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 JARVIS HÉTU
(sworn December 15, 2011)

I, Jarvis Hétu, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am an Associate at Fraser Milner Casgrain LLP, lawyers for the applicant TerreStar Networks Inc. ("TSNI"). I swear this affidavit in support of TSNI's motion for recognition by this Court of the Global Settlement Order that has been entered by the U.S. Bankruptcy Court 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. Defined terms not otherwise defined herein shall have the meanings given to such terms in the affidavit of Douglas Brandon sworn on December 12, 2011 (the "Brandon Affidavit") in support of TSNI's motion for recognition by this Court of the Global Settlement Order.

3. I swear this affidavit in order to provide this Court with an update in respect of the hearing before the U.S. Bankruptcy Court on December 14, 2011 (the "December 14 Hearing") where the Global Settlement Order was granted.

Recognition of the Global Settlement Order

4. Prior to the December 14 Hearing, the Parties to the Settlement agreed to revise the Settlement to provide for the payment by the Debtors of USD $300,000 to counsel to the indenture trustee for the 6.5% Notes on account of professional fee expenses incurred in connection with the U.S. Bankruptcy Proceeding and to make certain other minor non-substantive changes to the Settlement. A copy of the Settlement, as blacklined to the version included as part of the motion record dated December 12, 2011 and filed with this Court, is attached hereto as Exhibit "A".

5. The U.S. Bankruptcy Court entered the Global Settlement Order on December 15, 2011. A copy of the Global Settlement Order as entered by the U.S. Bankruptcy Court is attached hereto as Exhibit "B".

6. This affidavit is sworn in support of a motion for an order recognizing the Global Settlement Order in Canada, and for certain other ancillary relief as may be required and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 15 day of December, 2011.

Commissioner for Taking Affidavits, etc.

Ryan Mac Maynard,
a Commissioner, etc., Province of Ontario, while a Student-at-law.
Expires April 28, 2013.

JARVIS HETU

Exhibit "A" to the Affidavit of Jarvis Hétu, sworn before me this 15 day of December, 2011.

Commissioner for Taking Affidavits, etc

Ryan Mac Maynard,
a Commissioner, etc., Province of
Ontario, while a Student-at-law.
Expires April 28, 2013.

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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 APPROVING THE DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO BANKRUPTCY CODE SECTION 363(b) AND FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019 APPROVING THE STIPULATION AMONG THE DEBTORS, THE CREDITORS' COMMITTEE, ECHOSTAR, THE AD HOC GROUP, HARBINGER, LIGHTSQUARED, SPRINT, SOLUS, AND THE 15% NOTES TRUSTEE

This stipulation and agreed-to order (the "***Stipulation and Order***") is entered into by and among (a) the above-captioned debtors and debtors in possession (collectively, the "***Debtors***"), (b) the statutory committee of unsecured creditors appointed in these chapter 11 cases (the "***Creditors' Committee***"), (c) EchoStar Corporation, in its capacity as largest holder of the 15% Notes (as defined herein) and as a holder of the 6.5% Notes (as defined herein) ("***EchoStar***"), (d) the ad hoc group of certain holders of the 15% Notes (the "***Ad Hoc Group***"), (e) Harbinger Capital Partners Master Fund I, Ltd. and Credit Distressed Blue Line Master Fund, Ltd. (collectively, "***Harbinger***"), (f) LightSquared Inc. and LightSquared LP (collectively, "***LightSquared***"), (g) Sprint/Nextel Corporation ("***Sprint,***"), (h) Solus Alternative Asset Management LP ("***Solus***"), and (i) U.S. Bank National Association, as indenture trustee and collateral agent for the 15% Notes (the "***15% Notes Trustee***" and, collectively with the Debtors,

[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).

the Creditors' Committee, EchoStar, the Ad Hoc Group, Harbinger, Sprint, LightSquared, and Solus, the "***Parties***"). The Parties hereby stipulate and agree as follows:

A. General Background

WHEREAS, as of 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;

B. 15% Notes and Disputes Related Thereto

WHEREAS, before the Petition Date, on February 14, 2007, TerreStar Networks Inc. ("***TSN***"), as issuer, the guarantors party thereto and the 15% Notes Trustee entered into that certain indenture (the "***15% Notes Indenture***") 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 (the "***Add-On Notes***" and, together with the Initial Senior Secured Notes, the "***15% Notes,***" and the holders thereof, the "***15% Noteholders***") pursuant to that certain Second Supplemental Indenture, dated as of February 7, 2008 between TSN, as issuer, the guarantors party thereto and the 15% Notes Trustee;

WHEREAS, on February 14, 2007, TSN executed a U.S. Security Agreement in favor the 15% Notes Trustee (the "***U.S. Security Agreement***"), which granted a lien on certain of the Debtors' assets;

WHEREAS, on February 17, 2007, TerreStar Networks Holdings (Canada) Inc. ("***Holdings Canada***") and TerreStar Networks (Canada) Inc. ("***TSN Canada***") executed a

Canadian Security Agreement in favor of the 15% Notes Trustee (the "***Canadian Security Agreement***"), which granted a lien on certain of the Debtors' assets;

WHEREAS, each of Holdings Canada, TSN Canada, TerreStar National Services, Inc. and TerreStar License Inc. are guarantors under the 15% Notes Indenture;

WHEREAS, as of December 9, 2010, the date upon which the 15% Notes Trustee filed the Master Proof of Claim on behalf of itself and the 15% Noteholders [Claim No. 83] (the "***15% Notes Claim***"), the 15% Noteholders allegedly had a secured claim in the amount of not less than $1,425,896,762.95, which claim includes, in addition to the $919,030,770.94 in principal and $25,324,397.95 in accrued but unpaid interest as of the Petition Date, a claim for a make-whole premium (the "***Make-Whole Premium***") in the amount of $481,541,794.06. *See* Claim Number 83;

WHEREAS, on December 17, 2010, Sprint (joined by the Creditors' Committee) filed a complaint stylized as *Sprint Nextel Corp. v. U.S. Bank Nat'l Ass'n.*, Adv. Pro. No. 10-05461 (SHL) (the "***Lien Litigation***"), which challenged, among other things, the validity of the 15% Noteholders' lien on the Debtors' FCC licenses and the proceeds thereof, and which has been decided by the Court with regard to three of the four counts of the complaint, but which is now the subject of a motion for reconsideration as well as an appeal;

WHEREAS, the Creditors' Committee filed a complaint stylized as *The Official Comm. of Unsecured Creditors of TerreStar Networks Inc. v. U.S. Bank Nat'l Ass'n*, Adv. Pro. No. 11-01268, that challenges, among other things, the validity of the 15% Notes Trustee's lien on TerreStar-2, the Debtors' ground spare satellite under construction at Space Systems/Loral, Inc. (the "***T-2 Litigation***");

WHEREAS, on October 25, 2011, the Creditors' Committee filed their *Objection to Proof of Claim Filed by U.S. Bank National Association as Indenture Trustee for the 15% Noteholders With Respect to the Alleged Make-Whole Premium and Postpetition Interest Obligations* [Docket No. 810] (the "***Make-Whole Premium Objection***");

WHEREAS, the Debtors and other stakeholders have raised informal objections as to whether the 15% Notes Trustee and 15% Noteholders are entitled to (i) receive interest at either the contract rate or the default rate under the 15% Notes Indenture and (ii) receive interest calculated on a compounded basis, and the Creditors' Committee has raised such issues in the Make-Whole Premium Objection (together, the "***Interest Dispute***," and collectively with the Lien Litigation, the T-2 Litigation, the Make-Whole Premium Objection, and the October 5 Payment Dispute (as defined herein), the "***Contested 15% Notes Issues***");

C. <u>The Sprint Claims and Sprint Claims Objection</u>

WHEREAS, on December 9, 2010, Sprint filed Claim No. 49 against TerreStar National Services, Inc.; Claim No. 66 against TerreStar License Inc.; Claim No. 67 against TerreStar Networks, Inc.; Claim No. 70 against 0887729 B.C. Ltd.; Claim No. 79 against TerreStar Networks Holdings (Canada) Inc.; and Claim No. 82 against TerreStar Networks (Canada) Inc; in each case in the amount of $104,194,649.00 (collectively, the "***TSN Sprint Claims***")[2];

WHEREAS, the Debtors filed their objection (which was joined by the Creditors' Committee) to the Sprint Claims on December 28, 2011 [Docket No. 329] (the "***Sprint Claim***

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[2] On December 9, 2010, Sprint filed Claim No. 5 against Motient Holdings Inc.; Claim No. 6 against Motient Ventures Holdings Inc.; Claim No. 7 against TerreStar New York Inc.; Claim No. 15 against MVH Holdings Inc.; Claim No. 16 against Motient Communications Inc.; Claim No. 18 against Motient Services Inc.; Claim No. 19 against Motient License Inc.; and on May 13, 2011, Sprint filed Claim No. 137 against TerreStar Corporation; in each case in the amount of $104,194,649.00 (collectively, the "***TSC Sprint Claims***," and together with the TSN Sprint Claims, the "***Sprint Claims***").

