordance with the treatment of unsecured claims at TSN pursuant to any chapter 11 plan confirmed in TSN's chapter 11 case or any other distribution method applicable to creditors, including in a chapter 7 liquidation, etc. For the avoidance of doubt, nothing herein or in the order approving this Stipulation and Order shall prevent Hughes from seeking an administrative expense claim for any unpaid postpetition, pre-rejection amounts due under the Hughes Agreements or the Bridge Agreements, as applicable.

8. From the date hereof until the Assumption and Assignment Effective Date, Plan Effective Date or Rejection Effective Date, the Debtors and Hughes will perform their respective obligations under the Hughes Agreements and/or the Bridge Agreement, as applicable.

9. Notwithstanding any reference to the SDR Agreement or Claim No. 125 contained herein, this Stipulation and Order is without prejudice to the rights of the Debtors or any other party in interest to object to Claim No. 125 on any ground whatsoever, and the Debtors and Hughes expressly reserve all further substantive and/or procedural rights they may have with respect to such claim and the SDR Agreement.

10. In the event this Stipulation and Order is not approved by the Bankruptcy Court, this Stipulation and Order shall be of no force and effect and none of its provisions will be deemed to prejudice or impair any of the Parties' respective rights and remedies, nor may it be used in any way against any of the Parties hereto in any litigation or contested matter.

11. This Stipulation and Order constitutes the entire agreement between the Parties relating to the subject matter hereof, and supersedes all prior negotiations or agreements, oral or

written, between the Parties with respect to all or any part of the subject matter hereof, which negotiations or agreements shall be of no further force or effect. It is expressly understood and agreed by the Parties hereto that this Stipulation and Order may not be altered, amended, modified or otherwise changed in any respect whatsoever except by a writing duly executed by each Party or the authorized representatives of each of the Parties and with the consent of the Committee.

12. The Parties have each cooperated in drafting this Stipulation and Order. Therefore, in any action or proceeding concerning this Stipulation and Order, the provisions hereof shall be construed as if jointly drafted by the Parties.

13. The Court shall retain jurisdiction to interpret, enforce, and resolve any disputes arising under or related to this Stipulation and Order. Any motion or application brought before the Court to resolve any dispute arising under or related to this Stipulation and Order shall be brought on proper notice in accordance with the relevant Federal Rules of Bankruptcy Procedure and the Local Rules for the Bankruptcy Court for the Southern District of New York.

14. This Stipulation and Order may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A signature transmitted by facsimile shall be deemed an original signature for purposes of this Stipulation and Order.

Dated: New York, New York
June 21, 2011

AKIN GUMP STRAUSS HAUER & FELD LLP

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Attorneys for Hughes Network Systems, LLC

Dated: **July 18, 2011**
New York, New York

/s/ Sean H. Lane
THE HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Payment Schedule

EXHIBIT A

Payment Schedules

1. O&M Agreement

Payment		Principal	Interest	Total Payment	Cumulative Payments
1		$ 65,600	$ -	$ 65,600	$ 65,600
2		$ 55,107	$ 10,493	$ 65,600	$ 131,200
3		$ 56,545	$ 9,055	$ 65,600	$ 196,800
4		$ 57,921	$ 7,679	$ 65,600	$ 262,400
5		$ 59,381	$ 6,219	$ 65,600	$ 328,000
6		$ 60,878	$ 4,722	$ 65,600	$ 393,600
7		$ 62,412	$ 3,188	$ 65,600	$ 459,200
8		$ 63,985	$ 1,614	$ 65,600	$ 524,800
	Total	$ 480,830	$ 42,970	$ 524,800	

2. S-BSS Contract and the ATP

Payment		Principal	Interest	Total Payment	Cumulative Payments
1		$ 736,400	$ -	$ 736,400	$ 736,400
2		$ 618,622	$ 117,778	$ 736,400	$ 1,472,800
3		$ 633,778	$ 102,622	$ 736,400	$ 2,209,200
4		$ 650,217	$ 86,183	$ 736,400	$ 2,945,600
5		$ 666,609	$ 69,791	$ 736,400	$ 3,682,000
6		$ 683,413	$ 52,987	$ 736,400	$ 4,418,400
7		$ 700,641	$ 35,759	$ 736,400	$ 5,154,800
8		$ 718,304	$ 18,096	$ 736,400	$ 5,891,200
		$ 5,407,997	$ 483,203	$ 5,891,200	

3. U.S. VSAT Agreement

Payment		Principal	Interest	Total Payment	Cumulative Payments
1		$ 6,175	$ -	$ 6,175	$ 6,175
2		$ 5,238	$ 937	$ 6,175	$ 12,350
3		$ 5,290	$ 885	$ 6,175	$ 18,525
4		$ 5,453	$ 722	$ 6,175	$ 24,700
5		$ 5,590	$ 585	$ 6,175	$ 30,875
6		$ 5,781	$ 444	$ 6,175	$ 37,050
7		$ 5,876	$ 299	$ 6,175	$ 43,225
8		$ 6,024	$ 151	$ 6,175	$ 49,400
	Total	$ 45,327	$ 4,073	$ 49,400	

4. Canadian VSAT Agreement

Payment		Principal	Interest	Total Payment	Cumulative Payments
1		$2,070	$ -	$2,070	$2,070
2		$1,768	$302	$2,070	$4,140
3		$1,823	$247	$2,070	$6,210
4		$1,874	$196	$2,070	$8,280
5		$1,920	$150	$2,070	$10,350
6		$1,970	$100	$2,070	$12,420
7		$2,019	$51	$2,070	$14,490
8		$2,070	$0	$2,070	$16,560
	Total	$15,190	$1,370	$16,560	

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

Court File No. CV-10-8944-00CL

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

RECOGNITION ORDER

August 4, 2011

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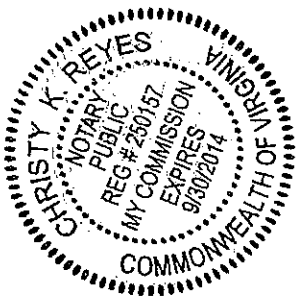
Counsel to the Foreign Representative

Exhibit "D" to the Affidavit of Douglas Brandon, sworn before me this 28th day of September, 2011.

A Notary Public



Hearing Date: October 4, 2011 at 11:00 a.m. (ET)
Objection Date: September 27, 2011 at 5:00 p.m. (ET)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

NOTICE OF HEARING ON THE DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 363 AUTHORIZING THE DEBTORS TO REPAY CERTAIN AMOUNTS DUE AND OWING UNDER THE 15% NOTES INDENTURE

PLEASE TAKE NOTICE that on September 13, 2011, the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") filed the *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105 and 363 Authorizing the Debtors to Repay Certain Amounts Due and Owing Under the 15% Notes Indenture* (the "***Motion***").

PLEASE TAKE FURTHER NOTICE that a hearing (the "*Hearing*") to consider the Motion shall be held before the Honorable Sean H. Lane, United States Bankruptcy Judge, United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green,

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar Networks Inc. (3931), TerreStar License Inc. (6537), TerreStar National Services Inc. (6319), TerreStar Networks Holdings (Canada) Inc. (1337), TerreStar Networks (Canada) Inc. (8766); and 0887729 B.C. Ltd. (1345).

New York, New York 10004, on October 4, 2011 at 11:00 a.m. (prevailing Eastern Time) in a room to be determined at a future date.

PLEASE TAKE FURTHER NOTICE that any responses to the Motion must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, and the court's *Order Pursuant to Sections 105(a) and (d) of the Bankruptcy Code and Bankruptcy Rules 1015(c), 2002(m) and 9007 Implementing Certain Notice and Case Management Procedures* (Docket No. 60) (the "Case Management Order"), and shall be filed with the Bankruptcy Court (a) electronically in accordance with General Order M-399 (which can be found at http://www.nysb.uscourts.gov) by registered users of the Bankruptcy Court's filing system, or (b) by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers), in accordance with General Order M-182 (which can be found at http://www.nysb.uscourts.gov), and served in accordance with General Order M-399, on (a) counsel to the Debtors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: Ira S. Dizengoff, Esq. and Arik Preis, Esq.; (b) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Susan Golden, Trial Attorney; (c) Otterbourg, Steindler, Houston & Rosen, P.C., as counsel to the statutory committee of unsecured creditors appointed in these chapter 11 cases; (d) U.S. Bank National Association as Collateral Agent for the Debtors' purchase money credit facility; (e) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P.; (f) Willkie Farr & Gallagher LLP as counsel to EchoStar Corporation; (g) U.S. Bank National Association as Indenture Trustee for the Debtors' 15% Senior Secured Notes and Kelley

Drye & Warren LLP as counsel to the Indenture Trustee; (h) Deutsche Bank National Trust Company as Indenture Trustee for the Debtors' 6.5% Senior Exchangeable Notes and Foley & Lardner LLP as counsel to the Indenture Trustee; (i) Quinn Emanuel Urquhart & Sullivan, LLP as counsel to certain holders of the Debtors' 6.5% Senior Exchangeable Notes; (j) the Internal Revenue Service; (k) the Securities and Exchange Commission; (l) the United States Attorney for the Southern District of New York; (m) the Federal Communications Commission; (n) Industry Canada; (o) K&L Gates LLP, as counsel to Sprint-Nextel Corporation; (p) Kirkland & Ellis LLP, as counsel to certain holders of the Debtors' 15% Senior Secured Notes; and (q) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002, in each case so as to be received no later **than September 27, 2011 at 5:00 p.m. (prevailing Eastern Time)** (the "***Response Deadline***").

PLEASE TAKE FURTHER NOTICE that if no responses with respect to the Motion are timely filed and served in accordance with the Case Management Order, the Debtors may, on or after the Response Deadline, submit to the Bankruptcy Court an order substantially in the form of the proposed order annexed to the Motion, which order may be entered with no further notice or opportunity to be heard offered to any party.

New York, New York
Date: September 13, 2011

/s/ *Ira S. Dizengoff*

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Hearing Date: October 4, 2011 at 11:00 a.m. (ET)
Objection Date: September 27, 2011 at 5:00 p.m. (ET)
Reply Deadline: September 30, 2011 at 5:00 p.m. (ET)

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Counsel to the Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 363 AUTHORIZING THE DEBTORS TO REPAY CERTAIN AMOUNTS DUE AND OWING UNDER THE 15% NOTES INDENTURE

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar Networks Inc. (3931), TerreStar License Inc., (6537), TerreStar National Services Inc. (6319), TerreStar Networks Holdings (Canada) Inc. (1337), TerreStar Networks (Canada) Inc. (8766), and 0887729 B.C. Ltd. (1345).

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The above-captioned debtors and debtors in possession (collectively, the "***Debtors***") request entry of an order, substantially in the form attached hereto as Exhibit A, authorizing the Debtors to repay, on the terms set forth herein, $143,959,275.00 of their outstanding obligations under the indenture (the "***Indenture***") governing the 15% senior secured payment-in-kind notes (the "***15% Notes***" and such relief, the "***Relief Requested***").[1] In support of this motion, which is supported by the official committee of unsecured creditors in the Debtors' chapter 11 cases (the "***Creditors' Committee***"), EchoStar Corporation, the Debtors' largest secured creditor and holder of approximately 52% of the 15% Notes, and Harbinger[2] (in its capacity as one of the Debtors' largest unsecured creditors),[3] the Debtors respectfully state as follows:

Preliminary Statement[4]

1. The current status of the Debtors' chapter 11 cases is as follows:

   - In July 2011, in an attempt to stop the interest accrual on the 15% Notes, the Debtors filed a motion seeking to repay the 15% Noteholders in full. Certain of the Debtors' unsecured creditors voiced concerns with regard to a full paydown because they believed that such a paydown would prejudice the pending Lien Litigation. In light of those concerns, the

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[1] This amount does not include any amounts related to the alleged Make-Whole Premium, and for purposes of this motion, all parties reserve their rights to assert an entitlement or objection as to whether the Debtors are required to pay the Make-Whole Premium pursuant to the Indenture. In addition, for purposes of this motion, all parties reserve their rights to assert an entitlement or objection to the asserted postpetition interest on account of the 15% Notes.

The 15% Notes Trustee (as defined herein) and the collateral agent under the Indenture may seek to reserve any amounts on account of their fees and expenses under the terms of the Indenture. The Debtors take no position with regard to the propriety thereof.

[2] "***Harbinger***" means, collectively, Harbinger Capital Partners LLC and certain of its managed and affiliated funds.

[3] This motion has been shared with counsel to the indenture trustee (the "***6.5% Trustee***") for the 6.5% Senior Exchangeable PIK Notes due 2014 issued by TerreStar Networks Inc. ("***TSN***"), and such counsel has not raised any objections to the relief requested herein.

[4] Capitalized terms used but not defined in this Preliminary Statement shall have the meanings ascribed to them herein. Capitalized terms used but not defined herein shall have the meanings ascribed to those terms in the Purchase Agreement by and among the Debtors and Gamma Acquisition L.L.C. and (solely with respect to Section 6.19 thereof) DISH Network Corporation, dated as of June 14, 2011 (as amended, the "***Purchase Agreement***").

Debtors paid down only a portion ($800 million) of the 15% Notes, consisting solely of principal and prepetition interest obligations. Recently, however, this Court granted the 15% Noteholders' motion for summary judgment on three of the four counts in the Lien Litigation.