Objection") disputing both the amount of the TSN Sprint Claims as well as Sprint's assertion as to joint and several liability of each Debtor entity;

D. The Recharacterization Litigation

WHEREAS, on June 17, 2011, the Creditors' Committee filed a motion (the "***Recharacterization Motion***") seeking to recharacterize as an equity contribution to TSN the $56,875,342 scheduled claim by TerreStar Corporation ("***TSC***") on account of alleged loans made to TSN from TSC in the summer and fall of 2009 (the "***Recharacterization Litigation***") [Docket No. 630], pursuant to which the Creditors' Committee argues that TSC's alleged loan should be recharacterized as equity;

WHEREAS, on August 27, 2011, TSC filed its opposition to the Recharacterization Motion [Docket No. 751] and on August 29, 2011, certain of the TSC Preferred Shareholders[3] joined TSC's opposition motion [Docket No. 754], pursuant to which these parties argued that the Creditors' Committee had not met its burden to prove that the intercompany loan should be recharacterized as equity;

E. Claims Filed by LightSquared Inc. and LightSquared LP

WHEREAS, on December 10, 2010, LightSquared Inc. filed Claim No. 92 against TSN pursuant to which it asserted a claim for, among other things, a certain $35 million prepayment that it made to TSN in exchange for TSN agreeing to provide a certain amount of voice and/or data transmission minutes ("***Satellite Minutes***") on the Debtor's TerreStar-1 satellite (and its replacement satellite, if any) or the ancillary terrestrial component network, if applicable, and the Satellite Capacity (as defined in Claim Number 92);

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[3] The "***TSC Preferred Shareholders***" who filed the joinder to TSC's opposition motion are: Harbinger, in its capacity as holder of the Series B Cumulative Convertible Preferred Stock of TSC and holders of various claims against TSN; Solus Alternative Asset Management LP, in its capacity as holders of the Series B Cumulative Convertible Preferred Stock of TSC and holders of various claims against TSN; and Highland Capital Management, L.P. and certain of its affiliated and managed funds.

WHEREAS, also on December 10, 2010, LightSquared LP filed Claim No. 93 against TSN pursuant to which it asserted a claim for, among other things, (i) $990,000, which purportedly represented past due payments made by LightSquared LP to Alcatel-Lucent USA Inc ("***ALU***") to cover TSN's pro rata share of certain development work–under that certain Development Agreement, dated as of March 31, 2009, by and among ALU, LightSquared LP, and TSN (as amended, further restated, supplemented, or otherwise modified, the "***ALU Contract***"); and (ii) a certain $5 million prepayment that it made to TSN in exchange for TSN agreeing to provide a certain amount of Satellite Minutes;

WHEREAS, on January 20, 2011, LightSquared LP filed Claim No. 116 against TSN for an undisclosed amount for rejection damages;

WHEREAS, on April 22, 2011, LightSquared LP filed Claim No. 127 against TSN for an undisclosed amount for rejection damages (Claim No. 127, together with Claim No. 92, Claim No. 93, and Claim No. 116, the "***LightSquared Claims***," and the LightSquared Claims, together with the Contested 15% Notes Issues, the October 5 Payment Dispute, the Sprint Claims, the Sprint Claims Objection, the Recharacterization Litigation, the Substantial Contribution Claim (and any other issues, disputes or controversies between the Parties that have arisen, whether known or unknown, as of the date hereof, in the Debtors' chapter 11 cases, including, without limitation, those discussed in this Stipulation and Order, the "***Contested Issues***");

F. <u>The Sale Transaction and Subsequent Repayments of Debt</u>

WHEREAS, on July 6, 2011, the Debtors sought approval of a motion to repay certain existing secured claims [Docket No. 662] (the "***Paydown Motion***"). On August 3, 2011, the Bankruptcy Court entered an Order approving the Paydown Motion [Docket No. 730] (the "***First Paydown Order***"). On August 11, 2011 (the "***Funding Date***"), the Debtors received

$1.345 billion from Gamma Acquisition LLC, in its capacity as the purchaser of substantially all of the Debtors' assets[4] (the "***Purchaser***" and the agreement documenting such transaction, the "***Purchase Agreement***"), and on the same day repaid approximately $975 million of their obligations under the DIP Facility, the PMCA (each as defined in the Paydown Motion) and the 15% Notes, including approximately $800 million on account of outstanding prepetition principal and interest obligations under the 15% Notes ~~(consisting of approximately $778 million in principal and approximately $22 million in prepetition interest)~~;

WHEREAS, on September 13, 2011, the Debtors sought approval of a motion to repay $143,959,275.00[5] due and owing under the 15% Notes Indenture, which is approximately equivalent to the outstanding principal obligations under the 15% Notes Indenture (the "***Second Paydown Motion***") [Docket No. 768]. The Second Paydown Motion was not opposed by any stakeholders, and was formally supported by EchoStar, the Creditors' Committee and Harbinger;

WHEREAS, on October 4, 2011, the Bankruptcy Court entered an order approving the Second Paydown Motion [Docket No. 792] (the "***Second Paydown Order***").[6] On October 5, 2011, the Debtors repaid $143,959,275.00 (the "***October 5 Payment***") due and owing under the 15% Notes Indenture (the "***Second Paydown***");

WHEREAS, the Debtors, the Creditors' Committee and Harbinger believe, among other things, that (a) the entire October 5 Payment should be allocated to principal and (b)

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4 The Purchaser will pay to the Debtors the remaining $30 million of the Purchase Price, as defined in and pursuant to the terms of the Purchase Agreement.

5 This amount does not include any amounts related to the alleged Make-Whole Premium, and for purposes of the Second Paydown Motion (as defined herein), all parties reserved their rights to assert an entitlement or objection to the Make-Whole Premium. In addition, for purposes of the Second Paydown Motion, all parties reserved their rights to assert an entitlement or objection to the asserted postpetition interest on account of the 15% Notes.

6 Pursuant to the Second Paydown Order, all parties expressly reserved all rights with respect to the appropriate application of payments under the 15% Notes 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 15% Notes Indenture.

interest on the 15% Notes is not calculated on a compounded basis (i.e. interest does not accrue on interest) and, as such, (x) any potential postpetition interest accrual on the 15% Notes terminated on that date and (y) the only potential remaining obligation outstanding under the 15% Notes to be satisfied is an amount no more than $122,492,120.30 in postpetition interest;

WHEREAS, the 15% Notes Trustee and the 15% Noteholders believe that (a) all or part of the October 5 Payment was on account of interest (or other obligations under the 15% Notes Indenture) in addition to (or in lieu of) principal and (b) interest on the 15% Notes is calculated on a compounded basis (i.e., interest accrues on all outstanding 15% Notes obligations) and, as such, believe that postpetition interest has continued to accrue after October 5, 2011 (the "***October 5 Payment Dispute***");

WHEREAS, the 15% Notes Trustee further disputes the method by which the Debtors have calculated postpetition interest and believes such method understates the amount of postpetition interest due on account of the 15% Notes;

WHEREAS, the Ad Hoc Group has been actively involved in all aspects of these chapter 11 cases;

WHEREAS, the Ad Hoc Group believes that it has significantly benefited the Debtors' estates by greatly enhancing the value available for unsecured creditors, and by virtue of this benefit, the Ad Hoc Group believes that it is entitled to reimbursement of its fees and expenses in these chapter 11 cases pursuant to section 503(b) of the Bankruptcy Code in an amount of more than $7 million (the "***Substantial Contribution Claim***");

WHEREAS, various stakeholders dispute the Ad Hoc Group's entitlement to a Substanial Contribution Claim;

G. The Settlement

WHEREAS, in early November 2011, Sprint and DISH Network Corporation (***"DISH"***) reached a settlement (the ***"Sprint/DISH Settlement"***) of the various disputes among them in the TSN and DBSD[7] chapter 11 cases, which settlement is confidential but, pursuant to which, among other things, Sprint has agreed to accept the sum of no more than $20.6 million in full satisfaction of all issues related to the Sprint Claims if such amount is paid by December 31, 2011;

WHEREAS, the Parties all recognize the substantial value in the Sprint/DISH Settlement and believe that it is in their best interests to pursue the settlement set forth herein, including, importantly, the payment on account of the Sprint Claims and the 15% Notes Claim before December 31, 2011;

WHEREAS, since August 2011, the Parties have been engaged in good faith negotiations of the various Contested Issues and have recently agreed to the settlement reflected in this Stipulation and Order (the *"**Settlement**"*);

WHEREAS, on November 14, 2011, the Debtors filed a motion (the ***"9019 Motion"***) pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the ***"Bankruptcy Rules"***) seeking approval of the Settlement with the support of the Parties, which sought entry of this Stipulation and Order, authorizing the Debtors and all Parties to enter into the Settlement on the terms and conditions set forth in the Settlement;

WHEREAS, the Parties support the 9019 Motion;

WHEREAS, the Debtors believe that the Settlement contained herein is in the best interests of the Debtors' estates and all of their stakeholders; and

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[7] Sprint has asserted claims in the chapter 11 cases of DBSD North America, Inc. based on substantially the same set of facts and circumstances as the Sprint Claims asserted against the Debtors. *See In re DBSD North America, Inc.* Case No. 09-13061 (Bankr. S.D.N.Y. May 15, 2009) (the ***"DBSD Cases"***).

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. The 9019 Motion is granted to the extent set forth herein. The Debtors have provided adequate and appropriate notice of the 9019 Motion and the proposed Stipulation and Order.

2. As set forth in the 9019 Motion, and pursuant to Bankruptcy Rule 9019, the Parties are authorized and directed to enter into and perform under the Settlement, the terms of which are fair and equitable and in the best interests of the Debtors' estates, their creditors, including, without limitation, the 15% Noteholders and other parties in interest.

3. The Parties hereby agree that entry into the Settlement will fully and finally resolve the Contested Issues, including, without limitation, any and all issues, disputes, or controversies related to the 15% Notes and any and all issues, disputes or controversies which have arisen as of the date hereof (whether known or unknown) as among any and all of the Parties relating to the chapter 11 cases of the Debtors.

Resolutions Regarding The 15% Notes Claims and Disputes Thereto

4. Upon entry of the Stipulation and Order, the 15% Notes Claim will be deemed reduced to the amount consistent with the terms of the Settlement and deemed allowed in such amount. The 15% Notes Trustee on behalf of the 15% Noteholders, in full and final satisfaction of its claims, shall receive, on the date that is the earlier of (a) two (2) business days after entry of the Settlement Orders (as defined below) and (b) December 23, 2011 (such date, the "***Payment Date***"), $128,492,120.30 (the "***Claim Amount***"). Upon payment of the Claim Amount and the Ad Hoc Group Professional Fee Payment (as defined herein), (x) the 15% Notes

Claim shall be deemed fully and finally satisfied and the Debtors shall have no more payment obligations under the 15% Notes, and (y) the 15% Noteholders and 15% Notes Trustee shall not be entitled to seek any additional amounts on account of their holdings (including reimbursement for any professional fees), other than the reasonable, actual and documented fees and expenses of the 15% Notes Trustee, which the Debtors shall continue to pay through the effective date of any chapter 11 plan pursuant to the procedures for paying such fees and expenses set forth in the Final DIP Order.[8]

5. After the entry of the Stipulation and Order, and as part of the overall compromise and settlement of the various Contested 15% Notes Issues, the Debtors will reimburse the current members of the Ad Hoc Group for $2 million of professional fees and expenses (the "***Professional Fee Payment***"), which Professional Fee Payment shall occur on the Payment Date by wire payments to bank accounts and in amounts designated by Kirkland & Ellis LLP, as counsel to the Ad Hoc Group. No member of the Ad Hoc Group (nor the Ad Hoc Group itself) will seek payment of any additional fees and expenses (including pursuant to a substantial contribution motion or other payment of fees and expenses), and to the extent that any past, present, or future 15% Noteholders seek payment of any fees and expenses, all Parties to this Settlement will oppose such a motion (including by the filing of a pleading (which pleading may be limited to a one-page joinder to the Debtors' opposition) in opposition thereof).

6. For the avoidance of doubt, the Claim Amount, the Professional Fee Payment and the continued payment of the 15% Notes Trustee's reasonable fees and expenses shall be the sole and exclusive recovery available for the 15% Notes Trustee and the 15% Noteholders in the chapter 11 cases (in their capacities as 15% Notes Trustee and 15% Noteholders), and none of

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[8] The "***Final DIP Order***" means that certain order entered by the Bankruptcy Court on November 18, 2010, which approved the Debtors' DIP Financing Agreement on a final basis [Docket No. 181].

the Parties shall pursue any claim, cause of action, or objection against the 15% Notes Trustee or 15% Noteholders with regard to the 15% Notes or any other cause of action related thereto.

7. By executing this Stipulation and Order, each of EchoStar and the Ad Hoc Group (on behalf of each of its members)[9] (i) acknowledge and agree that the Settlement is in the best interests of the 15% Noteholders and (ii) direct the 15% Notes Trustee to enter into the Settlement.

8. Upon the filing of the 9019 Motion, and in light of the overall Settlement and other consideration described herein, all activities with regard to the Contested 15% Notes Issues (including with respect to any appeals) by the parties thereto will cease (with all Parties agreeing and stipulating that all applicable limitations periods/deadlines (including with respect to any appeals) are tolled until fifteen (15) days after a decision is made by this Court not to approve this motion, without prejudice to any of the parties thereto (including with regard to the tolling of any deadlines in connection therewith)), pending a determination by the Bankruptcy Court with regard to the 9019 Motion; to the extent necessary, the parties to the Lien Litigation and T-2 Litigation shall file a stipulation with the Bankruptcy Court and the District Court asking each court to recognize the stay referred to herein. Upon the payment of the Claim Amount and the Professional Fee Amount, all of the pleadings, motions, applications and appeals that have been filed with respect to each of the Contested 15% Notes Issues, and all claims and relief asserted or sought in the Lien Litigation and T-2 Litigation or that could have been asserted or sought therein, shall be deemed waived, released and withdrawn in their entirety with prejudice and, further, the Parties shall withdraw all pending adversary proceedings, motions, applications and

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[9] The Debtors have served the 9019 Motion and will serve this Stipulation and Order on each current and former member of the Ad Hoc Group, as such membership has been provided to the Debtors by counsel to the Ad Hoc Group.

appeals and cause a stipulation of dismissal with prejudice with respect to the Lien Litigation and T-2 Litigation to be filed with the Bankruptcy Court.

Resolutions Regarding the Sprint Claims and Sprint Claims Objection

9. In full and final satisfaction of the TSN Sprint Claims, on the Payment Date: (a) the Debtors shall pay to Sprint the Sprint Distribution (as defined below); and (b) the Sprint Claim Objection shall be deemed withdrawn with prejudice.

10. Upon the filing of the 9019 Motion, and in light of the overall Settlement and other consideration described herein, all activities with regard to the Sprint Claim Objection (including with respect to any appeals) by the parties thereto will cease (with all Parties agreeing and stipulating that all applicable limitations periods/deadlines (including with respect to any appeals) are tolled until fifteen (15) days after a decision is made by this Court not to approve this motion, without prejudice to any of the parties thereto (including with regard to the tolling of any deadlines in connection therewith)), pending a determination by the Bankruptcy Court with regard to the 9019 Motion. Upon the Debtors' payment of the Sprint Distribution (as defined below) on the Payment Date, the Sprint Claim Objection shall be deemed withdrawn in its entirety with prejudice.

Resolutions Regarding the Recharacterization Litigation and TSC Intercompany Claim

11. Upon entry of (i) the Stipulation and Order and (ii) the TSC 9019 Order[10] (collectively, the "***Settlement Orders***"), TSC's claim against TSN on account of certain notes dated June 6, 2009, July 6, 2009, August 4, 2009, August 26, 2009, and September 21, 2009 (the "***TSC Intercompany Claim***"), shall be deemed allowed in the amount of $56.9 million. Pursuant

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10 The "***TSC 9019 Order***" means that certain order approving the motion (the "***TSC 9019 Motion***) sought to be entered into by certain parties in the TSC chapter 11 cases, authorizing and directing (i) TSN to pay to Sprint (as assignee of a portion of the TSC Intercompany Claim (as defined below)) the Sprint TSC Distribution and (ii) payment by TSN to Sprint of the Sprint TSC Distribution.

to a separate stipulation between the TSC Debtors[11] and Sprint, Sprint has agreed to forego any distribution it would be entitled to receive under the TSC chapter 11 plan, in exchange for an assignment of TSC's rights to receive the first $2.6 million payable on account of the TSC Intercompany Claim in the Debtors' chapter 11 cases. On the Payment Date, the Debtors are authorized and directed to wire to Sprint immediately available funds in the amount of (i) $18 million (the "***Sprint TSN Distribution***") plus (ii) the lesser of (a) $2.6 million and (b) the Debtors' projected distribution on account of the TSC Intercompany Claim, as set forth in the Updated Recovery Analysis (as defined below) (the "***Sprint TSC Distribution***" and, together with the Sprint TSN Distribution, the "***Sprint Distribution***").

12. In the event that the Sprint TSC Distribution is less than $2.6 million, then Sprint shall have an allowed unsecured claim against TSC in an amount equal to the difference between $2.6 million and the Sprint TSC Distribution (the "***Sprint TSC Remainder Claim***"). Sprint agrees, however, that its sole recourse against TSC or any other party on account of the Sprint TSC Remainder Claim (and its sole source of distributions under the TSC Plan (as defined in the TSC 9019 Motion)) shall be to receive the first dollars from any distribution made to which TSC is entitled[12] on account of the TSC Intercompany Claim under the TSN Plan. If the Debtors' chapter 11 plan ultimately provides for a distribution on account of the TSC Intercompany Claim that is less than $2.6 million or the amount of the Sprint TSC Distribution, none of Sprint, the Debtors, the creditors of the Debtors and/or the parties-in-interest in the Debtors' chapter 11

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11 "***TSC Debtors***" means, collectively, TerreStar Corporation, TerreStar Holdings Inc., TerreStar New York Inc., Motient Communications Inc., Motient Holdings Inc., Motient License Inc., Motient Services Inc., Motient Ventures Holding Inc., and MVH Holdings Inc., all of which are being jointly administered under the chapter 11 cases of TerreStar Corporation.

12 Distributions on account of the TSC Intercompany Claim under any plan confirmed in the Debtors' chapter 11 cases shall be reduced by the amount of the Sprint TSC Distribution so as to reimburse TSN for the Sprint TSC Distribution prior to the payment of any distribution to Sprint on account of the Sprint Remainder Claim or thereafter to TSC.

cases shall seek any recovery of or be entitled to receive any funds from any of the TSC Debtors or their stakeholders on account of such deficiency.

13. The Debtors shall prepare an updated analysis of expected recoveries based on a "refresh" of their analysis using actual and projected numbers as of December 1, 2011 (the ***"Updated Recovery Analysis"***), based upon, among other things, (i) the terms embodied in the Settlement, (ii) the terms embodied in the TSC 9019 Order, and (iii) the Debtors' good-faith projections of expected costs and fees through the remainder of the Debtors' chapter 11 cases. The Updated Recovery Analysis shall be prepared using the same assumptions and methodology as that certain analysis dated November 10, 2011, which was distributed to counsel to Sprint, the Creditors' Committee, Harbinger, and EchoStar prior to filing the 9019 Motion. The Debtors shall distribute the Updated Recovery Analysis to counsel to each of the Parties and each of the Preferred Shareholders (as that term is defined in the TSC 9019 Motion) so that it is actually received no later than December 8, 2011.

14. As of the date hereof, the Debtors believe (after due inquiry) that the distribution on account of the TSC Intercompany Claim in any chapter 11 plan will be at least $2.6 million.