- The Debtors have approximately $370 million in proceeds remaining from the Funding Date Payment, and will receive an additional $30 million under the terms of the Purchase Agreement upon Closing.[5]
- The Debtors estimate that they will have approximately $90 million in post-Funding Date administrative expenses, which leaves approximately $310 million (including the $30 million in Purchase Price proceeds that the Debtors have not yet received) for distribution to creditors.
- The Debtors have approximately $144 million in principal obligations remaining outstanding under the 15% Notes, which principal will have accrued approximately $121 million in postpetition interest as of September 15, 2011. Absent the relief requested herein, simple interest will continue to accrue on the Debtors' prepetition obligations at the rate of approximately $1.86 million per month.[6]
- The Debtors have approximately $8 million in obligations outstanding under the PMCA as of September 15, 2011, which obligations continue to accrue interest at a rate of approximately $93,000 per month.[7]

2. In light of the above, the Debtors would like nothing more than a quick consensual resolution of these cases so that maximum value can be distributed to their unsecured creditors. The problem, however, is that even if the Debtors were to file a plan that would extinguish the claims of the 15% Noteholders, interest on the 15% Notes would continue to

---

5 The Debtors will receive the remaining proceeds from their Sale Transaction (approximately $30 million) on the earliest of: "(i) the Closing, (ii) two (2) Business Days following the date upon which the FCC or Industry Canada denies, dismisses or designates for an evidentiary hearing the applications for the FCC Consent or the Industry Canada Approval or (iii) two (2) Business Days following the date upon which an Alternative Sale Notice is delivered in accordance with Section 3.5(b)(i) of [the] Agreement." *See* Purchase Agreement at Section 2.5(b)(v).

6 Certain 15% Noteholders and the 15% Notes Trustee may dispute the Debtors' calculation of postpetition interest owing under the 15% Notes. This dispute relates, among other things, to the applicable priority of payments under the Indenture and the extent to which the calculation excludes interest that has accrued on the postpetition interest itself (i.e., the calculation assumes that the 15% Noteholders are not entitled to compound or "paid in kind" postpetition interest). As set forth in footnote 1 above, the 15% Noteholders, and all other parties, reserve all rights with respect to the asserted postpetition interest, including the right to object to the Debtors' calculation of such interest.

7 The parties involved in the pending PMCA disputes are currently involved in settlement negotiations, which would, among other things, stop the interest accrual on the PMCA obligations.

accrue until the effective date (the "***Effective Date***").[8] Assuming a three-month period between today and the Effective Date, the nearly $144 million the Debtors are seeking authority to repay would accrue approximately $5.5 million in additional interest over that period. In a case where all unsecured creditors are likely to receive less than $50 million in the aggregate, $5.5 million is more than 10% of their recovery – a very substantial amount. This very simple math – of which all creditors in this case are very cognizant – is precisely the reason that the relief requested herein should be granted.

3. Accordingly, by this motion the Debtors seek authority to pay off, on the terms set forth herein, $143,939,275.00 of their remaining obligations under the 15% Notes in order to substantially reduce the postpetition interest accrual that decreases the funds available for distribution to unsecured creditors.[9] Importantly, all parties' rights with regard to litigating the Make-Whole Premium and postpetition interest will be preserved.[10] Moreover, and to be clear,

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[8] The Debtors are in active discussions with their stakeholders concerning a plan of reorganization. The filing of this motion will not impede these negotiations.

[9] The Debtors, the Creditors' Committee, counsel to the 6.5% Trustee and Harbinger all believe that the $144 million the Debtors are seeking to repay pursuant to this Motion should be applied to the prepetition principal balance of the notes, such that after the $143,939,275.00 payment is made, the Debtors would have paid off the principal balance of the 15% Notes and no additional postpetition interest would accrue on such notes. The 15% Noteholders and the 15% Notes Trustee reserve the right to dispute, among other things, (i) that the Debtors may first apply these payments to principal under the terms of the Indenture and (ii) the Debtors' position that the outstanding postpetition interest due to the 15% Noteholders is not itself accruing interest. The Debtors, the 15% Noteholders, the 15% Notes Trustee and all other parties in interest reserve all rights with respect to these issues, and the Debtors are not asking the Court at this time to determine how the payments should be applied.

[10] As discussed further herein, there exists precedent in the Southern District of New York for the principle that the paydown of secured debt can occur while preserving the lender's right to litigate its entitlement to a make-whole premium on the secured debt that was repaid. *See infra* discussion of *Law Debenture Trust Co. of N.Y. v. Calpine Corp. (In re Calpine Corp.)*, 356 B.R. 585 (S.D.N.Y. 2007).

the Debtors are not subjecting the repayments to the 15% Noteholders to any risk of disgorgement.[11]

4. For all these reasons and those set forth below, the Debtors respectfully submit that the Court's exercise of its equitable powers to grant the Relief Requested pursuant to of title 11 of the United States Code (the "***Bankruptcy Code***") sections 105(a) and 363(b) is warranted. The Debtors therefore request that this Court assist the Debtors in taking the next value-preserving step towards emergence from chapter 11 – i.e. the Relief Requested, which is in the best interests of the Debtors' estates.

Jurisdiction and Venue

5. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The statutory bases for the relief requested herein are sections 105 and 363 of the Bankruptcy Code.

Background

7. On October 19, 2010 (the "***Petition Date***"), each of the Debtors filed a petition with this Court under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases.

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[11] To the extent the plaintiffs are victorious in the Lien Litigation (either on Count III or on appeal), the 15% Noteholders would only be entitled to payment as an unsecured creditor in these cases, which status would have (but for the relief requested herein) afforded a less-than-100% recovery on their prepetition claim. Thus, in that circumstance, approval of this motion would result in the 15% Noteholders receiving payments to which they would otherwise not be entitled.

1. **The 15% Notes Claim**[12]

8. Paragraphs 8-11 of the First Paydown Motion (defined below and attached hereto as Exhibit B[13]), are incorporated by reference as if fully set forth herein.

9. On December 9, 2010, U.S. National Bank, as trustee (the "***15% Notes Trustee***" and, collectively with the noteholders, the "***15% Noteholders***") filed a Master Proof of Claim [Claim No. 83] (the "***15% Notes Claim***"), pursuant to which the 15% Notes Trustee asserted a secured claim in the amount of not less than $1,425,896,762.95 in principal, accrued interest and certain fees and charges. In addition to the $919,030,770.94 in principal and $25,324,397.95 in accrued but unpaid interest asserted as of the Petition Date, the 15% Notes Trustee asserted it was owed a make-whole premium[14] in the amount of $481,541,794.06 (the "***Make-Whole Premium***").[15]

10. Sprint and the Creditors' Committee have challenged the validity of the 15% Noteholders' lien on the proceeds of the Debtors' licenses from the Federal Communications

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12 For a more detailed description of the Debtors' capital structure, please refer to Article III of .the *Declaration of Jeffrey W. Epstein, Chief Executive Officer of TerreStar Networks Inc., in Support of First Day Pleadings* [Docket No. 3].

13 Due to the large size of the First Paydown Motion, the exhibits thereto have been omitted from Exhibit B, but are available upon request from the Debtors. Similarly, due to the size of the First Paydown Order, the exhibits thereto have been omitted from Exhibit C, but are available upon request from the Debtors.

14 As noted above, the enforceability of the alleged Make-Whole Premium, which is included in the 15% Notes Claim, is not addressed in this motion, nor are the Debtors seeking to determine any entitlement to or pay the Make-Whole Premium pursuant to this motion.

15 Both Sprint-Nextel Corporation ("***Sprint***") and the Creditors' Committee have indicated that they contemplate filing an objection to the 15% Notes Claim challenging, among other things, (a) the alleged Make-Whole Premium, (b) the asserted entitlement to "paid in kind" postpetition interest, and (c) the payment of postpetition interest in general.

Commission (the "***FCC***").[16] On August 19, 2011, the Court issued a decision in the 15% Notes Trustee's favor with regard to Counts I, II and IV in Sprint's complaint (the "***Summary Judgment Decision***"). *See* Docket No. 69.

2. The Debtors' Sale Process and First Paydown

11. Paragraphs 21-23 of the First Paydown Motion (defined below and attached hereto as Exhibit B) are incorporated by reference as if fully set forth herein.

12. On July 6, 2011, the Debtors sought approval of a motion to repay certain existing secured claims [Docket No. 662] (the "***First Paydown Motion***"). On August 3, 2011, this Court entered an order agreed upon by the Debtors' major stakeholders approving the repayment of approximately $975 million of the Debtors' secured debt obligations [Docket No. 730] (the "***First Paydown Order***"). The First Paydown Order left open the possibility of future paydowns. *See* First Paydown Order at ¶ 20 ("Nothing in this Order shall prejudice the rights of the Debtors or any other party in interest to seek authority from this Court to pay down additional amounts under the Indenture or the PMCA....").

13. On August 11, 2011, the Debtors received $1.345 billion in proceeds (the "***Funding Date Payment***") from the purchaser of substantially all of their assets, and within hours, the Debtors repaid slightly more than $975 million of the obligations under the Debtors' debtor-in-possession financing facility (approximately $85 million), the PMCA[17] (approximately

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[16] As discussed more fully in the First Paydown Motion, on December 17, 2010, Sprint commenced an adversary proceeding against the 15% Notes Trustee. *See Sprint Nextel Corp. v. U.S. Bank Nat'l Ass'n.*, Adv. Pro. No. 10-05461 (SHL) (the "***Lien Litigation***"). On January 14, 2011, by stipulation, the Creditors' Committee (together with Sprint, the "***Plaintiffs***") intervened as a co-plaintiff in the Lien Litigation, and on January 20, 2011, the Creditors' Committee filed their intervenor's complaint. The Plaintiffs in the Lien Litigation have challenged, among other things, the validity of the liens held by the 15% Notes Trustee on the proceeds of the Debtors' FCC licenses. For a more detailed discussion of Counts I, II, III and IV of the Lien Litigation, see the First Paydown Motion at paragraphs 19-20.

[17] The "***PMCA***" means TSN's purchase money credit agreement.

$90 million) and the 15% Notes ($800 million, consisting entirely of principal and prepetition interest) (cumulatively, the "***First Paydown***"), thereby stopping much (but not all) of the interest accrual on their secured obligations and helping to maximize unsecured creditor recoveries.

14. As of September 15, 2011, excluding disputed amounts asserted to be owed, approximately $265.2 million of principal and postpetition interest will remain outstanding under the Indenture, which consists of (i) $143,959,275 of principal and (ii) $121,252,471 of accrued postpetition simple interest.[18] Simple interest on the remaining principal is currently accruing at a rate of approximately $1.86 million per month.

Relief Requested

15. By this motion, the Debtors seek entry of an order pursuant to Bankruptcy Code sections 105 and 363 authorizing the Debtors to use the Funding Date Payment to repay, on the terms set forth herein, $143,959,275 due and owing under the Indenture. Repayment of this amount at this time is critical to maximize distributions for the Debtors' remaining creditors, as the proposed repayment will preserve, at the very least, approximately $5.5 million in value that would otherwise be used to satisfy the Debtors' interest obligations under the 15% Notes. There is no doubt that repayment of the principal at this time is a prudent exercise of the Debtors' business judgment and is appropriate under Bankruptcy Code sections 105 and 363.

Argument

The Relief Requested in this Motion is Authorized under 11 U.S.C. §§ 105 and 363

16. Bankruptcy Code sections 105 and 363 provide this Court with the requisite authority to grant the Relief Requested. Bankruptcy Code section 363(b)(1) ("***Section 363***")

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[18] As noted above, the 15% Noteholders' alleged entitlement to both postpetition interest and compounded (or "paid in kind") postpetition interest under the Indenture, which is included in the 15% Notes Claim, is not addressed in this motion.

provides that the Debtors "after notice and a hearing, may use . . . other than in the ordinary course of business, property of the estate," and provides the authority necessary for the proposed repayment because "section 363 . . . governs the use of funds by the debtor in possession while it operates its business after the bankruptcy petition is filed." 11 U.S.C. §363(b)(1); *see also Law Debenture Trust Co. of N.Y. v. Calpine Corp. (In re Calpine Corp.)*, 356 B.R. 585, 597 (S.D.N.Y. 2007) (finding repayment to secured lenders relieved the estate of unnecessary interest expense and was thus an appropriate use of cash under Section 363); *In re PetroRig I PTE Ltd.,* Case No. 09-13083 (JMP) (Bankr. S.D.N.Y. April 1, 2010) [Docket No. 357] (authorizing payment of a substantial portion of the secured claims under Section 363). Bankruptcy Code section 105(a) ("***Section 105***") provides the Court the power and authority to carry out the provisions of Section 363(b). *See In re Calpine Corp.*, 356 B.R. at 594 (*citing Official Comm. of Unsecured Creditors of Enron Corp. v. Enron Corp. (In re Enron Corp.)*, 335 B.R. 22, 27 (S.D.N.Y. 2005).

1. **The Relief Requested is in the Best Interests of the Debtors' Estates and Creditors and is a Prudent Exercise of the Debtors' Business Judgment**

17. In the Second Circuit, "a judge determining a section 363(b) application must expressly find from the evidence presented before him at the hearing a good business reason to grant such an application." *Official Comm. of Unsecured Creditors of LTV Aerospace and Def. Co. v. LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d 141, 143 (2d Cir. 1992). In approving a transaction conducted pursuant to Section 363, courts consider whether the debtor exercised sound business judgment in making its determination as to the transaction. *See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.),* 722 F.2d 1063, 1070-71 (2d Cir. 1983) (holding that the application of Section 363(b) must be supported by "some articulated business justification" and that "a judge determining a § 363(b) application [must] expressly find from the

evidence presented before him at the hearing a good business reason to grant such an application").