15. Upon the filing of the 9019 Motion, and in light of the overall Settlement and other consideration described herein, all activities with regard to the Recharacterization Litigation (including with respect to any appeals) by the parties thereto will cease (with all Parties agreeing and stipulating that all applicable limitations periods/deadlines (including with respect to any appeals) are tolled until fifteen (15) days after a decision is made by this Court not to approve this motion, without prejudice to any of the parties thereto (including with regard to the tolling of any deadlines in connection therewith)), pending a determination by the Bankruptcy Court with regard to the 9019 Motion. Upon the Debtors' payment of the Sprint

Distribution on the Payment Date, the Recharacterization Litigation shall be deemed withdrawn in its entirety with prejudice.

Resolutions Regarding the LightSquared Claims

16. Upon entry of the Stipulation and Order, on the Payment Date (i) Claim No. 92 shall be deemed allowed in the amount of $35 million against TSN, and any recoveries on account of Claim No. 92 pursuant to a chapter 11 plan confirmed in these cases shall be deemed full and final satisfaction of Claim No. 92; (ii) Claim No. 93 shall be deemed allowed in the amount of $5.99 million against TSN, and any recoveries on account of Claim No. 93 pursuant to a chapter 11 plan confirmed in these cases shall be deemed full and final satisfaction of Claim No. 93; and (iii) any and all other claims, including, without limitation, Claim No. 116 and Claim No. 127, filed or asserted by LightSquared, shall be deemed disallowed and expunged in their entirety.

Resolutions Regarding the Plan and Unsecured Creditors' Recoveries Thereunder

17. The unsecured creditors who are party to the Settlement[13] agree to the following unsecured creditor claim allocations[14]: holders of unsecured claims at TSN (other than any party which holds the Sprint Claim) will receive their pro rata portion of 70.18% of the remaining sale proceeds; holders of unsecured claims at TerreStar License Inc. (other than any party which holds the Sprint Claim) will receive their pro rata portion of 29.52% of the remaining sale proceeds; and holders of unsecured claims at TerreStar Networks (Canada) Inc. (other than any

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13 The estimated recoveries assume that ~~the~~certain reasonable fees and expenses of the indenture trustee for the 6.5% Notes (the ***"6.5% Notes Trustee"***) are paid pursuant to this Stipulation and a chapter 11 plan.

14 Allocation percentages have been determined using the full amount of the TSC Intercompany Claim; however, distributions on account of the TSC Intercompany Claim will be reduced by that portion of the Sprint Distribution allocable to the assignment of the TSC Intercompany Claim.

party which holds the Sprint Claim) will receive their pro rata portion of 0.30% of the remaining sale proceeds.[15]

18. For the avoidance of doubt, the recovery on the Sprint Claims shall be capped at $20.6 million. The Sprint Distribution shall be paid in immediately available funds on the Payment Date. After the Sprint Distribution is paid, other than the Sprint TSC Remainder Claim (if applicable), Sprint shall receive no distributions pursuant to any chapter 11 plan confirmed in these cases.

19. To the fullest extent permitted by applicable law, (i) the Parties (in each and every capacity in which they hold claims and interests) will support (after solicitation of a disclosure statement that meets the requirements of the Bankruptcy Code) a plan of reorganization to be filed by the Debtors that includes the terms of the Settlement and is otherwise consistent with the Stipulation and Order and the Settlement (as may be amended from time to time) and that does not otherwise materially and adversely affect their respective rights (the "***Plan***"), and (ii) the Creditors' Committee (as part of the disclosure statement that meets the requirements of the Bankruptcy Code) will recommend to its constituents that they vote in favor of the Plan; provided, however, nothing contained in this Stipulation and Order shall be construed as such recommendation to vote in favor of the Plan; provided further, however, notwithstanding anything to the contrary contained herein, nothing in this Stipulation and Order shall be deemed to direct the vote of the members of the Creditors' Committee in their individual capacities.

20. By executing this Stipulation and Order, each of Harbinger, EchoStar and Solus, in their capacities as holders of the Debtors' 6.5% Senior Exchangeable PIK Notes due 2014 (the "***6.5% Notes***") and who collectively hold a substantial majority of the 6.5% Notes, direct

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[15] ~~The Debtors do not have claim holders at any other Debtor entity.~~

Deutsche Bank National Trust Company, as indenture trustee for the 6.5% Notes, not to object to the Settlement. Upon entry of this Stipulation and Order, on the Payment Date, and as part of the overall compromise and settlement, the Debtors shall reimburse counsel to the 6.5% Notes Trustee $300,000 on account of professional fee expenses incurred in connection with these chapter 11 cases. This amount represents a portion of the agreed-upon fees and expenses which the 6.5% Notes Trustee will receive under a chapter 11 plan (as per footnote 13), and which fees are included in the Updated Recovery Analysis.

21. It is a condition precedent to the effectiveness of each and every provision of this Stipulation and Order (other than any provision which (a) requires the Parties to support and prosecute the Settlement and its terms and (b) requires the Parties to cease current litigation efforts during the aforementioned tolling periods) that the TSC 9019 Order be entered by the bankruptcy court in the TSC Debtors' chapter 11 cases.

Other Terms and Provisions

22. This Stipulation and Order and all the provisions hereof shall be binding upon and shall inure to the benefit of all the Parties hereto, each of their respective executors, heirs, successors and assigns, and all entities claiming by or through any of the Parties with respect to the subject matter hereof and relating to the Settlement. The Parties agree to prosecute, support and defend all terms of the Settlement as memorialized in this Stipulation and Order and comply with all terms hereof, including defending the Settlement against any third parties or other parties in interest in these chapter 11 cases.

23. This Stipulation and Order shall be construed and interpreted in accordance with the laws of the State of New York, excluding, and without regard to the conflict of law rules thereof. 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.

24. By their signatures hereto, each of the undersigned (a) represents that it has been duly authorized to enter into this Stipulation and Order and (b) requests that the Bankruptcy Court approve this Stipulation and Order as an Order of the Bankruptcy Court.

25. Upon the Payment Date, except as provided herein and except with respect to the rights and obligations under this Stipulation and Order, the Debtors shall be deemed to have forever waived, released, acquitted and discharged the Parties (including the undersigned individual members of the Ad Hoc Group), including the Parties' current, former or future officers, directors, employees, stockholders, agents, servants, assigns, successors, predecessors, representatives, members, financial advisors, industry experts/advisors, attorneys, trustees, partners, subsidiaries, parent entities and affiliates, each in their capacity as such and in no other capacity, and each of the Parties shall be deemed to have forever waived, released, acquitted and discharged the Debtors and all other Parties, including the Debtors' and each respective Party's current, former or future officers, directors, employees, stockholders, agents, servants, assigns, successors, predecessors, representatives, members, financial advisors, industry experts/advisors, attorneys, trustees, partners, subsidiaries, parent entities and affiliates, each in their capacity as such and in no other capacity, from any and all claims, demands, debts, objections to claims, obligations, damages, losses or liabilities whatsoever of any nature, type or description, whether known or unknown, suspected or unsuspected, concealed or hidden, direct or indirect, patent or latent, or fixed or contingent, arising out of or relating to any cause, matter or thing from the beginning of time through the date of this Stipulation and Order, pertaining in any way to the Contested Issues. For the avoidance of doubt, the releases provided under this paragraph shall

not affect any claim of any Party arising under this Stipulation and Order. For the further avoidance of doubt, the releases provided under this paragraph shall not apply to (i) DISH or the Purchaser or any of their respective subsidiaries, and (ii) ATC Technologies, LLC. With respect to the dismissal of any adversary proceedings that occur as a consequence of this Stipulation and Order, the dismissal shall be with prejudice, with each party to bear its own costs, expenses and attorneys' fees.

26. In the event this Stipulation and Order is not approved by the Bankruptcy Court, this Stipulation and Order and the Settlement 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 the Contested Issues.

27. 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.

28. The Bankruptcy Court shall retain jurisdiction to interpret, enforce, and resolve any disputes arising under or related to this Stipulation and Order, including any disputes arising from the final distribution of the Claim Amount to the 15% Noteholders, and the acceptance by any party of any distribution of funds authorized under this Stipulation and Order shall constitute consent by such party to the jurisdiction of the Court to hear and determine any such dispute. Any motion or application brought before the Bankruptcy 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 Bankruptcy Rules and the Local Rules for the Bankruptcy Court for the Southern District of New York.

29. 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 or email pdf shall be deemed an original signature for purposes of this Stipulation and Order.

[*Signature Pages Follow*]

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Counsel to the Debtors and Debtors in Possession

By: Archer Capital Management, LP

By: _____

[Name]
[Title]

By: Advent Capital Management, LLC

By: _____

[Name]
[Title]

By: Cedarview Capital Management, LP

By: _____

[Name]
[Title]

By: Feingold O'Keeffe Capital

By: _____

[Name]
[Title]

By: Jefferies Special Situations

By: _____

[Name]
[Title]

By: Pentwater Capital Management LP

By: _____

[Name]
[Title]

By: Silver Lake Financial

By: _____

[Name]
[Title]

By: Solus Alternative Asset Management LP

By: _____

[Name]
[Title]

By: SOF Investments LP

By: _____

[Name]
[Title]

By: Spectrum Group Management LLC

By: _____

[Name]
[Title]

By: Susquehanna International Group, LLP

By: _____

[Name]
[Title]

By: UBS Securities AG

By: _____
[Name]
[Title]

Dated: _____, 2011
New York, New York

_____
THE HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE

Summary Report: Litera Change-Pro ML WIX 6.5.0.303 Document Comparison done on 12/8/2011 1:29:49 PM	
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Exhibit "**B**" to the Affidavit of Jarvis Hétu, sworn before me this 15 day of December, 2011.

Commissioner for Taking Affidavits, etc.

Ryan Mac Maynard,
a Commissioner, etc., Province of
Ontario, while a Student-at-law.
Expires April 28, 2013.

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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 APPROVING THE DEBTORS' MOTION FOR ENTRY OF AN ORDER PURSUANT TO BANKRUPTCY CODE SECTION 363(b) AND FEDERAL RULE OF BANKRUPTCY PROCEDURE 9019 APPROVING THE STIPULATION AMONG THE DEBTORS, THE CREDITORS' COMMITTEE, ECHOSTAR, THE AD HOC GROUP, HARBINGER, LIGHTSQUARED, SPRINT, SOLUS, AND THE 15% NOTES TRUSTEE

This stipulation and agreed-to order (the "***Stipulation and Order***") is entered into by and among (a) the above-captioned debtors and debtors in possession (collectively, the "***Debtors***"), (b) the statutory committee of unsecured creditors appointed in these chapter 11 cases (the "***Creditors' Committee***"), (c) EchoStar Corporation, in its capacity as largest holder of the 15% Notes (as defined herein) and as a holder of the 6.5% Notes (as defined herein) ("***EchoStar***"), (d) the ad hoc group of certain holders of the 15% Notes (the "***Ad Hoc Group***"), (e) Harbinger Capital Partners Master Fund I, Ltd. and Credit Distressed Blue Line Master Fund, Ltd. (collectively, "***Harbinger***"), (f) LightSquared Inc. and LightSquared LP (collectively, "***LightSquared***"), (g) Sprint/Nextel Corporation ("***Sprint,***"), (h) Solus Alternative Asset Management LP ("***Solus***"), and (i) U.S. Bank National Association, as indenture trustee and collateral agent for the 15% Notes (the "***15% Notes Trustee***" and, collectively with the Debtors,

[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).

the Creditors' Committee, EchoStar, the Ad Hoc Group, Harbinger, Sprint, LightSquared, and Solus, the "***Parties***"). The Parties hereby stipulate and agree as follows:

A. General Background

WHEREAS, as of 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;

B. 15% Notes and Disputes Related Thereto

WHEREAS, before the Petition Date, on February 14, 2007, TerreStar Networks Inc. ("***TSN***"), as issuer, the guarantors party thereto and the 15% Notes Trustee entered into that certain indenture (the "***15% Notes Indenture***") 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 (the "***Add-On Notes***" and, together with the Initial Senior Secured Notes, the "***15% Notes***," and the holders thereof, the "***15% Noteholders***") pursuant to that certain Second Supplemental Indenture, dated as of February 7, 2008 between TSN, as issuer, the guarantors party thereto and the 15% Notes Trustee;

WHEREAS, on February 14, 2007, TSN executed a U.S. Security Agreement in favor the 15% Notes Trustee (the "***U.S. Security Agreement***"), which granted a lien on certain of the Debtors' assets;

WHEREAS, on February 17, 2007, TerreStar Networks Holdings (Canada) Inc. ("***Holdings Canada***") and TerreStar Networks (Canada) Inc. ("***TSN Canada***") executed a

Canadian Security Agreement in favor of the 15% Notes Trustee (the "***Canadian Security Agreement***"), which granted a lien on certain of the Debtors' assets;

WHEREAS, each of Holdings Canada, TSN Canada, TerreStar National Services, Inc. and TerreStar License Inc. are guarantors under the 15% Notes Indenture;

WHEREAS, as of December 9, 2010, the date upon which the 15% Notes Trustee filed the Master Proof of Claim on behalf of itself and the 15% Noteholders [Claim No. 83] (the "***15% Notes Claim***"), the 15% Noteholders allegedly had a secured claim in the amount of not less than $1,425,896,762.95, which claim includes, in addition to the $919,030,770.94 in principal and $25,324,397.95 in accrued but unpaid interest as of the Petition Date, a claim for a make-whole premium (the "***Make-Whole Premium***") in the amount of $481,541,794.06. *See* Claim Number 83;

WHEREAS, on December 17, 2010, Sprint (joined by the Creditors' Committee) filed a complaint stylized as *Sprint Nextel Corp. v. U.S. Bank Nat'l Ass'n.*, Adv. Pro. No. 10-05461 (SHL) (the "***Lien Litigation***"), which challenged, among other things, the validity of the 15% Noteholders' lien on the Debtors' FCC licenses and the proceeds thereof, and which has been decided by the Court with regard to three of the four counts of the complaint, but which is now the subject of a motion for reconsideration as well as an appeal;

WHEREAS, the Creditors' Committee filed a complaint stylized as *The Official Comm. of Unsecured Creditors of TerreStar Networks Inc. v. U.S. Bank Nat'l Ass'n*, Adv. Pro. No. 11-01268, that challenges, among other things, the validity of the 15% Notes Trustee's lien on TerreStar-2, the Debtors' ground spare satellite under construction at Space Systems/Loral, Inc. (the "***T-2 Litigation***");

WHEREAS, on October 25, 2011, the Creditors' Committee filed their *Objection to Proof of Claim Filed by U.S. Bank National Association as Indenture Trustee for the 15% Noteholders With Respect to the Alleged Make-Whole Premium and Postpetition Interest Obligations* [Docket No. 810] (the "***Make-Whole Premium Objection***");

WHEREAS, the Debtors and other stakeholders have raised informal objections as to whether the 15% Notes Trustee and 15% Noteholders are entitled to (i) receive interest at either the contract rate or the default rate under the 15% Notes Indenture and (ii) receive interest calculated on a compounded basis, and the Creditors' Committee has raised such issues in the Make-Whole Premium Objection (together, the "***Interest Dispute***," and collectively with the Lien Litigation, the T-2 Litigation, the Make-Whole Premium Objection, and the October 5 Payment Dispute (as defined herein), the "***Contested 15% Notes Issues***");

C. <u>The Sprint Claims and Sprint Claims Objection</u>

WHEREAS, on December 9, 2010, Sprint filed Claim No. 49 against TerreStar National Services, Inc.; Claim No. 66 against TerreStar License Inc.; Claim No. 67 against TerreStar Networks, Inc.; Claim No. 70 against 0887729 B.C. Ltd.; Claim No. 79 against TerreStar Networks Holdings (Canada) Inc.; and Claim No. 82 against TerreStar Networks (Canada) Inc; in each case in the amount of $104,194,649.00 (collectively, the "***TSN Sprint Claims***")[2];

WHEREAS, the Debtors filed their objection (which was joined by the Creditors' Committee) to the Sprint Claims on December 28, 2011 [Docket No. 329] (the "***Sprint Claim***

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[2] On December 9, 2010, Sprint filed Claim No. 5 against Motient Holdings Inc.; Claim No. 6 against Motient Ventures Holdings Inc.; Claim No. 7 against TerreStar New York Inc.; Claim No. 15 against MVH Holdings Inc.; Claim No. 16 against Motient Communications Inc.; Claim No. 18 against Motient Services Inc.; Claim No. 19 against Motient License Inc.; and on May 13, 2011, Sprint filed Claim No. 137 against TerreStar Corporation; in each case in the amount of $104,194,649.00 (collectively, the "***TSC Sprint Claims***," and together with the TSN Sprint Claims, the "***Sprint Claims***").

Objection") disputing both the amount of the TSN Sprint Claims as well as Sprint's assertion as to joint and several liability of each Debtor entity;

D. The Recharacterization Litigation

WHEREAS, on June 17, 2011, the Creditors' Committee filed a motion (the "***Recharacterization Motion***") seeking to recharacterize as an equity contribution to TSN the $56,875,342 scheduled claim by TerreStar Corporation ("***TSC***") on account of alleged loans made to TSN from TSC in the summer and fall of 2009 (the "***Recharacterization Litigation***") [Docket No. 630], pursuant to which the Creditors' Committee argues that TSC's alleged loan should be recharacterized as equity;

WHEREAS, on August 27, 2011, TSC filed its opposition to the Recharacterization Motion [Docket No. 751] and on August 29, 2011, certain of the TSC Preferred Shareholders[3] joined TSC's opposition motion [Docket No. 754], pursuant to which these parties argued that the Creditors' Committee had not met its burden to prove that the intercompany loan should be recharacterized as equity;

E. Claims Filed by LightSquared Inc. and LightSquared LP

WHEREAS, on December 10, 2010, LightSquared Inc. filed Claim No. 92 against TSN pursuant to which it asserted a claim for, among other things, a certain $35 million prepayment that it made to TSN in exchange for TSN agreeing to provide a certain amount of voice and/or data transmission minutes ("***Satellite Minutes***") on the Debtor's TerreStar-1 satellite (and its replacement satellite, if any) or the ancillary terrestrial component network, if applicable, and the Satellite Capacity (as defined in Claim Number 92);

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[3] The "***TSC Preferred Shareholders***" who filed the joinder to TSC's opposition motion are: Harbinger, in its capacity as holder of the Series B Cumulative Convertible Preferred Stock of TSC and holders of various claims against TSN; Solus Alternative Asset Management LP, in its capacity as holders of the Series B Cumulative Convertible Preferred Stock of TSC and holders of various claims against TSN; and Highland Capital Management, L.P. and certain of its affiliated and managed funds.