18. To determine whether the business judgment test is met, "the court 'is required to examine whether a reasonable business person would make a similar decision under similar circumstances.'" *In re Dura Auto. Sys. Inc.*, Case No. 06-11202, 2007 Bankr. LEXIS 2764, at *272 (Bankr. D. Del. Aug. 15, 2007) (quoting *In re Exide Techs., Inc.*, 340 B.R. 222, 239 (Bankr. D. Del. 2006)). Once a debtor articulates a valid business justification, it is presumed that "in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company." *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)). The business judgment rule therefore shields a debtor's management from judicial second-guessing, and mandates that a court approve a debtor's business decision unless that decision is a product of bad faith or gross abuse of discretion. *See Id.*; *see also Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc. (In re Richmond Metal Finishers)*, 756 F.2d 1043, 1047 (4th Cir. 1985) (internal citations omitted).

19. The Relief Requested is not only consistent with prudent business judgment, but is also not extraordinary; indeed, this Court, as well as other courts in this and other Districts, have routinely granted motions seeking relief of the type requested in this motion, **especially when the paydown of secured debt maximizes value for the debtor's estates and unsecured creditors by minimizing significant interest accrual.** *See Order Granting Debtors' Motion for Entry of an Order under 11 U.S.C. § 105 and 363 Authorizing the Debtors to Repay Existing Secured Claims* [Docket No. 730]; *In re Calpine Corp.*, 356 B.R. at 589-90 (affirming the

bankruptcy court's approval of the debtors' repayment motion, pursuant to which the debtors sought to use asset sale proceeds to repay secured lenders, because it was "'highly appropriate' and 'in the best interest of the estate' for Debtors to stop 'hemorrhaging' cash and repay the outstanding principal of the Notes'") (*citing* Transcript of 5/10/06 Bench Ruling of Judge Lifland at 82, *In re Calpine Corp.,* Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. May 10, 2006) [Docket No. 1542]; *In re PetroRig I PTE Ltd., et al.*, Case No. 09-13083 (JMP) (Bankr. S.D.N.Y. April 1, 2010) [Docket No. 357] (approving repayment of senior secured notes because such paydown would allow the debtors to minimize, if not avoid, additional interest accrual, which would ultimately reduce the pool of resources available to unsecured creditors); *In re VeraSun Energy Corp.,* Case No. 08-12606 (BLS) (Bankr. D. Del. Apr. 16, 2009) [Docket No. 1058] (approving and directing repayment of senior secured note claims at the non-default rate because such a pay down would allow the Debtors to minimize, if not avoid, additional interest accrual). The Relief Requested is a valid exercise of the Debtors' business judgment and consistent with precedent because it will decrease interest expenses incurred by the estates and increase the potential recovery available for other creditors.

20. It cannot be overstated that those unsecured creditors that support or do not object to the relief requested herein are doing so despite the fact that, as noted above, it could potentially reduce recoveries to them if they are victorious in the Lien Litigation, or on appeal. The creditors who support (or are not objecting to) this motion concur with the Debtors' view that minimizing and potentially eliminating interest accrual is the best means to secure recoveries for unsecured creditors—an outcome that courts in other cases, with similar facts, have approved. Indeed, this Court permitted such a partial payment of the 15% Notes based on such representations. *See* First Paydown Order.

21. Moreover, as this Court and all parties in interest are aware, the only source of funds for distribution in these chapter 11 cases is the remaining amount of the Purchase Price proceeds, which, as noted above, is approximately $310 million. Accordingly, paying down approximately $144 million of the outstanding obligations under the 15% Notes, on which simple interest is accruing at a rate of $1.86 million per month, is the best means to preserve as much of these proceeds as possible for distribution to the Debtors' unsecured creditors.

22. For the reasons stated above, granting the Relief Requested is a prudent exercise of the Debtors' business judgment and will inure to the benefit of all of the Debtors' stakeholders.

2. Pursuant to its Equitable Powers, the Court is Authorized to Approve the Relief Requested

23. Assuming that this Court agrees with the Debtors that the Relief Requested is in the best interests of the estates and a prudent exercise of the Debtors' business judgment under Section 363 (*see* above), the Court has the equitable power to issue an order pursuant to Section 105 approving the Relief Requested, provided that the Court does so in furtherance of a substantive section of the Bankruptcy Code - here, Section 363. *See HSBC Bank USA, N.A. v. Calpine Corp.*, Case No. 07-3088 (GBD), 2010 WL 3835200, at *10 (S.D.N.Y. Sept. 15, 2010) (authorizing repayment of prepetition notes pursuant to section 363(b)) (*citing U.S. v. Wabash Valley Power Ass'n*, 167 B.R. 885, 888-89 (S.D. Ind. 1994) (finding that a bankruptcy court may preclude a creditor from exercising a contractual right if doing so is in the best interest of the estate)); *see also In re Amber Lingerie, Inc.*, 30 B.R. 736, 737 (Bankr. S.D.N.Y. 1983) (internal citations omitted) (finding that courts have the inherent authority under § 105(a) to enjoin creditors from exercising their contractual rights where such exercise would "seriously impair" the debtor's reorganization).

24. In general, bankruptcy courts are granted a broad mandate to carry out equity in chapter 11 under Section 105. *See Celotex Corp. v. Edwards*, 514 U.S. 300, 307-09 (1995) (holding that Congress intended for the bankruptcy court to have comprehensive jurisdiction to use its equitable powers under Section 105). For courts to properly exercise their Section 105 equitable powers, courts must "exercise equity in carrying out the *provisions* of the Bankruptcy Code, rather than to further the purposes of the Code generally, or otherwise to do the right thing...." *See Smart World Techs., LLC v. Juno Online Servs. (In re Smart Wolds Techs.)*, 423 F.3d 166, 184 (2d Cir. 2005) (emphasis in original). In other words, a bankruptcy court can exercise authority under Section 105, provided that such exercise of the bankruptcy court's equitable powers is specifically tied to the use by the Debtors of another substantive Bankruptcy Code section. *See id.*

25. The Southern District of New York has used its equitable authority under Section 105 to approve similar relief to the Relief Requested. In *Calpine*, the District Court for the Southern District of New York (the "***Calpine Court***") affirmed the bankruptcy court's order authorizing the debtors to pay down the outstanding amount of principal under their secured notes without at the same time paying (or even making a decision with regard to) the alleged make-whole premium owed to the noteholders there. The Calpine Court rejected the indenture trustee's arguments that repayment "violated the Noteholders' contractual rights and impaired their claims outside of a chapter 11 plan." *In re Calpine*, 356 B.R. at 596 (internal citations omitted). The Calpine Court reasoned that "[n]othing could be further from the truth because the bankruptcy court merely ordered the payment of the outstanding principal of the Notes for now so [the] Debtors' estates would stop losing money and preserved [the] parties' rights to litigate" any remaining amounts due under the indenture, including the make-whole premium. *Id.* In

short, the bankruptcy court (and the Calpine Court) determined that although the contract allegedly provided payment of the make-whole at the time of repayment of principal, the bankruptcy court could authorize repayment of all outstanding principal *without* concurrent payment of the make-whole, thereby leaving open the issue of whether the make-whole was owing for another day.

26. Like the debtors in *Calpine*, the Debtors seek authority to use estate assets to minimize the "hemorrhaging of cash" that results from the 15% Noteholders' interest accrual. And, like the Calpine Court, the Court here can exercise its authority under Section 105 by relying on Section 363 of the Bankruptcy Code, pursuant to which the Debtors may use property of the estate outside the ordinary course of business so long as the debtor articulates a sound business justification for doing so. *See* 11 U.S.C. § 363.[19]

27. As stated above, a sound business justification has been articulated - namely, that payment of the principal on the 15% Notes will decrease the estates' interest expenses and will thereby increase the potential recoveries available for other creditors. Moreover, not only has a sound business justification been given, but the facts and circumstances of these cases are extraordinary. Specifically, the Purchaser has paid 97% of the Purchase Price prior to consummation of the transfer of assets contemplated by the Purchase Agreement on the premise that it would be used to pay down creditors in these cases as soon as possible. As the case now stands, however, the interest accrual on the 15% Notes is quickly eroding the remaining proceeds: every dollar expended to pay interest diminishes the finite and modest pool of funds

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[19] *See also In re Lionel Corp.*, 722 F.2d at 1072 (holding that the application of section 363(b) must be supported by "some articulated business justification," and stating that "in fashioning its findings, a bankruptcy judge must not blindly follow the hue and cry of the most vocal special interest groups; rather, he should consider *all salient factors pertaining to the proceeding* and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike") (emphasis added).

available to pay the Debtors' unsecured creditors. In light of the highly unusual and unprecedented circumstances of these cases, and in sound exercise of the Debtors' business judgment, the Relief Requested is the best way to benefit the majority of the Debtors' stakeholders, and is moreover consistent with the policy underlying Section 363, which serves to protect debtors' estates.

28. Further, it should be noted that nothing in this motion will affect the 15% Noteholders' right to litigate (i) their alleged right to compounded postpetition interest and the Make-Whole Premium, and/or (ii) how any payments in respect of the 15% Notes obligations approved pursuant to this motion should be applied under the terms of the Indenture. Rather, because resolution of these issues could take a significant amount of time, and because the passage of time will result in additional interest accrual, it is in the best interests of unsecured creditors – and is consistent with precedent - to pay down the maximum amount of 15% Notes obligations that will not prejudice the dispute regarding the 15% Noteholders' entitlement to postpetition interest – i.e. $143,959,275.00. Moreover, and as noted above, none of the payments being made to the 15% Noteholders pursuant to this motion will be subject to disgorgement.

29. For all of the reasons stated above, the Court's authorization of the Relief Requested is closely aligned with the purpose of Section 363. Indeed, the Debtors believe that the extraordinary circumstances of these cases, coupled with the broad flexibility under Section 363 to tailor orders to meet a wide variety of circumstances, justify the Court's exercise of its equitable powers under Section 105 to authorize the Relief Requested.

Request for Waiver of Stay

30. The Debtors seek a waiver of any stay of the effectiveness of the order approving this motion. Pursuant to Federal Rule of Bankruptcy Procedure 6004(h), "a[n] order authorizing

the use, sale, or lease of property other than cash collateral is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise." As set forth above, the repayment of the 15% Notes is essential to preserve value for the Debtors' creditors, and any delay in effectuating the relief requested will be harmful to the estates. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the 14-day stay imposed by Federal Rule of Bankruptcy Procedure 6004(h), to the extent it applies.

Motion Practice

31. This motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this motion. Moreover, in addition to all entities otherwise entitled to receive notice, the Debtors have given notice of this motion to all entities believed to have or be claiming an interest in the subject matter of the proposed order or who, it is believed, otherwise would be affected by the proposed order. Accordingly, the Debtors submit that this motion satisfies Rule 9013-1 of the Local Bankruptcy Rules for the Southern District of New York.

Notice

32. The Debtors have provided notice of this motion to: (a) the U.S. Trustee; (b) Otterbourg, Steindler, Houston & Rosen, P.C., as counsel to the Creditors' Committee; (c) U.S. Bank National Association as Collateral Agent for the Debtors' purchase money credit facility; (d) Weil, Gotshal & Manges LLP as counsel to Harbinger; (e) Willkie Farr & Gallagher LLP as counsel to EchoStar Corporation; (f) U.S. Bank National Association as Indenture Trustee for the Debtors' 15% Notes and Kelley Drye & Warren LLP as counsel to the Indenture Trustee; (g) Deutsche Bank National Trust Company as Indenture Trustee for the Debtors' 6.5% Senior Exchangeable Notes and Foley & Lardner LLP as counsel to the Indenture Trustee; (h) Quinn Emanuel Urquhart & Sullivan, LLP as counsel to certain holders of the Debtors' 6.5%

Senior Exchangeable Notes; (i) the Internal Revenue Service; (j) the Securities and Exchange Commission; (k) the United States Attorney for the Southern District of New York; (l) the Federal Communications Commission; (m) Kirkland & Ellis LLP, as counsel to the Ad Hoc Group; (n) K&L Gates, as counsel to Sprint; (o) Industry Canada; and (p) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (a) enter an order, substantially in the form annexed hereto as Exhibit A, authorizing the relief requested herein and (b) grant such other and further relief as may be appropriate.

New York, New York
Dated: September 13, 2011

/s/ Ira S. Dizengoff

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Counsel to the Debtors and Debtors in Possession

Exhibit A

The Proposed Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 363 AUTHORIZING THE DEBTORS TO REPAY CERTAIN AMOUNTS DUE AND OWING UNDER THE 15% NOTES INDENTURE

Upon the motion (the "***Motion***")[2] of the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order pursuant to sections 363 and 105(a) of title 11 of the United States Code (the "***Bankruptcy Code***") authorizing the Debtors to repay $143,959,275 due and owing under the Indenture; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and proper notice of the Motion was provided; and it appearing that no other or further notice need be provided; and the Court having determined that there is just cause for the relief granted herein and that such relief is in the best interest of the Debtors, their estates and creditors and all other parties in interest; and upon the arguments and testimony presented at the hearing before the Court, and any responses to the Motion having been

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar Networks Inc. (3931), TerreStar License Inc. (6537), TerreStar National Services Inc. (6319), TerreStar Networks Holdings (Canada) Inc. (1337), TerreStar Networks (Canada) Inc. (8766); and 0887729 B.C. Ltd. (1345).

[2] Capitalized terms used herein but not defined shall have the meanings ascribed to them in the Motion.

withdrawn, resolved, or overruled on the merits; and after due deliberation and sufficient cause appearing therefore, it is **HEREBY ORDERED** that:

1. The Motion is granted to the extent set forth herein.

2. The Debtors shall remit to the 15% Notes Trustee, upon entry of this Order or as soon as reasonably practicable thereafter (the "***15% Paydown Date***"), for distribution to the 15% Noteholders, the aggregate amount (the "***15% Paydown Amount***") of $143,959,275. Payment of the 15% Paydown Amount to the 15% Notes Trustee shall be irrevocable and shall not be subject to any claim, challenge or defense of any kind or nature whatsoever for disallowance, avoidance, disgorgement, setoff, recoupment, subordination or other defeasance by the Debtors or by any other party, whether acting on behalf of the Debtors' estates or otherwise.

3. Nothing in this order shall affect paragraph 4 of the First Paydown Order.

4. For the avoidance of doubt, payment of the 15% Paydown Amount shall not relieve the Debtors of liability for any obligations under the Indenture, if any, other than those obligations that will be satisfied by payment of the 15% Paydown Amount.

5. All parties expressly reserve the right to seek payment of, or to object to payment of, any obligations allegedly owing under the Indenture, except to the extent such obligations are or previously have been satisfied by the Debtors pursuant to this Order or the First Paydown Order.

6. All parties expressly reserve all rights with respect to the appropriate application of payments under the Indenture, including the right to assert that all or a portion of such payments should be applied to principal, postpetition interest, the Make-Whole Premium and/or any other amounts that may be owed under the Indenture.

7. The Debtors shall pay the 15% Paydown Amount to the Paying Agent (as defined in the Indenture) or, if no such Paying Agent has been appointed, to the 15% Notes Trustee acting as Paying Agent, on or as soon as practicable after entry of this Order. Upon receiving the 15% Paydown Amount, the 15% Notes Trustee shall distribute the 15% Paydown Amount to the holders of the Notes.

8. The provisions of this Order shall be binding and inure to the benefit of the Debtors, the Debtors' estates, the 15% Notes Trustee, the 15% Noteholders, and their respective successors and assigns (including any chapter 7 or chapter 11 trustee or other fiduciary hereafter appointed or elected as a legal representative of any of the Debtors or with respect to the property of any of the Debtors' estates).

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this order in accordance with the Motion, and shall not be required to execute or file releases, termination statements, assignments, consents, or approvals in order to effectuate the relief granted pursuant to this order.

10. This order is hereby deemed effective immediately pursuant to Federal Bankruptcy Rules of Procedure §6004(h).

11. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this order and any disputes arising from the distribution of the 15% Paydown Amount. The acceptance of any such distribution by any party shall constitute consent by such party to the jurisdiction of the Court to hear and determine any such dispute or cause of action.

New York, New York
Date: _____, 2011

Honorable Sean H. Lane
United States Bankruptcy Judge

Exhibit B

First Paydown Motion

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Ira S. Dizengoff
Arik Preis
Ashleigh L. Blaylock

Counsel to the Debtors and Debtors in Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT 11 U.S.C. §§ 105 AND 363 AUTHORIZING THE DEBTORS TO REPAY EXISTING SECURED CLAIMS

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar Networks Inc. (3931), TerreStar License Inc. (6537), TerreStar National Services Inc. (6319), TerreStar Networks Holdings (Canada) Inc. (1337), TerreStar Networks (Canada) Inc. (8766), and 0887729 B.C. Ltd. (1345).

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The above-captioned debtors and debtors in possession (collectively, the "***Debtors***") request entry of an order, substantially in the form attached hereto as Exhibit A, authorizing the Debtors to repay on, or soon as reasonably practicable after, the Funding Date[1] all of the Debtors' outstanding secured indebtedness, consisting of the following: (a) all of the outstanding obligations arising under the PMCA (as defined below) (the "***PMCA Obligations***"), which, assuming a repayment date of August 31, 2011, would equal $97.0 million; (b) all of the outstanding obligations arising under the DIP Financing Agreement (as defined below), which, assuming a repayment date of August 31, 2011, would equal $88.8 million (the "***DIP Obligations***"), and (c) all of the outstanding obligations under the indenture (the "***Indenture***") governing the 15% Senior Secured Notes (as defined below, the "***15% Notes Obligations***, and, together with the PMCA Obligations and the DIP Obligations, the "***Secured Obligations***") which assuming a repayment date of August 31, 2011, would equal $1,077.4 million,[2] which comprises all principal, pre-petition and post-petition interest and fees owing as of that date. In the alternative, if this Court does not believe it can grant all of the relief requested with regard to repayment in full of the 15% Notes Obligations, the Debtors request entry of an order seeking to repay any and all amounts (as further specified herein) outstanding under the Indenture which

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1 Capitalized terms used but not defined herein shall have the meaning ascribed to them in that certain Purchase Agreement, by and among the Debtors and the Gamma Acquisition LLC, and solely for the purposes of Section 6.19 of the Purchase Agreement, DISH Network Corporation, dated as of June 14, 2011 (the "***Purchase Agreement***"). The Debtors anticipate that the Funding Date (and therefore the repayment date) will occur on or before September 30, 2011. For purposes of this motion, the Debtors have included illustrative data assuming a repayment date of August 31, 2011.

2 This amount does not include any amounts related to the "Make-Whole" Premium contained in the Indenture, and for purposes of this motion, the Debtors understand that all applicable parties reserve their rights to assert an entitlement or objection to the "Make-Whole" Premium. The Debtors also reserve their rights to seek a final adjudication (or other settlement) with regard to the "Make-Whole" Premium.

may be repaid without affecting the Lien Litigation (as defined and further discussed below).[3] In support of this motion, the Debtors respectfully state as follows:

Preliminary Statement[4]

1. The Debtors' goal since the commencement of these cases has been to maximize the value of their estates for the benefit of their creditors. The relief requested in this motion is integral to achieving that goal. The Debtors have run a highly successful sale process and, subject to this Court's approval of the sale, will hopefully soon have access to $1.345 billion dollars (of the total purchase price of $1.375 billion) in proceeds from the sale.[5] That purchase price represents a substantial, but finite pool of funds for (a) the Debtors' operations through December 31, 2011 and (b) distributions to creditors.

2. No one can dispute two key facts that impact the value to be distributed to creditors in these cases: first, the Debtors' business generates substantially no revenue and second, the Debtors' Secured Obligations accrue interest at a significant rate, which, if it continues to accrue, will eventually preclude the Debtors' unsecured creditors from realizing any recovery on their claims. Indeed, unsecured creditor recoveries would be close to zero if interest on the Secured Obligations would continue to accrue through the end of November. Accordingly, to enhance the potential for recoveries to all of their creditors, it is imperative for

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3 The Debtors understand that the 15% Notes Trustee, the Collateral Agent under the Indenture, the agent under the PMCA, and/or the collateral agent under the PMCA may seek to reserve any amounts on account of their fees and expenses under the terms of their respective agreements. The Debtors take no position with regard to the propriety thereof, and will not be augmenting amounts repaid to the 15% Noteholders by any amounts to account for such fees and expenses.

4 Capitalized terms used but not defined in the Preliminary Statement shall have the meanings ascribed to them below.

5 Pursuant to the terms of Purchase Agreement, $30 million of the Purchase Price will not be paid on the Funding Date, but will be payable (subject to certain adjustments) on the earliest to occur of (i) the Closing, (ii) two business days following the date upon which the FCC or Industry Canada denies, dismisses or designates for an evidentiary hearing, the applications for FCC Consent or the Industry Canada Approval or (iii) two business days following the date upon which an Alternative Sale Notice is delivered pursuant to the terms of the Purchase Agreement.

the Debtors to eliminate the substantial interest accruing each month on their more than $1.1 billion dollars of Secured Obligations. Indeed, the Debtors accrue interest in the amounts of (i) $40 million per quarter under the 15% Senior Secured Notes, (ii) $3.4 to $3.5 million per quarter under the PMCA and (iii) $3 million per quarter under the DIP Financing Agreement. Each dollar of interest that continues to accrue on the Secured Obligations is one less dollar that will be available for distributions to the Debtors' unsecured creditors. Thus, if allowed to continue, such interest accruals will erode, and eventually wipe out, unsecured creditor recoveries. Therefore, paying down the Secured Obligations on or as soon as reasonably practicably after the anticipated Funding Date, as opposed to on the effective date of a plan of reorganization or liquidation (which could take anywhere from 60-120 days after the Funding Date), will minimize the accrual of interest on the Secured Obligations and maximize both the likelihood and magnitude of recoveries to the Debtors' unsecured creditors – a fact that is evidenced by the fact that the Creditors' Committee, which is a Plaintiff in the Lien Litigation, supports any reduction of interest accrual that this Court can approve without interfering with the Lien Litigation. Accordingly, by this motion, the Debtors seek authority to repay the Secured Obligations in full on the Funding Date or as soon as reasonably practicable thereafter.

3. The Debtors are, of course, mindful of the fact that there exists pending litigation regarding the validity of certain liens asserted by the 15% Notes Trustee. To that end, the Debtors have respectfully requested that this Court make a decision on the first two counts which have been briefed and argued in that proceeding. If this Court rules against the plaintiffs on those first two counts, the Debtors believe that the likelihood of the plaintiffs prevailing on the last two counts will be substantially reduced, and as such, both the plaintiffs to that litigation—as well as the entire estate—would benefit from this Court approving a full paydown of the 15%

Notes Obligations pursuant to this motion. In other words, the Debtors believe that the savings which will inure to the estate by the granting of this motion will far outweigh the likelihood and the extent of any benefit which the plaintiffs in that litigation might derive by continuing that litigation and thereby continuing the interest accrual on the 15% Notes Obligations until final resolution of that litigation. To the extent this Court does not agree with this proposition, and therefore chooses not to grant such relief, the Debtors are seeking, in the alternative, a partial paydown of the 15% Notes Obligations to the extent of (1) the value of the undisputed collateral securing the 15% Notes, and (2) the amount that the 15% Noteholders would otherwise receive in a plan *regardless* of whether the 15% Noteholders prevail or not in the Lien Litigation, the calculation[6] of which is set forth in Exhibit B.[7] The purpose of such alternative relief is obvious—to the extent the 15% Noteholders ultimately do prevail in the Lien Litigation, at the very least interest accrual will have stopped on more than 80% of the pre-petition principal amount of the 15% Notes.

4. As such, and for all of the reasons stated herein, the Debtors, in their business judgment and with the support of the statutory committee of unsecured creditors appointed in these chapter 11 cases (the "***Creditors' Committee***") believe that repayment of the Secured Obligations (to the extent approved by this Court) on the Funding Date is an exercise of prudent business judgment and in the best interests of their estates and stakeholders.[8] Importantly, the

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6 Please note that the calculations in Exhibit B assume an August 31, 2011 repayment date.

7 The calculations set forth in this motion and on Exhibit B are being used for purposes of this motion and the Debtors understand that all parties reserve their rights with regard to the calculations set forth in the motion or on Exhibit B (including any and all analysis, and value allocations that support this motion or Exhibit B).

8 In addition, the relief requested in this motion is supported by the Debtors' DIP Financing Lender, its largest secured creditor, and one half of its PMCA Lenders. Drafts of this motion have also been shared with most of the Debtors' constituents, none of whom expressed substantial concern over the relief requested herein.

Creditors' Committee, which is a co-Plaintiff in the Lien Litigation, supports any reduction of interest accrual that this Court can approve without interfering with the Lien Litigation.

Jurisdiction and Venue

5. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

6. The statutory bases for the relief requested herein are sections 105 and 363 of title 11 of the United States Code (the "***Bankruptcy Code***").

Background

7. On October 19, 2010 (the "***Petition Date***"), each of the Debtors filed a petition with this Court under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.[9] No request for the appointment of a trustee or examiner has been made in these chapter 11 cases.

I. Outstanding Prepetition Indebtedness[10]

a. Senior Secured Notes

8. On February 14, 2007, TerreStar Networks Inc. ("***TSN***"), as issuer, and U.S. Bank, as trustee (the "***15% Notes Trustee***" and, collectively with the lenders party thereto, the "***15% Noteholders***"), entered into the Indenture pursuant to which TSN issued $500 million aggregate principal amount of Senior Secured PIK Notes due 2014 (the "***Initial Senior Secured***

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[9] A detailed description of the Debtors' business and the reasons for filing these chapter 11 cases is set forth in the Declaration of Jeffrey W. Epstein, Chief Executive Officer of TerreStar Networks Inc., in Support of First Day Pleadings (the "***First Day Declaration***"), which was filed contemporaneously with the Debtors' voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

[10] For a more detailed description of the Debtors' capital structure, please refer to the First Day Declaration, Article III.

Notes"). On February 7, 2008, TSN issued an additional $50 million aggregate principal amount of Senior Secured PIK Notes due 2014 (together with the Initial Senior Secured Notes, the "***15% Notes***").

9. The 15% Notes bore interest from the date of issuance at a rate of 15% per annum. Beginning August 15, 2007, and until and including February 15, 2011, interest on the Senior Secured Notes had been payable in additional 15% Notes on each February 15 and August 15 semi-annually. Since February 15, 2011, interest on the 15% Notes has been payable in cash (i.e. by the accrual of interest) on February 15 and August 15 semi-annually, starting August 15, 2011. Due to the failure to meet a milestone under the Indenture, interest is currently accruing at a rate of 15.5%.[11]

10. The 15% Notes are secured by a first priority security interest in the assets of TSN, TerreStar National Services Inc., TerreStar License Inc., TerreStar Networks (Canada) Inc., and TerreStar Networks Holdings (Canada) Inc., subject to certain exceptions, pursuant to various security agreements. As of the Petition Date, approximately $943.9 million of principal and accrued interest was outstanding on account of the 15% Notes.