WHEREAS, also on December 10, 2010, LightSquared LP filed Claim No. 93 against TSN pursuant to which it asserted a claim for, among other things, (i) $990,000, which purportedly represented past due payments made by LightSquared LP to Alcatel-Lucent USA Inc ("***ALU***") to cover TSN's pro rata share of certain development work–under that certain Development Agreement, dated as of March 31, 2009, by and among ALU, LightSquared LP, and TSN (as amended, further restated, supplemented, or otherwise modified, the "***ALU Contract***"); and (ii) a certain $5 million prepayment that it made to TSN in exchange for TSN agreeing to provide a certain amount of Satellite Minutes;

WHEREAS, on January 20, 2011, LightSquared LP filed Claim No. 116 against TSN for an undisclosed amount for rejection damages;

WHEREAS, on April 22, 2011, LightSquared LP filed Claim No. 127 against TSN for an undisclosed amount for rejection damages (Claim No. 127, together with Claim No. 92, Claim No. 93, and Claim No. 116, the "***LightSquared Claims***," and the LightSquared Claims, together with the Contested 15% Notes Issues, the October 5 Payment Dispute, the Sprint Claims, the Sprint Claims Objection, the Recharacterization Litigation, the Substantial Contribution Claim (and any other issues, disputes or controversies between the Parties that have arisen, whether known or unknown, as of the date hereof, in the Debtors' chapter 11 cases, including, without limitation, those discussed in this Stipulation and Order, the "***Contested Issues***");

F. <u>The Sale Transaction and Subsequent Repayments of Debt</u>

WHEREAS, on July 6, 2011, the Debtors sought approval of a motion to repay certain existing secured claims [Docket No. 662] (the "***Paydown Motion***"). On August 3, 2011, the Bankruptcy Court entered an Order approving the Paydown Motion [Docket No. 730] (the "***First Paydown Order***"). On August 11, 2011 (the "***Funding Date***"), the Debtors received $1.345 billion from Gamma Acquisition LLC, in its capacity as the purchaser of substantially all of the

Debtors' assets[4] (the "***Purchaser***" and the agreement documenting such transaction, the "***Purchase Agreement***"), and on the same day repaid approximately $975 million of their obligations under the DIP Facility, the PMCA (each as defined in the Paydown Motion) and the 15% Notes, including approximately $800 million on account of outstanding prepetition principal and interest obligations under the 15% Notes);

WHEREAS, on September 13, 2011, the Debtors sought approval of a motion to repay $143,959,275.00[5] due and owing under the 15% Notes Indenture, which is approximately equivalent to the outstanding principal obligations under the 15% Notes Indenture (the "***Second Paydown Motion***") [Docket No. 768]. The Second Paydown Motion was not opposed by any stakeholders, and was formally supported by EchoStar, the Creditors' Committee and Harbinger;

WHEREAS, on October 4, 2011, the Bankruptcy Court entered an order approving the Second Paydown Motion [Docket No. 792] (the "***Second Paydown Order***").[6] On October 5, 2011, the Debtors repaid $143,959,275.00 (the "***October 5 Payment***") due and owing under the 15% Notes Indenture (the "***Second Paydown***");

WHEREAS, the Debtors, the Creditors' Committee and Harbinger believe, among other things, that (a) the entire October 5 Payment should be allocated to principal and (b) interest on the 15% Notes is not calculated on a compounded basis (i.e. interest does not accrue on interest) and, as such, (x) any potential postpetition interest accrual on the 15% Notes terminated on that

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4 The Purchaser will pay to the Debtors the remaining $30 million of the Purchase Price, as defined in and pursuant to the terms of the Purchase Agreement.

5 This amount does not include any amounts related to the alleged Make-Whole Premium, and for purposes of the Second Paydown Motion (as defined herein), all parties reserved their rights to assert an entitlement or objection to the Make-Whole Premium. In addition, for purposes of the Second Paydown Motion, all parties reserved their rights to assert an entitlement or objection to the asserted postpetition interest on account of the 15% Notes.

6 Pursuant to the Second Paydown Order, all parties expressly reserved all rights with respect to the appropriate application of payments under the 15% Notes 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 15% Notes Indenture.

date and (y) the only potential remaining obligation outstanding under the 15% Notes to be satisfied is an amount no more than $122,492,120.30 in postpetition interest;

WHEREAS, the 15% Notes Trustee and the 15% Noteholders believe that (a) all or part of the October 5 Payment was on account of interest (or other obligations under the 15% Notes Indenture) in addition to (or in lieu of) principal and (b) interest on the 15% Notes is calculated on a compounded basis (i.e., interest accrues on all outstanding 15% Notes obligations) and, as such, believe that postpetition interest has continued to accrue after October 5, 2011 (the "***October 5 Payment Dispute***");

WHEREAS, the 15% Notes Trustee further disputes the method by which the Debtors have calculated postpetition interest and believes such method understates the amount of postpetition interest due on account of the 15% Notes;

WHEREAS, the Ad Hoc Group has been actively involved in all aspects of these chapter 11 cases;

WHEREAS, the Ad Hoc Group believes that it has significantly benefited the Debtors' estates by greatly enhancing the value available for unsecured creditors, and by virtue of this benefit, the Ad Hoc Group believes that it is entitled to reimbursement of its fees and expenses in these chapter 11 cases pursuant to section 503(b) of the Bankruptcy Code in an amount of more than $7 million (the "***Substantial Contribution Claim***");

WHEREAS, various stakeholders dispute the Ad Hoc Group's entitlement to a Substanial Contribution Claim;

G. <u>The Settlement</u>

WHEREAS, in early November 2011, Sprint and DISH Network Corporation ("***DISH***") reached a settlement (the "***Sprint/DISH Settlement***") of the various disputes among

them in the TSN and DBSD[7] chapter 11 cases, which settlement is confidential but, pursuant to which, among other things, Sprint has agreed to accept the sum of no more than $20.6 million in full satisfaction of all issues related to the Sprint Claims if such amount is paid by December 31, 2011;

WHEREAS, the Parties all recognize the substantial value in the Sprint/DISH Settlement and believe that it is in their best interests to pursue the settlement set forth herein, including, importantly, the payment on account of the Sprint Claims and the 15% Notes Claim before December 31, 2011;

WHEREAS, since August 2011, the Parties have been engaged in good faith negotiations of the various Contested Issues and have recently agreed to the settlement reflected in this Stipulation and Order (the *"**Settlement**"*);

WHEREAS, on November 14, 2011, the Debtors filed a motion (the "***9019 Motion***") pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***") seeking approval of the Settlement with the support of the Parties, which sought entry of this Stipulation and Order, authorizing the Debtors and all Parties to enter into the Settlement on the terms and conditions set forth in the Settlement;

WHEREAS, the Parties support the 9019 Motion;

WHEREAS, the Debtors believe that the Settlement contained herein is in the best interests of the Debtors' estates and all of their stakeholders; 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

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[7] Sprint has asserted claims in the chapter 11 cases of DBSD North America, Inc. based on substantially the same set of facts and circumstances as the Sprint Claims asserted against the Debtors. *See In re DBSD North America, Inc.* Case No. 09-13061 (Bankr. S.D.N.Y. May 15, 2009) (the "***DBSD Cases***").

BETWEEN THE UNDERSIGNED, SUBJECT TO COURT APPROVAL, AS FOLLOWS:

1. The 9019 Motion is granted to the extent set forth herein. The Debtors have provided adequate and appropriate notice of the 9019 Motion and the proposed Stipulation and Order.

2. As set forth in the 9019 Motion, and pursuant to Bankruptcy Rule 9019, the Parties are authorized and directed to enter into and perform under the Settlement, the terms of which are fair and equitable and in the best interests of the Debtors' estates, their creditors, including, without limitation, the 15% Noteholders and other parties in interest.

3. The Parties hereby agree that entry into the Settlement will fully and finally resolve the Contested Issues, including, without limitation, any and all issues, disputes, or controversies related to the 15% Notes and any and all issues, disputes or controversies which have arisen as of the date hereof (whether known or unknown) as among any and all of the Parties relating to the chapter 11 cases of the Debtors.

Resolutions Regarding The 15% Notes Claims and Disputes Thereto

4. Upon entry of the Stipulation and Order, the 15% Notes Claim will be deemed reduced to the amount consistent with the terms of the Settlement and deemed allowed in such amount. The 15% Notes Trustee on behalf of the 15% Noteholders, in full and final satisfaction of its claims, shall receive, on the date that is the earlier of (a) two (2) business days after entry of the Settlement Orders (as defined below) and (b) December 23, 2011 (such date, the "***Payment Date***"), $128,492,120.30 (the "***Claim Amount***"). Upon payment of the Claim Amount and the Ad Hoc Group Professional Fee Payment (as defined herein), (x) the 15% Notes Claim shall be deemed fully and finally satisfied and the Debtors shall have no more payment obligations under the 15% Notes, and (y) the 15% Noteholders and 15% Notes Trustee shall not be entitled to seek any additional amounts on account of their holdings (including reimbursement for any professional

fees), other than the reasonable, actual and documented fees and expenses of the 15% Notes Trustee, which the Debtors shall continue to pay through the effective date of any chapter 11 plan pursuant to the procedures for paying such fees and expenses set forth in the Final DIP Order.[8]

5. After the entry of the Stipulation and Order, and as part of the overall compromise and settlement of the various Contested 15% Notes Issues, the Debtors will reimburse the current members of the Ad Hoc Group for $2 million of professional fees and expenses (the "***Professional Fee Payment***"), which Professional Fee Payment shall occur on the Payment Date by wire payments to bank accounts and in amounts designated by Kirkland & Ellis LLP, as counsel to the Ad Hoc Group. No member of the Ad Hoc Group (nor the Ad Hoc Group itself) will seek payment of any additional fees and expenses (including pursuant to a substantial contribution motion or other payment of fees and expenses), and to the extent that any past, present, or future 15% Noteholders seek payment of any fees and expenses, all Parties to this Settlement will oppose such a motion (including by the filing of a pleading (which pleading may be limited to a one-page joinder to the Debtors' opposition) in opposition thereof).

6. For the avoidance of doubt, the Claim Amount, the Professional Fee Payment and the continued payment of the 15% Notes Trustee's reasonable fees and expenses shall be the sole and exclusive recovery available for the 15% Notes Trustee and the 15% Noteholders in the chapter 11 cases (in their capacities as 15% Notes Trustee and 15% Noteholders), and none of the Parties shall pursue any claim, cause of action, or objection against the 15% Notes Trustee or 15% Noteholders with regard to the 15% Notes or any other cause of action related thereto.

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[8] The "***Final DIP Order***" means that certain order entered by the Bankruptcy Court on November 18, 2010, which approved the Debtors' DIP Financing Agreement on a final basis [Docket No. 181].

7. By executing this Stipulation and Order, each of EchoStar and the Ad Hoc Group (on behalf of each of its members)[9] (i) acknowledge and agree that the Settlement is in the best interests of the 15% Noteholders and (ii) direct the 15% Notes Trustee to enter into the Settlement.

8. Upon the filing of the 9019 Motion, and in light of the overall Settlement and other consideration described herein, all activities with regard to the Contested 15% Notes Issues (including with respect to any appeals) by the parties thereto will cease (with all Parties agreeing and stipulating that all applicable limitations periods/deadlines (including with respect to any appeals) are tolled until fifteen (15) days after a decision is made by this Court not to approve this motion, without prejudice to any of the parties thereto (including with regard to the tolling of any deadlines in connection therewith)), pending a determination by the Bankruptcy Court with regard to the 9019 Motion; to the extent necessary, the parties to the Lien Litigation and T-2 Litigation shall file a stipulation with the Bankruptcy Court and the District Court asking each court to recognize the stay referred to herein. Upon the payment of the Claim Amount and the Professional Fee Amount, all of the pleadings, motions, applications and appeals that have been filed with respect to each of the Contested 15% Notes Issues, and all claims and relief asserted or sought in the Lien Litigation and T-2 Litigation or that could have been asserted or sought therein, shall be deemed waived, released and withdrawn in their entirety with prejudice and, further, the Parties shall withdraw all pending adversary proceedings, motions, applications and appeals and cause a stipulation of dismissal with prejudice with respect to the Lien Litigation and T-2 Litigation to be filed with the Bankruptcy Court.

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[9] The Debtors have served the 9019 Motion and will serve this Stipulation and Order on each current and former member of the Ad Hoc Group, as such membership has been provided to the Debtors by counsel to the Ad Hoc Group.

Resolutions Regarding the Sprint Claims and Sprint Claims Objection

9. In full and final satisfaction of the TSN Sprint Claims, on the Payment Date: (a) the Debtors shall pay to Sprint the Sprint Distribution (as defined below); and (b) the Sprint Claim Objection shall be deemed withdrawn with prejudice.

10. Upon the filing of the 9019 Motion, and in light of the overall Settlement and other consideration described herein, all activities with regard to the Sprint Claim Objection (including with respect to any appeals) by the parties thereto will cease (with all Parties agreeing and stipulating that all applicable limitations periods/deadlines (including with respect to any appeals) are tolled until fifteen (15) days after a decision is made by this Court not to approve this motion, without prejudice to any of the parties thereto (including with regard to the tolling of any deadlines in connection therewith)), pending a determination by the Bankruptcy Court with regard to the 9019 Motion. Upon the Debtors' payment of the Sprint Distribution (as defined below) on the Payment Date, the Sprint Claim Objection shall be deemed withdrawn in its entirety with prejudice.

Resolutions Regarding the Recharacterization Litigation and TSC Intercompany Claim

11. Upon entry of (i) the Stipulation and Order and (ii) the TSC 9019 Order[10] (collectively, the "***Settlement Orders***"), TSC's claim against TSN on account of certain notes dated June 6, 2009, July 6, 2009, August 4, 2009, August 26, 2009, and September 21, 2009 (the "***TSC Intercompany Claim***"), shall be deemed allowed in the amount of $56.9 million. Pursuant

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10 The "***TSC 9019 Order***" means that certain order approving the motion (the "***TSC 9019 Motion***) sought to be entered into by certain parties in the TSC chapter 11 cases, authorizing and directing (i) TSN to pay to Sprint (as assignee of a portion of the TSC Intercompany Claim (as defined below)) the Sprint TSC Distribution and (ii) payment by TSN to Sprint of the Sprint TSC Distribution.

to a separate stipulation between the TSC Debtors[11] and Sprint, Sprint has agreed to forego any distribution it would be entitled to receive under the TSC chapter 11 plan, in exchange for an assignment of TSC's rights to receive the first $2.6 million payable on account of the TSC Intercompany Claim in the Debtors' chapter 11 cases. On the Payment Date, the Debtors are authorized and directed to wire to Sprint immediately available funds in the amount of (i) $18 million (the "***Sprint TSN Distribution***") plus (ii) the lesser of (a) $2.6 million and (b) the Debtors' projected distribution on account of the TSC Intercompany Claim, as set forth in the Updated Recovery Analysis (as defined below) (the "***Sprint TSC Distribution***" and, together with the Sprint TSN Distribution, the "***Sprint Distribution***").

12. In the event that the Sprint TSC Distribution is less than $2.6 million, then Sprint shall have an allowed unsecured claim against TSC in an amount equal to the difference between $2.6 million and the Sprint TSC Distribution (the "***Sprint TSC Remainder Claim***"). Sprint agrees, however, that its sole recourse against TSC or any other party on account of the Sprint TSC Remainder Claim (and its sole source of distributions under the TSC Plan (as defined in the TSC 9019 Motion)) shall be to receive the first dollars from any distribution made to which TSC is entitled[12] on account of the TSC Intercompany Claim under the TSN Plan. If the Debtors' chapter 11 plan ultimately provides for a distribution on account of the TSC Intercompany Claim that is less than $2.6 million or the amount of the Sprint TSC Distribution, none of Sprint, the Debtors, the creditors of the Debtors and/or the parties-in-interest in the Debtors' chapter 11 cases shall seek

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11 "***TSC Debtors***" means, collectively, TerreStar Corporation, TerreStar Holdings Inc., TerreStar New York Inc., Motient Communications Inc., Motient Holdings Inc., Motient License Inc., Motient Services Inc., Motient Ventures Holding Inc., and MVH Holdings Inc., all of which are being jointly administered under the chapter 11 cases of TerreStar Corporation.

12 Distributions on account of the TSC Intercompany Claim under any plan confirmed in the Debtors' chapter 11 cases shall be reduced by the amount of the Sprint TSC Distribution so as to reimburse TSN for the Sprint TSC Distribution prior to the payment of any distribution to Sprint on account of the Sprint Remainder Claim or thereafter to TSC.

any recovery of or be entitled to receive any funds from any of the TSC Debtors or their stakeholders on account of such deficiency.

13. The Debtors shall prepare an updated analysis of expected recoveries based on a "refresh" of their analysis using actual and projected numbers as of December 1, 2011 (the ***"Updated Recovery Analysis"***), based upon, among other things, (i) the terms embodied in the Settlement, (ii) the terms embodied in the TSC 9019 Order, and (iii) the Debtors' good-faith projections of expected costs and fees through the remainder of the Debtors' chapter 11 cases. The Updated Recovery Analysis shall be prepared using the same assumptions and methodology as that certain analysis dated November 10, 2011, which was distributed to counsel to Sprint, the Creditors' Committee, Harbinger, and EchoStar prior to filing the 9019 Motion. The Debtors shall distribute the Updated Recovery Analysis to counsel to each of the Parties and each of the Preferred Shareholders (as that term is defined in the TSC 9019 Motion) so that it is actually received no later than December 8, 2011.

14. As of the date hereof, the Debtors believe (after due inquiry) that the distribution on account of the TSC Intercompany Claim in any chapter 11 plan will be at least $2.6 million.

15. Upon the filing of the 9019 Motion, and in light of the overall Settlement and other consideration described herein, all activities with regard to the Recharacterization Litigation (including with respect to any appeals) by the parties thereto will cease (with all Parties agreeing and stipulating that all applicable limitations periods/deadlines (including with respect to any appeals) are tolled until fifteen (15) days after a decision is made by this Court not to approve this motion, without prejudice to any of the parties thereto (including with regard to the tolling of any deadlines in connection therewith)), pending a determination by the Bankruptcy Court with regard

to the 9019 Motion. Upon the Debtors' payment of the Sprint Distribution on the Payment Date, the Recharacterization Litigation shall be deemed withdrawn in its entirety with prejudice.

Resolutions Regarding the LightSquared Claims

16. Upon entry of the Stipulation and Order, on the Payment Date (i) Claim No. 92 shall be deemed allowed in the amount of $35 million against TSN, and any recoveries on account of Claim No. 92 pursuant to a chapter 11 plan confirmed in these cases shall be deemed full and final satisfaction of Claim No. 92; (ii) Claim No. 93 shall be deemed allowed in the amount of $5.99 million against TSN, and any recoveries on account of Claim No. 93 pursuant to a chapter 11 plan confirmed in these cases shall be deemed full and final satisfaction of Claim No. 93; and (iii) any and all other claims, including, without limitation, Claim No. 116 and Claim No. 127, filed or asserted by LightSquared, shall be deemed disallowed and expunged in their entirety.