11. In accordance with the Final DIP Order (defined below), the 15% Notes Trustee filed a Master Proof Of Claim on behalf of itself and the 15% Noteholders on December 9, 2010 [Claim No. 83] (the "***15% Notes Claim***"), pursuant to which the 15% Notes Trustee asserted a secured claim in the amount, as of December 9, 2010, of not less than $1,425,896,762.95 in

[11] This failure relates to the milestone requiring TSN to enter into a multi-year service contract with the United States Government.

principal, accrued interest and certain fees and charges.[12] *See* Claim Number 83, a copy of which is attached hereto as Exhibit C.[13]

12. As noted above (and discussed more fully below) the validity of the 15% Noteholders' lien on the proceeds of the Debtors' FCC licenses has been challenged by Sprint Nextel Corporation ("***Sprint***") and the Creditors' Committee.

b. PMCA

13. On February 5, 2008, TSN entered into a $100 million TerreStar-2 purchase money credit agreement (the "***PMCA***") among TSN, as the borrower, U.S. Bank, as collateral agent (the "***PMCA Agent***"), Harbinger Capital Partners and Harbinger Capital Management (collectively, "***Harbinger***")[14] and EchoStar Corporation ("***EchoStar***"), as original lenders (the "***PMCA Lenders***"). There are no guarantors under the PMCA. The PMCA is secured by a first lien on all of TSN's rights in the TerreStar-2 satellite, along with the raw materials, work-in-process, construction agreement, insurance, books and records and all proceeds related thereto. Amounts outstanding under the PMCA bear interest at a rate of 14% per annum. As of the Petition Date, approximately $85.9 million of principal and accrued interest was outstanding under the PMCA.

14. Pursuant to the Final DIP Order, on December 9, 2010, the PMCA Agent filed a Secured Master Proof of Claim on behalf of itself and the PMCA Lenders [Claim No. 85] (the "***PMCA Claim***"), pursuant to which the PMCA Agent asserted a secured claim against TSN to the extent of the value of its collateral under the PMCA. Further, the PMCA Agent and PMCA

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[12] As noted above, the enforceability of the "Make-Whole" Premium, which is included in the 15% Notes Claim, is not addressed in this motion, nor are the Debtors seeking to determine any entitlement to or pay the "Make-Whole" pursuant to this motion.

[13] For illustrative purposes, as of August 31, 2011, the Debtors estimate the amount owed on account of the 15% Notes as approximately $ 1,077.4 million, inclusive of all prepetition and postpetition interest.

[14] Since the Petition Date, Harbinger has sold all of its interests in the PMCA.

Lenders also asserted a secured claim for (i) any and all postpetition interest under the PMCA, (ii) fees and charges under the PMCA, (iii) postpetition fees and charges incurred by the PMCA Agent and PMCA Lenders and (iv) costs and expenses incurred postpetition, including attorney's fees in collecting any amounts due and owing to the PMCA Agent and PMCA Lenders. *See* Claim No. 85, a copy of which is attached hereto as Exhibit D. For illustrative purposes, the Debtors estimate the amount owing under the PMCA as $97 million as of August 31, 2011, which includes any amounts that the PMCA Agent will seek to reserve for fees, expenses, and other charges.

15. As of the date hereof, neither the amount nor the secured nature of the PMCA Claim has been challenged.

II. The Postpetition Debtor-In-Possession Financing Agreement

16. On the Petition Date, the Debtors entered into a $75 million junior secured debtor-in-possession financing facility (as amended from time to time, the "***DIP Financing Agreement***"), by and among TSN, as borrower, each of TSN's subsidiaries, as guarantors, EchoStar, as initial lender (the "***DIP Lender***") and The Bank of New York Mellon, as administrative and collateral Agent (the "***DIP Agent***"). The DIP Financing Agreement is secured by a first lien on all of the Debtors' assets, subject to the Carve-Out (as defined therein) and the liens of the Debtors' 15% Noteholders and PMCA Lenders.

17. The DIP Financing Agreement carries a 15% PIK interest rate and was issued with a 2% original issue discount. On November 18, 2010, the Court approved the DIP Financing Agreement on a final basis [Docket No. 181] (the "***Final DIP Order***").

18. On June 15, 2011, the Debtors filed the *Motion for Entry of an Order Authorizing the Debtors to Enter into the Eighth Amendment to Their Debtor-in-Possession Loan Agreement to (A) Increase the Amount of the Commitment Thereunder Until the Funding Date of the*

Proposed Sale Transaction and (B) Extend the Maturity Date [Docket No. 620] (the "***DIP Amendment Motion***"), which sought approval of the Debtors' incurrence of additional loans under the DIP Financing Agreement in the amount of up to $15 million and the extension of the DIP maturity date through and including September 30, 2011. The DIP Amendment Motion is scheduled to be heard by the Court on July 7, 2011. If the DIP Amendment Motion is granted, and for illustrative purposes, the amount outstanding under the DIP Financing Agreement as of August 31, 2011 will be approximately $88.8 million.

III. The Lien Litigation

19. On December 17, 2010, Sprint commenced an adversary proceeding against the 15% Notes Trustee. *See Sprint Nextel Corp. v. U.S. Bank Nat'l Ass'n.*, Adv. Pro. No. 10-05461 (SHL) (the "***Lien Litigation***"). On January 14, 2011, by stipulation, the Creditors' Committee (together with Sprint, the "***Plaintiffs***") intervened as a co-plaintiff in the Lien Litigation and on January 20, 2011, the Creditors' Committee filed their intervenor's complaint. The Plaintiffs are seeking a declaratory judgment that, among other things, (i) any purported lien on the FCC Licenses is invalid ("***Count I***"); (ii) any purported lien in the proceeds of the FCC Licenses which was granted to the 15% Noteholders during the prepetition period does not attach to the postpetition proceeds or value generated by the FCC Licenses ("***Count II***"); (iii) the "equities of the case" prevent any purported liens on the postpetition proceeds of the FCC Licenses from attaching to proceeds or value generated by the FCC Licenses ("***Count III***"); and (iv) as an alternative to the relief sought in Counts II and III, and only to the extent that the 15% Noteholders' prepetition liens attach to the postpetition proceeds generated by the FCC Licenses, that such liens are subordinate to the liens of Sprint ("***Count IV***"). The 15% Notes Trustee and the ad hoc group of certain 15% Noteholders (the "***Ad Hoc Group***" and, together with the 15%

Notes Trustee, the "***Defendants***"), which intervened as a co-defendant on January 11, 2011, dispute the foregoing allegations.

20. A schedule for the Lien Litigation was So Ordered by this Court on March 11, 2011 [Docket No. 42]. On March 11, 2011, summary judgment motions were filed by Sprint with regard to Counts I, II and IV [Docket Nos. 38, 39 and 40][15] and by the Creditors' Committee with regard to Counts I and II [Docket Nos. 43, 44 and 45]. On March 25, 2011, reply briefs and cross-motions for summary judgment were filed by the 15% Notes Trustee with regard to all four Counts [Docket Nos. 53, 54 and 55] and the Ad Hoc Group with regard to Counts I, II and IV [Docket Nos. 50, 51 and 52]. On April 21, 2011, the Court heard arguments with regard to Counts I and II; however, as of the date of this motion, no ruling has been rendered with regard to such Counts. As noted above, in the Debtors' Stalking Horse Motion and again, on the record at the Stalking Horse Hearing on June 21, 2011, the Debtors respectfully request that this Court render a decision in the near term on Counts I and II.

IV. The Debtors' Sale Process

21. On April 15, 2011, the Debtors filed a motion with the Bankruptcy Court seeking approval of bid and auction procedures for a sale of substantially all of the Debtors' assets (the "***Sale Motion***") [Docket No. 533].[16] On May 4, 2011, the Bankruptcy Court entered the *Order Pursuant to 11 U.S.C. §§105, 363, 364, 503 and 507 and Fed. R. Bankr. P. 2002, 4001, 6004, 6006, 9008, and 9014 Approving (a) Bid Procedures, (b) Notice of Sale, Auction, and Sale Hearing, and (c) Assumption Procedures and Related Notices* (the "***Bid Procedures Order***") [Docket No. 577].

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[15] All references to Docket numbers in this paragraph are to the adversary proceeding docket.

[16] Additional information regarding the Debtors' chapter 11 cases from the Petition Date through and including the date of filing of the Sale Motion can be found in the Sale Motion, which is incorporated by reference herein. *See* [Docket No. 533].

22. On June 7, 2011, the Debtors filed a notice extending each of the deadlines initially set in the Bid Procedures Order by one week. On June 14, 2011, the Debtors filed a motion with the Court seeking entry of an order (i) authorizing the Debtors to enter into the Purchase Agreement with the Purchaser and (ii) approving bid procedures and bid protections in connection therewith [Docket No. 617] (the "***Stalking Horse Motion***"). Also on June 14, 2011, the Debtors filed a second notice extending the sale process dates. On June 22, 2011, the Bankruptcy Court entered an order, among other things, approving the bid protections and the amended bid procedures [Docket No. 645] (the "***Stalking Horse Order***").

23. Pursuant to the Purchase Agreement, the Purchaser has agreed to pay, on the Funding Date, more than 97% of the Purchase Price after entry of the order approving the Sale (the "***Sale Order***"), subject only to receipt of competition and antitrust regulatory approvals and other customary conditions set forth in the Purchase Agreement, but specifically excluding FCC and Industry Canada approval.[17] In addition, the Debtors covenanted to seek approval of this important and value-enhancing motion. *See* Purchase Agreement §6.17(a).[18] Of course, regardless of whether the Debtors were required to file this motion, the Debtors strongly believe

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17 To the extent that the Purchaser is unable to receive FCC and Industry Canada approval, it will be entitled, subject to the terms and conditions of the Purchase Agreement, to require that the Debtors engage in a process to re-market and sell the assets, and the Purchaser will bear the entire risk (and reward) associated with that process. This third-party sale process will be entirely funded by the Purchaser and will not affect the Purchase Price (upwards or downwards).

18 Section 6.17(a) of the Purchase Agreement provides: "Sellers shall: (i) no later than two (2) Business Days after the Debtors determine, in consultation with the Creditors Committee that the Purchaser is the winning bidder at the auction, file with the Bankruptcy Court a motion, in form and substance reasonably acceptable to Purchaser, seeking authority to use the proceeds of the Funding Date Payment to repay in full, on the Funding Date or as soon as reasonably practicable thereafter, all of Sellers' outstanding secured indebtedness, including, without limitation, Sellers' outstanding obligations under (A) the DIP Financing Agreement, (B) the Senior Secured Notes, and (C) the Purchase Money Credit Agreement; and (ii) use their reasonable best efforts to obtain, no later than twenty-six (26) Business Days after filing the motion required by subclause (i) of this Section 6.17(a), entry of a Final Order of the Bankruptcy Court granting the Sellers authority to make the payments set forth in subclause (i) of this Section 6.17(a)."

that the relief requested herein is in the best interests of their estates and may be the single most important factor that determines whether their general unsecured creditors will receive a meaningful recovery.

Relief Requested

24. By this motion, the Debtors seek entry of an order pursuant to sections 105 and 363 of the Bankruptcy Code, authorizing the Debtors to use the Funding Date Payment to retire the Secured Obligations in full on or as soon as reasonably practicable after the Funding Date. Repayment of the Secured Obligations is critical to maximize value for the Debtors' estates and recoveries for their creditors by allowing the Debtors to stop the interest accrual that otherwise decreases value available to the Debtors' unsecured creditors each month that the Debtors remain in chapter 11. Accordingly, and for the reasons set forth below, the Debtors submit that repayment of the Secured Obligations is a prudent exercise of their business judgment and is appropriate under both sections 363 and 105 of the Bankruptcy Code.

25. The Debtors acknowledge that the Lien Litigation is still pending. Should this Court determine that repayment of the 15% Notes Obligations in full is not appropriate at this time, the Debtors request, in the alternative, entry of an order seeking to repay any and all amounts outstanding under the Indenture which may be repaid without affecting the Lien Litigation. Assuming, for illustrative purposes, a repayment date of August 31, 2011, this amount would equal $840 million,[19] which consists of (x) approximately $158 million, or the value attributable to the portion of the 15% Notes Obligations, which secured status has not been disputed and (y) approximately $722 million, the amount that the 15% Noteholders would otherwise receive under a chapter 11 plan if they shared pari passu with all general unsecured

[19] This amount is supported by the allocation analysis performed by Blackstone Advisory L.P., the Debtors' Financial Advisors, which forms the basis of Exhibit B.

creditors on the unsecured portion of their claim—i.e. the amount the 15% Noteholders would receive if they did not prevail in their defense of the Lien Litigation, minus an approximately 5% reduction to ensure that there is no prejudice to the Lien Litigation. [20]

Supporting Authority

I. Repayment of the Secured Obligations in Full on the Funding Date is in the Best Interests of the Debtors' Estates and Creditors

26. Section 363(b)(1) of the Bankruptcy Code provides that the Debtors "after notice and a hearing, may use . . . other than in the ordinary course of business, property of the estate," and provides the authority necessary for the proposed repayment because "section 363 . . . governs the use of funds by the debtor in possession while it operates its business after the bankruptcy petition is filed." *See In re Bethlehem Steel Corp.*, No. 02 Civ. 2854(MBM), 2003 WL 21738964, at *10 (S.D.N.Y. July 28, 2003); 11 U.S.C. §363(b)(1); 11 U.S.C. § 363(b); *see also Law Debenture Trust Co. of N.Y. v. Calpine Corp. (In re Calpine Corp.)*, 356 B.R. 585, 597 (S.D.N.Y. 2007) (finding that repayment to secured lenders, which relieved the estate of unnecessary interest expense, was an appropriate use of cash under section 363); *Aurelius Capital Master LTD, et al. v. TOUSA, Inc. et al.(In re TOUSA, Inc.)*, 2009 U.S. Dist. LEXIS 12735 (S.D.Fla. February 6, 2009) (approving the repayment of $175 million on account of first lien secured claims); *In re VeraSun Energy Corporation, et al.*, Case No. 08-12606 (Bankr. D.Del. April 8, 2009) (approving and directing repayment at the non-default rate); *In re PetroRig I PTE Ltd., et al.*, Case No. 09-13083 (JMP) (Bankr. S.D.N.Y. April 1, 2010). Section 105(a) of the Bankruptcy Code provides the Court the power and authority to carry out the provisions of

[20] The calculations set forth in this motion and on Exhibit B are being used for purposes of this motion and the Debtors understand that all parties reserve their rights with regard to the calculations set forth in the motion or on Exhibit B (including any and all analysis, and value allocations that support this motion or Exhibit B).

section 363(b). *See In re Calpine Corp.*, 356 B.R. at 594 (*citing Official Comm. of Unsecured Creditors of Enron Corp. v. Enron Corp. (In re Enron Corp.)*, 335 B.R. 22, 27 (S.D.N.Y. 2005).

27. Further, this Circuit has "adopted a rule that 'requires a judge determining a section 363(b) application [to] expressly find from the evidence presented before him at the hearing a good business reason to grant such application." *The Official Comm. of Unsecured Creditors of LTV Aerospace and Def. Co. v. LTV Corp. (In re Chateaugay Corp.)*, 973 F.2d 141, 143 (2d Cir. 1992) (finding that section 363(b) was applicable because sound business judgment supported the sale of assets). In approving a transaction conducted pursuant to section 363(b)(1) of the Bankruptcy Code, courts consider whether the debtor exercised sound business judgment in making its determination as to the transaction. *See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.),* 722 F.2d 1063, 1072 (2d Cir. 1983) (holding that the application of section 363(b) must be supported by "some articulated business justification, other than appeasement of major creditors" and that "a judge determining a § 363(b) application [must] expressly find from the evidence presented before him at the hearing a good business reason to grant such an application"); *In re Global Crossing Ltd.,* 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003) (*citing Lionel Corp.*, 722 F.2d at 1071) (emphasizing the business judgment standard).

28. To determine whether the business judgment test is met, "the court 'is required to examine whether a reasonable business person would make a similar decision under similar circumstances.'" *In re Dura Auto. Sys. Inc.*, No. 06-11202, 2007 Bankr. LEXIS 2764, at *272 (Bankr. D. Del. Aug. 15, 2007) (quoting *In re Exide Techs., Inc.*, 340 B.R. 222, 239 (Bankr. D. Del. 2006)). Once a debtor articulates a valid business justification, it is presumed that "in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company." *In re*

Integrated Resources, Inc., 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)). The business judgment rule therefore shields a debtor's management from judicial second-guessing, and mandates that a court approve a debtor's business decision unless that decision is a product of bad faith or gross abuse of discretion. *See Id.*; *see also Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc.*, 756 F.2d 1043, 1047 (4th Cir. 1985), *cert. denied*, 475 U.S. 1057 (1986).

29. The relief requested in this motion is **not extraordinary**: courts in this District and others have routinely granted motions seeking relief of the type requested in this motion, *especially when the paydown of secured debt maximizes value for the debtor's estate by minimizing significant interest accrual. See In re Calpine Corp.*, 356 B.R. at 597 (affirming the Bankruptcy Court's approval of the debtors' repayment motion, pursuant to which the debtors sought to use asset-sale proceeds to repay secured lenders, because it was "'highly appropriate' and 'in the best interest of the estate' for Debtors to stop 'hemorrhaging' cash and repay the outstanding principal of the Notes'") (*citing* Transcript of 6/21/06 Bench Ruling of Judge Lifland at 82-86, *In re Calpine Corp., et al.*, Case No. 05-60200 (BRL)), (Bankr. S.D.N.Y. June 21, 2006); *In re PetroRig I PTE Ltd., et al.*, Case No. 09-13083 (JMP) (Bankr. S.D.N.Y. April 1, 2010) (approving repayment of senior secured notes because such a pay down would allow the debtors to minimize, if not avoid, additional interest accruals, which would ultimately reduce the pool of resources available to unsecured creditors); *In re TOUSA, Inc.*, 2009 U.S. Dist. LEXIS 12735 (S.D. Fla. February 6, 2009) (approving the repayment of $175 million on account of first lien secured claims because doing so would "immediately minimize the Debtors' interest carrying cost, resulting in a savings of at least $1.3 million per month"); *In re VeraSun Energy Corporation, et al.*, Case No. 08-12606 (Bankr. D.Del. April 8, 2009) (approving and directing

repayment of senior secured note claims at the non-default rate because such a pay down would allow the Debtors to minimize, if not avoid, additional interest accrual).

30. The Debtors, in their business judgment, believe that payment of the Secured Obligations is appropriate because holders of the Secured Obligations are entitled to recover the value of their collateral first before any unsecured creditors can receive a distribution in these cases. *See* 11 U.S.C. §1129(b)(2)(B)(ii). The fact that the Debtors have entered into the Purchase Agreement providing for the sale of substantially all of their assets has not done anything to upset this priority scheme.[21]

31. As such, permitting the Debtors to retire the Secured Obligations on the Funding Date will not jeopardize or harm recoveries to the Debtors' other creditors. In fact, as discussed above, retiring the Secured Obligations as quickly as possible is the ***best, and potentially the only, means*** to secure recoveries for unsecured creditors by eliminating the significant interest accrual of the Secured Obligations—a concept that courts in other cases, with similar facts, have clearly acknowledged.

32. Moreover, as this Court and all parties in interest are aware, the Debtors' business generates substantially no revenue. As such, the only source of funds for distribution in these chapter 11 cases is the Purchase Price. Every dollar expended to pay interest on the Secured Obligations diminishes the funds available to pay unsecured claims. Accordingly, the best means

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[21] *See* proposed Sale Order at ¶13, which provides that all of the Debtors' interests of any kind or nature whatsoever in the assets before the sale will, on the Funding Date and concurrently with the Funding, "attach to the Purchase Price with the same force, effect, validity, enforceability and priority as such Encumbrances had attached to the Acquired Assets as of the Funding Date." [Docket No. 617]. *See also* the Bid Procedures, pursuant to which "all of the Debtors' right, title and interest in and to the Assets shall be sold free and clear of all liens, claims, interests…to the fullest extent available under Bankruptcy Code section 363 with such Interests, if any, attaching to the net proceeds of the sale of the Assets in the same order, validity and priority as existed at the commencement of the bankruptcy cases…" [Docket No. 645]. In light of the above, the Debtors acknowledge that to the extent the 15% Notes are not repaid in full pursuant to this motion, the 15% Noteholders will continue to have a lien on the cash collateral in the same manner that they do under the Final DIP Order.

to preserve as much of the Purchase Price as possible for the Debtors' other creditors is to limit the amount of postpetition interest that continues to accrue on the Secured Obligations. To do so, the Debtors must repay in full or, at a minimum, substantially reduce the amount of the outstanding Secured Obligations as of the Funding Date, as opposed to on the effective date of a plan, which could take as long as 60-120 days after the Funding Date.

33. Despite the numerous reasons set forth above as to why repayment in full of the Secured Obligations is in the best interests of all creditors, the Debtors are mindful of the fact that the Lien Litigation is currently pending. The Debtors are hopeful that this Court will rule on Counts I and II of the Lien Litigation in the near term. If a decision on those Counts is made in favor of the 15% Noteholders, the Debtors believe that the likelihood of success for the Plaintiffs in the Lien Litigation will be substantially diminished, and appealing any such decision will only further mire the estate in time-consuming and meritless litigation. Nevertheless, although the Debtors believe that both the Plaintiffs to the Lien Litigation—and the entire estate for that matter—would benefit in the form of savings to the estate if this Court approved a full paydown of the 15% Notes Obligations, the Debtors are seeking, in the alternative, a partial paydown of the 15% Notes Obligations to the extent of any and all amounts outstanding under the Indenture which may be repaid without affecting the Lien Litigation, the calculation of which is set forth in Exhibit B. The purpose of such alternative relief is clear—to the extent that the 15% Noteholders ultimately do prevail in the Lien Litigation, interest accrual will have stopped now, at the very least, on more than 80% of the total pre-petition principal of the 15% Notes. Although the partial paydown to the 15% Noteholders does not fully stop interest accrual, it still achieves a substantial benefit for the Debtors' estates and creditors in the form of more than $10 million per month in savings.

34. In sum, the Debtors are obligated to repay the holders of the Secured Obligations on account of their secured claims before any distributions can be made to the Debtors' other creditors. On the Funding Date, and due to the funding structure provided for in the Purchase Agreement, the Debtors anticipate that on or prior to September 30, 2011, they will have access to 97% of the proceeds of the Sale to the Purchaser. Such proceeds should be able to be used to benefit all creditors by stopping interest accrual of roughly $46 to $47 million of interest per quarter. As such, and for all of the reasons stated above, the Debtors, in their business judgment and with the support of the Creditors' Committee (provided that the relief granted by this Court does not interfere with the Lien Litigation), believe that repayment of the Secured Obligations on the Funding Date is an exercise of prudent business judgment and in the best interests of their estates and stakeholders.

Request for Waiver of Stay

35. The Debtors further seek a waiver of any stay of the effectiveness of the order approving this motion. Pursuant to Bankruptcy Rule 6004(h), "a[n] order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise." As set forth above, the repayment of the Secured Obligations is essential to preserve value for the Debtors' creditors. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent it applies.

Motion Practice

36. This motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this motion. Moreover, in addition to all entities otherwise entitled to receive notice, the Debtors have given notice of this motion to all entities believed to have or be claiming an interest in the

subject matter of the proposed order or who, it is believed, otherwise would be affected by the proposed order. Accordingly, the Debtors submit that this motion satisfies Rule 9013-1 of the Local Bankruptcy Rules for the Southern District of New York.

Notice

37. The Debtors have provided notice of this motion to: (a) the U.S. Trustee; (b) Otterbourg, Steindler, Houston & Rosen, P.C., as counsel to the Creditors' Committee; (c) Bank of New York Mellon as agent for the Debtors' postpetition debtor in possession financing; (d) Emmet, Marvin & Martin, LLP as counsel to the agent for the Debtors' postpetition debtor in possession financing; (e) U.S. Bank National Association as Collateral Agent for the Debtors' purchase money credit facility and Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and EchoStar as Lenders thereunder; (f) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. in their capacity as Lenders under the Debtors' purchase money credit facility; (g) Willkie Farr & Gallagher LLP as counsel to EchoStar in its capacity as Lender under the Debtors' purchase money credit facility and Initial Lender under the Debtors' postpetition debtor in possession financing, and the Purchaser; (h) U.S. Bank National Association as Indenture Trustee for the Debtors' 15% Senior Secured Notes and Kelley Drye & Warren LLP as counsel to the Indenture Trustee; (i) Deutsche Bank National Trust Company as Indenture Trustee for the Debtors' 6.5% Senior Exchangeable Notes and Foley & Lardner LLP as counsel to the Indenture Trustee; (j) Quinn Emanuel Urquhart & Sullivan, LLP as counsel to certain holders of the Debtors' 6.5% Senior Exchangeable Notes; (k) the Internal Revenue Service; (l) the Securities and Exchange Commission; (m) the United States Attorney for the Southern District of New York; (n) the Federal Communications Commission; (o) Kirkland & Ellis LLP, as counsel to the Ad Hoc Group; (p) K&L Gates, as counsel to Sprint;

(q) Industry Canada; (r) Sullivan & Cromwell LLP, as counsel to DISH Network Corporation; and (s) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court (a) enter an order, substantially in the form annexed hereto as Exhibit A, authorizing the relief requested herein and (b) grant such other and further relief as may be appropriate.

New York, New York
Dated: July 5, 2011

/s/ Ira S. Dizengoff

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Ira S. Dizengoff
Arik Preis
Ashleigh L. Blaylock

Counsel to the Debtors and Debtors in Possession

Exhibit C

First Paydown Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
TERRESTAR NETWORKS INC., *et al.*,[1]	)	Case No. 10-15446 (SHL)
Debtors.	)	Jointly Administered

ORDER GRANTING DEBTORS' MOTION FOR ENTRY OF AN ORDER UNDER 11 U.S.C. §§ 105 AND 363 AUTHORIZING THE DEBTORS TO REPAY EXISTING SECURED CLAIMS

Upon the motion (the "***Motion***") of the above-captioned debtors and debtors in possession (collectively, the "***Debtors***") for entry of an order (this "***Order***") pursuant to sections 363 and 105(a) of title 11 of the United States Code (the "***Bankruptcy Code***") authorizing the Debtors to repay the amounts due and outstanding in full under the (i) PMCA,[2] (ii) the DIP Financing Agreement[3] and (iii) the Indenture[4]; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to

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1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: TerreStar Networks Inc. (3931), TerreStar License Inc. (6537), TerreStar National Services Inc. (6319), TerreStar Networks Holdings (Canada) Inc. (1337), TerreStar Networks (Canada) Inc. (8766); and 0887729 B.C. Ltd. (1345).

2 The PMCA means the $100 million TerreStar-2 purchase money credit agreement (the "***PMCA***", a copy of which is attached hereto as Exhibit A) entered into on February 5, 2008, by and among TerreStar Networks Inc. ("***TSN***"), as the borrower, U.S. Bank National Association ("***U.S. Bank***"), as collateral agent (the "***PMCA Agent***"), Harbinger Capital Partners and Harbinger Capital Management and EchoStar Corporation ("***EchoStar***"), as original lenders.

3 The DIP Financing Agreement means the $75 million junior secured debtor-in-possession financing facility entered into on the Petition Date (as amended from time to time, the "***DIP Financing Agreement***"), by and among TSN, as borrower, each of TSN's subsidiaries, as guarantors, EchoStar, as initial lender (the "***DIP Lender***") and The Bank of New York Mellon, as administrative and collateral Agent (the "***DIP Agent***").