Resolutions Regarding the Plan and Unsecured Creditors' Recoveries Thereunder

17. The unsecured creditors who are party to the Settlement[13] agree to the following unsecured creditor claim allocations[14]: holders of unsecured claims at TSN (other than any party which holds the Sprint Claim) will receive their pro rata portion of 70.18% of the remaining sale proceeds; holders of unsecured claims at TerreStar License Inc. (other than any party which holds the Sprint Claim) will receive their pro rata portion of 29.52% of the remaining sale proceeds; and holders of unsecured claims at TerreStar Networks (Canada) Inc. (other than any party which holds the Sprint Claim) will receive their pro rata portion of 0.30% of the remaining sale proceeds.

18. For the avoidance of doubt, the recovery on the Sprint Claims shall be capped at $20.6 million. The Sprint Distribution shall be paid in immediately available funds on the

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13 The estimated recoveries assume that certain reasonable fees and expenses of the indenture trustee for the 6.5% Notes (the ***"6.5% Notes Trustee"***) are paid pursuant to this Stipulation and a chapter 11 plan.

14 Allocation percentages have been determined using the full amount of the TSC Intercompany Claim; however, distributions on account of the TSC Intercompany Claim will be reduced by that portion of the Sprint Distribution allocable to the assignment of the TSC Intercompany Claim.

Payment Date. After the Sprint Distribution is paid, other than the Sprint TSC Remainder Claim (if applicable), Sprint shall receive no distributions pursuant to any chapter 11 plan confirmed in these cases.

19. To the fullest extent permitted by applicable law, (i) the Parties (in each and every capacity in which they hold claims and interests) will support (after solicitation of a disclosure statement that meets the requirements of the Bankruptcy Code) a plan of reorganization to be filed by the Debtors that includes the terms of the Settlement and is otherwise consistent with the Stipulation and Order and the Settlement (as may be amended from time to time) and that does not otherwise materially and adversely affect their respective rights (the "***Plan***"), and (ii) the Creditors' Committee (as part of the disclosure statement that meets the requirements of the Bankruptcy Code) will recommend to its constituents that they vote in favor of the Plan; provided, however, nothing contained in this Stipulation and Order shall be construed as such recommendation to vote in favor of the Plan; provided further, however, notwithstanding anything to the contrary contained herein, nothing in this Stipulation and Order shall be deemed to direct the vote of the members of the Creditors' Committee in their individual capacities.

20. By executing this Stipulation and Order, each of Harbinger, EchoStar and Solus, in their capacities as holders of the Debtors' 6.5% Senior Exchangeable PIK Notes due 2014 (the "***6.5% Notes***") and who collectively hold a substantial majority of the 6.5% Notes, direct Deutsche Bank National Trust Company, as indenture trustee for the 6.5% Notes, not to object to the Settlement. Upon entry of this Stipulation and Order, on the Payment Date, and as part of the overall compromise and settlement, the Debtors shall reimburse counsel to the 6.5% Notes Trustee $300,000 on account of professional fee expenses incurred in connection with these chapter 11 cases. This amount represents a portion of the agreed-upon fees and expenses which the 6.5%

Notes Trustee will receive under a chapter 11 plan (as per footnote 13), and which fees are included in the Updated Recovery Analysis.

21. It is a condition precedent to the effectiveness of each and every provision of this Stipulation and Order (other than any provision which (a) requires the Parties to support and prosecute the Settlement and its terms and (b) requires the Parties to cease current litigation efforts during the aforementioned tolling periods) that the TSC 9019 Order be entered by the bankruptcy court in the TSC Debtors' chapter 11 cases.

Other Terms and Provisions

22. This Stipulation and Order and all the provisions hereof shall be binding upon and shall inure to the benefit of all the Parties hereto, each of their respective executors, heirs, successors and assigns, and all entities claiming by or through any of the Parties with respect to the subject matter hereof and relating to the Settlement. The Parties agree to prosecute, support and defend all terms of the Settlement as memorialized in this Stipulation and Order and comply with all terms hereof, including defending the Settlement against any third parties or other parties in interest in these chapter 11 cases.

23. This Stipulation and Order shall be construed and interpreted in accordance with the laws of the State of New York, excluding, and without regard to the conflict of law rules thereof. 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.

24. By their signatures hereto, each of the undersigned (a) represents that it has been duly authorized to enter into this Stipulation and Order and (b) requests that the Bankruptcy Court approve this Stipulation and Order as an Order of the Bankruptcy Court.

25. Upon the Payment Date, except as provided herein and except with respect to the rights and obligations under this Stipulation and Order, the Debtors shall be deemed to have forever waived, released, acquitted and discharged the Parties (including the undersigned individual members of the Ad Hoc Group), including the Parties' current, former or future officers, directors, employees, stockholders, agents, servants, assigns, successors, predecessors, representatives, members, financial advisors, industry experts/advisors, attorneys, trustees, partners, subsidiaries, parent entities and affiliates, each in their capacity as such and in no other capacity, and each of the Parties shall be deemed to have forever waived, released, acquitted and discharged the Debtors and all other Parties, including the Debtors' and each respective Party's current, former or future officers, directors, employees, stockholders, agents, servants, assigns, successors, predecessors, representatives, members, financial advisors, industry experts/advisors, attorneys, trustees, partners, subsidiaries, parent entities and affiliates, each in their capacity as such and in no other capacity, from any and all claims, demands, debts, objections to claims, obligations, damages, losses or liabilities whatsoever of any nature, type or description, whether known or unknown, suspected or unsuspected, concealed or hidden, direct or indirect, patent or latent, or fixed or contingent, arising out of or relating to any cause, matter or thing from the beginning of time through the date of this Stipulation and Order, pertaining in any way to the Contested Issues. For the avoidance of doubt, the releases provided under this paragraph shall not affect any claim of any Party arising under this Stipulation and Order. For the further avoidance of doubt, the releases provided under this paragraph shall not apply to (i) DISH or the Purchaser or any of their respective subsidiaries, and (ii) ATC Technologies, LLC. With respect to the dismissal of any adversary proceedings that occur as a consequence of this Stipulation and Order,

the dismissal shall be with prejudice, with each party to bear its own costs, expenses and attorneys' fees.

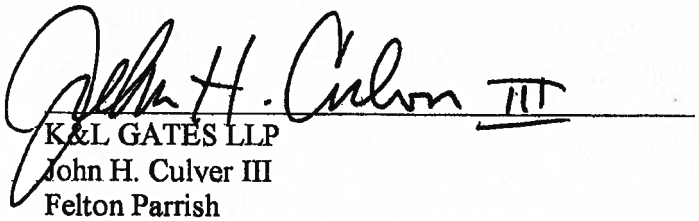
26. In the event this Stipulation and Order is not approved by the Bankruptcy Court, this Stipulation and Order and the Settlement shall be of no force and effect and none of its provisions will be deemed to prejudice or impair any of the Parties' respective rights and remedies, nor may it be used in any way against any of the Parties hereto in the Contested Issues.

27. 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.

28. The Bankruptcy Court shall retain jurisdiction to interpret, enforce, and resolve any disputes arising under or related to this Stipulation and Order, including any disputes arising from the final distribution of the Claim Amount to the 15% Noteholders, and the acceptance by any party of any distribution of funds authorized under this Stipulation and Order shall constitute consent by such party to the jurisdiction of the Court to hear and determine any such dispute. Any motion or application brought before the Bankruptcy 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 Bankruptcy Rules and the Local Rules for the Bankruptcy Court for the Southern District of New York.

29. 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 or email pdf shall be deemed an original signature for purposes of this Stipulation and Order.

[*Signature Pages Follow*]



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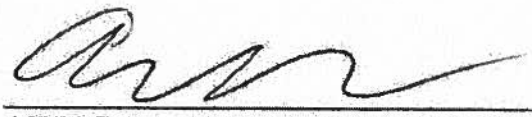
By: 

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By: Advent Capital Management, LLC

By: _____
Name:
Title:

Member of the Ad Hoc Group

(Signature Page for Stipulation and Agreed Order)

By: Archer Capital Management, LP

By: _____

Name: Eric Edidin

Title: Authorized Signatory

Member of the Ad Hoc Group

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By: Cedarview Capital Management, LP

By: _____
Name: Burton Weinstein
Title: Managing Partner

Member of the Ad Hoc Group

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By: Feingold O'Keeffe Capital

By: _____
Name: Jeff Crispin
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By: Jefferies High Yield Trading, LLC

By: William P. McLaughlin

Name: William P. McLaughlin

Title: SVP

Member of the Ad Hoc Group

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By: Pentwater Capital Management LP

By: _____

Name: Neal Nenadovic
Title: Chief Financial Officer
Pentwater Capital Management LP

Member of the Ad Hoc Group

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By: Silver Lake Credit Fund, L.P.

By: Silver Lake Financial Associates, L.P., its general partner

By:
Name: Chris Lee
Title: Managing Director

Member of the Ad Hoc Group

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By: SOF Investments, L.P.

By: _____
Name: Marcello Liguori
Title: Authorized Signatory

Member of the Ad Hoc Group

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By: Solus Alternative Asset Management

By: _____
Name: Christopher Bondy
Title: EVP & Chief Economist

Member of the Ad Hoc Group

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By: Spectrum Group Management LLC

By: _____

Name: JEFFREY A. SCHAFFER

Title: MANAGING MEMBER

Member of the Ad Hoc Group

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By: Capital Ventures International

By: Susquehanna Advisors Group, Inc., its authorized agent

By: _____

Name: Brian Sullivan
Title: Treasurer

Member of the Ad Hoc Group

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By: UBS Securities AG

By: _____

Name: Ciaran Holmstead

Title: Director

Member of the Ad Hoc Group

Dated: **December 15, 2011**
New York, New York

/s/ Sean H. Lane
THE HONORABLE SEAN H. LANE
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

AFFIDAVIT OF JARVIS HÉTU
(SWORN DECEMBER 15, 2011)

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