4 The Indenture means the Indenture entered into on February 14, 2007, by and among TSN, as issuer, and U.S. Bank, as trustee (the "***15% Notes Trustee***"), pursuant to which TSN issued $500 million aggregate principal amount of Senior Secured PIK Notes due 2014 (the "***Initial Senior Secured Notes***"). On February 7, 2008, TSN issued an additional $50 million aggregate principal amount of Senior Secured PIK Notes due 2014 (together with the Initial Senior Secured Notes, the "***15% Notes***"). A copy of the Indenture is attached hereto as Exhibit B.

28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and proper notice of the Motion was provided; and it appearing that no other or further notice need be provided; and the Court having determined that there is just cause for the relief granted herein and that such relief is in the best interest of the Debtors, their estates and creditors and all other parties in interest; and it appearing that the Debtors engaged in extensive negotiations with various stakeholders including, without limitation, the 15% Notes Trustee and PMCA Agent (which Trustee and Agent initially opposed the premature, partial payment of the 15% Notes and PMCA on the terms set forth in the Motion until obtaining the protections and reservations of rights set forth in this Order) to resolve and avoid protracted litigation over the objections such parties raised to the relief requested in the Motion; and no objections having been made to the Motion, and no objections having been made to the Debtors' proposed order by the presentment deadline of 12:30 p.m. on August 3, 2011; and after due deliberation and sufficient cause appearing therefore, it is **HEREBY ORDERED** that:

1. The Motion is granted to the extent set forth herein.

2. The Debtors are hereby authorized and directed to remit to the 15% Notes Trustee, on the Funding Date[5] or as soon as reasonably practicable thereafter (the "***15% Paydown Date***"), for distribution on account of principal plus accrued and unpaid interest as of the Petition Date, the sum of $800 million (the "***15% Partial Paydown Amount***"). The 15% Partial Paydown Amount represents the undisputed minimum recovery the 15% Notes will receive in the Debtors' chapter 11 cases, and payment of the 15% Partial Paydown Amount to the

[5] The Funding Date means the date that shall occur on or before the date that is not later than the fifth Business Day following the satisfaction and/or waiver of all conditions to the Funding as set forth in Article VII (other than conditions which by their nature can be satisfied only at the Funding) of that certain purchase agreement (the "***Purchase Agreement***"), by and among the Debtors and Gamma Acquisition LLC, and, solely for the purposes of Section 6.19 of the Purchase Agreement, DISH Network Corporation, dated as of June 14, 2011.

15% Notes Trustee shall be irrevocable and shall not be subject to any claim, challenge or defense of any kind or nature whatsoever for disallowance, avoidance, disgorgement, setoff, recoupment, subordination, recharacterization, or other defeasance by the Debtors or by any other party, whether acting on behalf of the Debtors' estates or otherwise.

3. Payment of the 15% Partial Paydown Amount shall reduce the outstanding principal obligations due under the Indenture by the 15% Partial Paydown Amount. Interest shall continue to accrue to the extent permitted under the Indenture, the 15% Notes, and applicable law on the balance of obligations due under the Indenture (collectively, the "***Remaining 15% Notes Obligations***") after application of the 15% Partial Paydown Amount until the Remaining 15% Notes Obligations are satisfied in full. For the avoidance of doubt, payment of the 15% Partial Paydown Amount shall not relieve the Debtors of liability for any of the Remaining 15% Notes Obligations, if any, including, without limitation, remaining unpaid principal and prepetition and postpetition interest (including postpetition interest accrued on the full amount of the 15% Notes from the Petition Date through the 15% Paydown Date) due under the 15% Notes and the Indenture, and the Debtors' obligations, if any, in respect of the Applicable Premium (as defined in the Indenture), any other premium, including any make-whole premium, and any default rate interest, in each case, to the extent claims for such Remaining 15% Notes Obligations are allowed. All parties expressly reserve the right to seek payment of, or to object to payment of, the Remaining 15% Notes Obligations or any portion thereof, subject in all respects to those challenges that have already been commenced by motion, objection or adversary proceeding and the binding effect of all stipulations contained in paragraph 4 of the Final DIP Order (as defined below) for which the period for asserting a Claim or Defense (as defined in the Final DIP Order) has expired (or has otherwise not been extended

by the applicable parties) and no Claim or Defense has been asserted. The liens and security interests securing the 15% Notes shall remain in full force and effect to the same extent as they existed prior to the payment of the 15% Partial Paydown Amount and shall continue to secure the Remaining 15% Notes Obligations until the Remaining 15% Notes Obligations are either satisfied in full or are disallowed by a final and non-appealable order of the Court.

4. Any fees, reimbursable expenses, or other charges (collectively, the "***15% Noteholder Fees***") payable under the Indenture as of the 15% Paydown Date shall be paid by the Debtors in the ordinary course after submission of an invoice by the 15% Notes Trustee to the Debtors on the same terms and conditions as presently exist under the Final Order Under Sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(c)(3), 364(e) and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014: (I) Authorizing Debtors to Obtain Postpetition Financing; (II) Authorizing the Debtors to Use Cash Collateral; and (III) Granting Adequate Protection to Prepetition Secured Parties [Docket No. 181] (the "***Final DIP Order***", a copy of which is attached hereto as Exhibit C). From and after the 15% Paydown Date, as adequate protection for the Remaining 15% Notes Obligations, the Debtors shall continue to pay the 15% Noteholder Fees in the ordinary course after submission of an invoice by the 15% Notes Trustee to the Debtors pursuant to the same terms and conditions set forth in the Final DIP Order; provided, however, that nothing herein shall limit or impair (i) the 15% Notes Trustee's right to seek additional adequate protection or other rights or remedies which either the 15% Notes Trustee or any holders of the 15% Notes (the "***15% Noteholders***") may have as the holder of a secured claim under the Bankruptcy Code, the Indenture, the 15% Notes, the Collateral Documents (as defined in the Indenture) or applicable non-bankruptcy law, (ii) the 15% Notes Trustee's lien or other priority in payment to which it is entitled, pursuant to the Indenture or

otherwise, against distributions to be made to the 15% Noteholders for payment of the 15% Noteholder Fees, or (iii) any party's right to object to the 15% Notes Trustee's (or any 15% Noteholder's) seeking of additional adequate protection or other rights or remedies which it or any 15% Noteholder believes it may have as the purported holder of a secured claim under the Bankruptcy Code, the Indenture, the 15% Notes, the Collateral Documents (as defined in the Indenture) or applicable non-bankruptcy law.

5. The Debtors are hereby authorized and directed to remit to the current lenders under the PMCA, on the Funding Date or as soon as reasonably practicable thereafter (the "***PMCA Paydown Date***"), for distribution in accordance with the PMCA (as modified by the facts that (a) the PMCA Paydown Amount shall not be applied to any loans which are the subject of the UCC PMCA Litigation and (b) the PMCA Paydown Amount shall not be applied to or distributed on account of any PMCA Default Interest), the sum of $91.392 million (the "***PMCA Partial Paydown Amount***"). The PMCA Partial Paydown Amount represents the undisputed minimum recovery the lenders under the PMCA (the "***PMCA Lenders***")[6] will receive in the Debtors' chapter 11 cases, and payment of the PMCA Partial Paydown Amount to the current PMCA Lenders shall be irrevocable and shall not be subject to any claim, challenge or defense of any kind or nature whatsoever for disallowance, avoidance, disgorgement, setoff, recoupment, subordination, recharacterization, or other defeasance by the Debtors or by any other party, whether acting on behalf of the Debtors' estates or otherwise; provided, however, that subject to any prior orders of this Court to the contrary, including, without limitation, the Order (A) Approving Asset Purchase Agreement and Authorizing the Sale of Assets of Debtor Outside the Ordinary Course of Business; (B) Authorizing the Sale of Assets Free and Clear of All Liens,

[6] The term "PMCA Lenders" as used herein shall, unless otherwise noted, include any present or former lenders under the PMCA.

Claims, Interests and Encumbrances; (C) Authorizing the Assumption and Sale and Assignment of Certain Executory Contracts and Unexpired Leases; and (D) Granting Related Relief [Docket No. 668], nothing herein shall affect the rights of any PMCA Lender to assert a claim against any other PMCA Lender whether under the PMCA or otherwise.

6. Payment of the PMCA Paydown Amount shall reduce the outstanding obligations due under the PMCA by the PMCA Paydown Amount. Interest shall continue to accrue to the extent permitted under the PMCA and applicable law on the balance of obligations due under the PMCA (collectively, the "***Remaining PMCA Obligations***") after application of the PMCA Partial Paydown Amount until the Remaining PMCA Obligations are satisfied in full. For the avoidance of doubt, payment of the PMCA Partial Paydown Amount shall not relieve the Debtors of liability for any Remaining PMCA Obligations under the PMCA, including, without limitation, the Debtors' obligations, if any, in respect of any applicable prepayment penalties or premiums or default interest (such default interest, if any, the *"**PMCA Default Interest**"*) accrued on the PMCA Obligations, to the extent claims for such Remaining PMCA Obligations are allowed.

7. The consideration of the entitlement of the current PMCA Lenders to the PMCA Default Interest shall proceed (subject to the Court's availability), on the following litigation schedule:

(a) All interested parties shall file with the Court no later than 4:00 P.M. (prevailing Eastern Time) on the date that is ten (10) days after entry of this Order (the *"**PMCA Default Interest Brief Deadline**"*) a brief not to exceed 15 pages in length addressing the PMCA Lender's entitlement (or lack thereof) to PMCA Default Interest.

(b) All interested parties that filed a brief by the PMCA Default Interest Brief Deadline shall, to the extent they desire to do so, file with the Court no later than 4:00 P.M. (prevailing Eastern Time) on the date this is fourteen (14) days after the PMCA Default Interest Brief Deadline a reply brief not to exceed 10 pages in length.

(c) This Court shall conduct a hearing on the dispute regarding the PMCA Lenders' entitlement to PMCA Default Interest on September 19, 2011 or as soon thereafter as the Court's schedule permits.

8. Notwithstanding the foregoing provisions relating to the PMCA Default Interest, all parties expressly reserve the right to seek payment of, or to object to payment of, the Remaining PMCA Obligations or any portion thereof (other than the PMCA Default Interest), at any time. Determination of disputed issues concerning the Remaining PMCA Obligations, or any portion thereof, shall remain subject in all respects to those challenges that have already been commenced by motion, objection, or adversary proceeding and the binding effect of all stipulations contained in paragraph 4 of the Final DIP Order for which the period for asserting a Claim or Defense (as defined in the Final DIP Order) has expired (or has otherwise not been extended by the applicable parties) and no Claim or Defense has been asserted. The liens and security interests securing the PMCA Obligations shall remain in full force and effect to the same extent as they existed prior to the payment of the PMCA Paydown Amount and shall continue to secure the Remaining PMCA Obligations until the Remaining PMCA Obligations are either satisfied in full or are disallowed by a final and non-appealable order of the Court.

9. Any fees, reimbursable expenses, or other charges (collectively, the "***PMCA Fees***") payable under the PMCA as of the PMCA Paydown Date shall be paid by the Debtors in

the ordinary course after submission of invoices (which, for the avoidance of doubt, may be submitted at any time prior to entry of this Order) by the PMCA Agent (on behalf of the PMCA Agent) or any current PMCA Lender (on behalf of any current PMCA Lender), as the case may be, to the Debtors. The PMCA Fees shall be paid to the PMCA Agent or a current PMCA Lender, as the case may be, according to the procedures, terms and conditions set forth in the Final DIP Order as the Final DIP Order relates to payment of fees and expenses of the Prepetition Agent (as defined in the Final DIP Order). From and after the PMCA Paydown Date, as adequate protection for the Remaining PMCA Obligations, the Debtors shall continue to pay the PMCA Fees in the ordinary course after submission of an invoice by the PMCA Agent or any current PMCA Lender, as the case may be, to the Debtors pursuant to the same terms and conditions set forth in the Final DIP Order; provided, however, that nothing herein shall limit or impair (i) the PMCA Agent's right, or the right of any current PMCA Lender, to seek additional adequate protection or other rights or remedies which the PMCA Agent or any current PMCA Lender may have as the holder of a secured claim under the Bankruptcy Code or the PMCA and the Loan Documents (as defined in the PMCA) or applicable non-bankruptcy law, (ii) the PMCA Agent's lien or other priority in payment to which it is entitled pursuant to the PMCA or otherwise, against distributions or payments to be made to the current PMCA Lenders for payment of the PMCA Fees, or (iii) any party's right to object to the PMCA Agent's (or any current PMCA Lender's) seeking of additional adequate protection or other rights or remedies which it or any current PMCA Lender believes it may have as the purported holder of a secured claim under the Bankruptcy Code or the PMCA and the Loan Documents (as defined in the PMCA) or applicable non-bankruptcy law.

10. Nothing in this Order shall in any way prejudice any claims, rights, or remedies any PMCA Lender may have under the PMCA, including, but not limited to, any claims, rights or remedies under Section 10.03 or Section 10.06 of the PMCA, and nothing in this Order shall in any way prejudice the right of any party to object to any purported claims, rights, or remedies any PMCA Lender may have under the PMCA, including, but not limited to, any claims, rights or remedies under Section 10.03 or Section 10.06 of the PMCA.

11. The Debtors shall remit to the DIP Agent, on the Funding Date or as soon as reasonably practicable thereafter (the "***DIP Paydown Date***"), for distribution in accordance with the DIP Financing Agreement, the aggregate amount (the "***DIP Paydown Amount***") of the Debtors' outstanding obligations under the DIP Financing Agreement as of the DIP Paydown Date. Payment shall be in full and final satisfaction of all of the Debtors' outstanding obligations under the DIP Financing Agreement, through the DIP Paydown Date, provided, however, that any fees, reimbursable expenses, or other charges (collectively, the "***DIP Agent Fees***") payable under the DIP Financing Agreement as of the DIP Paydown Date shall be paid by the Debtors in the ordinary course after submission of an invoice by the DIP Agent to the Debtors (with a copy to counsel for the Creditors' Committee) on the same terms and conditions as presently exist under the Final DIP Order.

12. The Debtors shall pay the 15% Partial Paydown Amount to the Paying Agent (as defined in the Indenture) or, if no such Paying Agent has been appointed, to the 15% Notes Trustee acting as Paying Agent, on or as soon as practicable after the Funding Date. Upon receiving the 15% Partial Paydown Amount, the 15% Notes Trustee shall distribute the 15% Partial Paydown Amount to the holders of the Notes in accordance with Section 6.10 of the Indenture and paragraph 3 of this Order; provided, however, that no payments shall be made on

account of post-petition interest. The record date for such distribution shall be August 9, 2011. The Debtors shall provide the 15% Notes Trustee such information as reasonably requested to enable the 15% Notes Trustee to prepare and comply with the notice requirements set forth in Section 6.10 of the Indenture.

13. The Debtors shall pay the PMCA Paydown Amount and the DIP Paydown Amount to the current PMCA Lenders and DIP Agent (as applicable) on or as soon as reasonably practicable after the Funding Date. The PMCA Paydown Amount shall be distributed to the current PMCA Lenders in accordance with the terms of the PMCA as modified by the facts that (a) the PMCA Paydown Amount shall not be applied to any loans which are the subject of the UCC PMCA Litigation and (b) the PMCA Paydown Amount shall not be applied to or distributed on account of any PMCA Default Interest. The DIP Paydown Amount shall be distributed to the DIP Lender in accordance with the terms of the DIP Financing Agreement.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion, and shall not be required to execute or file releases, termination statements, assignments, consents, or approvals, other than as may be expressly provided for in the Purchase Agreement, in order to effectuate the relief granted pursuant to this Order.

15. The provisions of this Order shall be binding and inure to the benefit of the Debtors, the Debtors' estates, the 15% Notes Trustee, the 15% Noteholders, the PMCA Agent, the PMCA Lenders, the DIP Agent, the lenders under the DIP Financing Agreement, and their respective successors and assigns (including any chapter 7 or chapter 11 trustee or other fiduciary hereafter appointed or elected as a legal representative of any of the Debtors or with respect to the property of any of the Debtors' estates).

16. This Order is hereby deemed effective immediately pursuant to Federal Bankruptcy Rules of Procedure 6004(h).

17. By entering this Order, the Court shall not be deemed to have adopted any allocations, assumptions, estimates, projections, or valuations relating to the Motion except for the limited purpose of determining the merits of the Motion, and any such allocations, assumptions, estimates, projections, or valuations shall not be binding upon, or deemed an admission by, any party in interest for any other purpose.

18. Pending the Court's availability, the Court shall hold a status hearing on or about September 19, 2011 with respect to the implementation of this Order, the status of resolution of claims under the Indenture and the PMCA, and the feasibility of making additional payments to further reduce any interest accruals under the Indenture or the PMCA.

19. For the avoidance of doubt, nothing in this Order shall constitute a determination or other ruling or decision with regard to the right of the 15% Noteholders to obtain post-petition interest on account of their 15% Notes.

20. Nothing in this Order shall prejudice the rights of the Debtors or any other party in interest to seek authority from this Court to pay down additional amounts under the Indenture or the PMCA, nor shall anything in this Order limit or impair the right of any party to object to any such request to pay down additional amounts under the Indenture or the PMCA.

21. In the event of any inconsistency between the terms of this Order and the Indenture, the 15% Notes, or the PMCA, the terms of this Order shall govern.

22. The Court shall have jurisdiction with respect to all matters arising from or related to the implementation of this Order and any disputes arising from (i) the distribution of the 15% Partial Paydown Amount to the 15% Noteholders, (ii) the distribution of the PMCA Partial

Paydown Amount to the current PMCA Lenders, and (iii) the distribution of DIP Paydown Amount to the DIP Agent. The acceptance of any such distribution by any party shall constitute consent by such party to the jurisdiction of the Court to hear and determine any such dispute or cause of action.

New York, New York
Date: **August 3, 2011**

/s/ Sean H. Lane
Honorable Sean H. Lane
United States Bankruptcy Judge

Exhibit D

Appendix of Unpublished Cases

Exhibit D-1

In re Calpine Corp. [Docket No. 1542]

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	
	)	Chapter 11
Calpine Corporation, et al.,	)	
	)	Case No. 05-60200 (BRL)
Debtors.	)	Jointly Administered

ORDER AUTHORIZING REPAYMENT OF PRINCIPAL OF FIRST LIEN DEBT

Upon the motion (the "Motion")[1] of the above-captioned debtors (collectively, the "Debtors") for entry of an order authorizing them to repay up to $646.11 million of principal of their First Lien Debt; it appearing that the relief requested is in the best interest of the Debtors' estates, their creditors and other parties in interest; it appearing that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); it appearing that venue of this proceeding and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; notice of this Motion and the opportunity for a hearing on this Motion were appropriate under the particular circumstances and that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED

1. The Debtors are authorized to repay up to $646.11 million of principal of their First Lien Debt.

2. All parties in interest affected by the Debtors' principal repayment authorized herein shall retain all rights to assert any valid claims or defenses in response.

---

[1] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

3. The Court denies, without prejudice, the request set forth in paragraph 69 of the Objection of Law Debenture Trust Company of New York, Solely in its Capacity as First Lien Trustee, to the Debtors' Motion for Order Authorizing Repayment of Principal of First Lien Debt (Docket No. 1485).

4. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

5. The terms and conditions of this Order shall be effective and enforceable immediately upon its entry.

6. The requirement set forth in Rule 9013-1(b) of the Local Bankruptcy Rules for the Southern District of New York that any motion or other request for relief be accompanied by a memorandum of law is hereby deemed satisfied by the contents of the Application.

7. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: May 10, 2006

/S/ Burton R. Lifland

Honorable Burton R. Lifland
United States Bankruptcy Judge

Exhibit D-2

In re PetroRig I Pte Ltd [Docket No. 357]

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
PETRORIG I PTE LTD, et al.,	:	Case No. 09-13083 (JMP)
Debtors.	:	(Jointly Administered)

ORDER AUTHORIZING REPAYMENT OF CERTAIN SECURED CLAIMS

Upon the motion of PetroRig I Pte Ltd ("PetroRig I") and its affiliated debtors, PetroRig II Pte Ltd ("PetroRig II") and PetroRig III Pte Ltd ("PetroRig III" collectively, the "Debtors"), (i) authorizing PetroRig I and PetroRig II (collectively, "PRI & PRII") to repay $210,161,456.27 on account of the 9.75% Bonds[1] and (ii) authorizing PetroRig III to repay $243,596,267.13 on account of the FRN Bonds (the "Motion"); and the Court having considered the Motion; and upon all of the pleadings filed with the Court and all of the proceedings held before the Court related to the Motion; and after due deliberation and consideration and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED:

1. The Debtors shall remit to the 9.75% Trustee, for distribution in accordance with the 9.75% Loan Documents,[2] the sum of $210,161,456.27, plus any interest accruing at 9.75% per annum between March 15, 2010 and the payment date (the "9.75% Paydown Amount").

---

[1] All terms capitalized but not defined herein shall have the meaning ascribed to them in the Motion.

[2] Consistent with the Cash Collateral Order, because the Challenge Period has expired other than with respect to the Remaining Claims, the escrow and certification requirements that otherwise would be applicable are no longer in effect, and the 9.75% Trustee is authorized to apply the Paydown Amount in a manner consistent with the governing loan and security agreements.

2. Payment of all or a portion of the 9.75% Paydown by any particular Debtor shall be without prejudice to any inter-Debtor rights of, *inter alia*, allocation, subrogation, reimbursement, or contribution that may arise as a result of such payment or any subsequent substantive consolidation of the Debtors' estates.

3. Payment shall be in full and final satisfaction of all principal and non-default interest on the 9.75% Claims through the date of the 9.75% Paydown, *provided, however,* that with respect to any fees, reimbursable expenses, or other charges (collectively, "Fees") payable under the 9.75% Bonds and the 9.75% Loan Agreement as of the date of the 9.75% Paydown shall be paid by the Debtors in the ordinary course after submission of an invoice by the 9.75% Trustee to the Debtors (with a copy to counsel for the Committee) on no fewer than ten business days notice. If the Committee or the Debtors file an objection to the payment of all or any portion of the Fees, then the Debtors shall not pay the portion of the Fees subject to such objection without the consent of the Committee and the Debtors or further Order of the Court, and the Debtors, the Committee, or the 9.75% Trustee may schedule a hearing on expedited notice (subject to the Court's calendar), for consideration of the objection. If no objection is filed within ten business days after receipt of each invoice, then the Debtors shall promptly pay full amount of the Fees attributable to such invoice.

4. The FRN Lenders and the FRN Trustee are hereby authorized, and the automatic stay provisions of section 362 of the Bankruptcy Code are hereby vacated and modified to the extent necessary to permit the FRN Lenders and the FRN Trustee to take whatever actions are necessary to withdraw the $22.5 million balance of the FRN Escrow toward satisfaction of the FRN Claims.

5. The Debtors shall remit to the FRN Trustee, for distribution in accordance with the FRN Loan Documents, the sum of $243,596,267.13, plus any interest accruing at 8.11% per annum between March 15, 2010 and the payment date.

6. Payment shall be in full and final satisfaction of all principal and non-default interest on the FRN Claims through the date of the FRN Paydown, *provided, however,* that with respect to any Fees payable under the FRN Bonds and the FRN Loan Agreement as of the date of the FRN Paydown shall be paid by the Debtors in the ordinary course after submission of an invoice to the Debtors (with a copy to counsel for the Committee) on no fewer than ten business days notice. If the Committee or the Debtors file an objection to the payment of all or any portion of the Fees within this period, then the Debtors shall not pay the portion of the Fees subject to such objection without the consent of the Committee and the Debtors or further Order of the Court, and the Debtors, the Committee, or the FRN Trustee may schedule a hearing on expedited notice (subject to the Court's calendar), for consideration of the objection. If no objection is filed within ten business days after receipt of each invoice, then the Debtors shall promptly pay full amount of the Fees attributable to such invoice.

7. Nothing herein or in any prior Order of this Court shall limit or restrict the ability of the 9.75% Lenders and the FRN Lenders from seeking allowance and payment on the 9.75% Remaining Claim and the FRN Remaining Claim, or of the Committee to contest or object to such claims.

8. This Order is hereby deemed effective immediately pursuant to Federal Bankruptcy Rules of Procedure §6004(h).

Dated: New York, New York
April 1, 2010

s/ James M. Peck
UNITED STATES BANKRUPTCY JUDGE

Exhibit D-3

In re Verasun Energy Corp. [Docket No. 1058]

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Case No. 08-12606 (BLS)
VERASUN ENERGY CORPORATION, et al.,	*Chapter 11*
Debtors.[1]	Jointly Administered
	Related Docket No.: 1008

ORDER UNDER 11 U.S.C. §§ 105(a) AND 363(b) AUTHORIZING THE DEBTORS TO PAY CERTAIN SECURED CLAIMS IN FULL

Upon the motion (the "Motion"),[2] of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), for Entry of an Order Under Sections 105(a) and 363(b) of Title 11 of the United States Code (the "Bankruptcy Code") Authorizing the Debtors to Pay Certain Secured Claims in Full; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

[1] The Debtors consist of: VeraSun Energy Corporation (EIN: 20-3430241); ASA OpCo Holdings, LLC (EIN: 68-0609122); US BioEnergy Corporation (EIN: 20-1811472); VeraSun Albert City, LLC (EIN: (20-2264707); VeraSun Albion, LLC (EIN: 55-0907221); VeraSun Aurora Corporation (EIN: 46-0462174); VeraSun BioDiesel, LLC (EIN: 20-3790860); VeraSun Bloomingburg, LLC (EIN: 55-0907224); VeraSun Central City, LLC (EIN: (55-0816855); VeraSun Charles City, LLC (EIN: 20-3735184); VeraSun Dyersville, LLC (26-3594945); VeraSun Fort Dodge, LLC (EIN: 42-1630527); VeraSun Granite City, LLC (EIN: 20-5909621); VeraSun Hankinson, LLC (20-2852457); VeraSun Hartley, LLC (EIN: 20-5381200); VeraSun Janesville, LLC (EIN: 20-4420290); VeraSun Linden, LLC (EIN: 55-0907228); VeraSun Litchfield, LLC (EIN: 20-8621370); VeraSun Marion, LLC (EIN: 20-3477343); VeraSun Marketing, LLC (EIN: 20-3693800); VeraSun Ord, LLC (75-3204878); VeraSun Reynolds, LLC (EIN: 20-5914827); VeraSun Tilton, LLC (EIN: 26-1539139); VeraSun Welcome, LLC (EIN: 20-4115888); VeraSun Woodbury, LLC (20-0647425).

[2] Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED.

2. Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code, the Debtors are hereby authorized but not directed to pay:

(a) the outstanding principal on account of the Senior Secured Notes;

(b) the accrued interest at the non-default rate on account of the Senior Secured Notes; and

(c) the reasonable fees and expenses, including attorneys' fees, of the indenture trustee of the Senior Secured Notes.

3. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: Wilmington, Delaware
April 16, 2009

Honorable Brendan L. Shannon
United States Bankruptcy Judge

Court File No. CV-10-8944-00CL

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C 36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985 c. C-36, AS AMENDED

APPLICATION OF TERRESTAR NETWORKS INC. UNDER SECTION 46 AND FOLLOWING OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Court File No. CV-10-8944-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced At Toronto

MOTION RECORD

(returnable September 28, 2011)

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