VALUATION ANALYSIS

A. VALUATION OF THE REORGANIZED TSN DEBTORS

In conjunction with formulating the Plan, the TSN Debtors determined that it was necessary to estimate the post-Confirmation going-concern value of the Reorganized Debtors. Accordingly, the TSN Debtors, with the assistance of Blackstone, its financial advisors, has prepared the foregoing valuation.

For purposes of the Plan, the reorganization value (the "Reorganization Value") is estimated to range from approximately $1.07 billion to $1.37 billion. The Reorganization Value reflects the going concern value of the Reorganized TSN Debtors after giving effect to the implementation of the Plan. The distributable value (the "Distributable Value") of the Reorganized TSN Debtors is estimated to range from approximately $905 million to $1.20 billion, with an approximate midpoint value of $1.05 billion. The Distributable Value reflects the Reorganization Value less the estimated $91.5 million of PMCA obligations and $75.3 million of DIP Financing obligations. For purposes of the Plan, based on 30,000,000 shares of Common Stock of the Reorganized TSN Debtors (inclusive of the New Common Stock underlying the New Preferred Stock), subject to dilution from options and any equity grants in connection with the management incentive plan, the New Common Stock will have a plan value of $39.94.

In preparing an estimate of Reorganization Value, Blackstone conducted *inter alia*, the following due diligence:

(1) Review of the TSN Debtors' operations, assets, strategy and vendor relationships, including the AT&T Roam-in business;

(2) Analysis of the TSN Debtors' industry and key competitors, and trends in the environment in which the TSN Debtors operate;

(3) Analysis of the performance and market position of the TSN Debtors relative to their key competitors and similar companies; and

(4) Discussions regarding regulatory issues related to the TSN Debtors' assets.

Although Blackstone conducted a review and analysis of the TSN Debtors' business, operating assets and liabilities, and the Reorganized TSN Debtors' business plan, Blackstone assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the TSN Debtors, as well as publicly available information.

B. VALUATION METHODOLOGIES

In performing its analysis, Blackstone separately valued the TSN Debtors' S-Band spectrum holding and Roam-In Plan. The valuation of the TSN Debtors' S-Band spectrum holding incorporated (i) historical spectrum auctions analysis, (ii) precedent transactions analysis, and (iii) discounted cash flow ("DCF") analysis. The valuation of the Roam-In Plan incorporated a DCF analysis of the expected cash flows of the plan.

The TSN Debtors' 20 MHz of S-Band spectrum is among the TSN Debtors' most critical assets. MSS / ATC next-generation mobile service companies are firms that develop integrated mobile satellite and terrestrial services networks. The valuation of companies that utilize MSS / ATC next-generation mobile service spectrum is often expressed as a multiple of megahertz-population ("MHz-POP"). MHz-POP takes a company's spectrum measured in MHz and multiplies it by the number of people living in the region covered by the spectrum. Total Enterprise Value ("TEV") / MHz-POP is the primary valuation methodology for mobile satellite service providers whose business is not yet considered mature, and such valuation has been used by research analysts that cover MSS / ATC next-generation mobile service companies. These companies generally do not have positive cash flow and require extensive capital investments prior to obtaining positive earnings before interest, tax, depreciation, and amortization ("EBITDA").

Assuming a United States population of approximately 309 million people and a Canada population of approximately 34 million people, the TSN Debtors currently have approximately 6.2 billion MHz-POP in the US and approximately 0.7 billion MHz-POP in Canada. The FCC and Industry Canada have also granted the TSN Debtors the right to use this spectrum terrestrially for ATC services as a result of meeting certain gating criteria, which are intended to ensure that ATC remains ancillary to the provision of mobile satellite service.

THE FOLLOWING SUMMARY DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OF THE ANALYSES AND FACTORS UNDERTAKEN TO SUPPORT BLACKSTONE'S CONCLUSIONS.

THE PREPARATION OF A VALUATION IS A COMPLEX PROCESS INVOLVING VARIOUS DETERMINATIONS AS TO THE MOST APPROPRIATE ANALYSES AND FACTORS TO CONSIDER, AS WELL AS THE APPLICATION OF THOSE ANALYSES AND FACTORS UNDER THE PARTICULAR CIRCUMSTANCES. AS A RESULT, THE PROCESS INVOLVED IN PREPARING A VALUATION IS NOT READILY SUMMARIZED.

1. S-Band Spectrum (MSS / ATC)

For purposes of valuing the TSN Debtors' S-Band spectrum, Blackstone has considered the value of a fully-enabled MSS / ATC spectrum license, compliant with all FCC gating criteria and covering a population of approximately 309 million people in the United States and approximately 34 million people in Canada.

Historical Spectrum Auctions Analysis

Blackstone reviewed data for FCC spectrum auctions from 1995 to 2008. In determining the most relevant auctions, the following factors were considered: (i) frequency range in close proximity to the TSN Debtors' S-Band spectrum, (ii) comparable-sized blocks of capacity, (iii) similar geographic coverage, and (iv) date of auctions held. Using these criteria, Blackstone determined the most relevant auction to be FCC Auction 66 (AWS-1). Auction 66 closed on September 18, 2006 and awarded 1,087 Advanced Wireless Services licenses of 5 MHz and 10 MHz paired blocks of capacity in the 1710-1755 MHz and 2110-2155 MHz frequency bands across the United States. These licenses covered geographic areas from small cellular market areas to large regional economic area groupings.

Blackstone derived an interim, gross valuation using the auction price / MHz-POP multiple based on the relevant terrestrial spectrum auction. However, because of differences in the characteristics of the spectrum, regulatory requirements, and the financial / competitive positions of the bidders involved in the auction, Blackstone made several adjustments to the gross valuation implied by the auction price / MHz-POP in order to calculate the TSN Debtors' implied S-Band spectrum valuation.

Precedent Transactions Analysis

Blackstone reviewed data for precedent M&A spectrum transactions from 2007 to present. In determining the most relevant transactions, the following factors were considered: (i) frequency range in close proximity to the TSN Debtors' S-Band spectrum, (ii) comparable-sized blocks of capacity, (iii) similar geographic coverage, and (iv) date of transaction. Blackstone then derived an interim, gross valuation using the transaction prices / MHz-POP multiples based on the relevant precedent transactions. However, due to differences in the characteristics of the spectrum, regulatory requirements, and the financial / competitive positions of the buyers involved in these transactions, Blackstone made several adjustments to the gross valuations in order to calculate the TSN Debtors' implied S-Band spectrum valuation.

In addition, Blackstone considered the bankruptcy reorganization precedent of DBSD North America, Inc. ("DBSD") (formerly ICO North America, Inc.). Blackstone made certain adjustments to reflect the differences between DBSD and TerreStar, including the TSN Debtors' compliance with FCC gating criteria (e.g., construction and maintenance of its spare satellite, TerreStar-2) and other investments in its network and technology infrastructure.

Discounted Cash Flow Analysis

To provide another reference for valuation of the S-Band spectrum, Blackstone performed a DCF analysis of the potential cash flows generated by ATC / terrestrial use of the spectrum, including the build-out of nationwide terrestrial network infrastructure.

A DCF analysis relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. A DCF analysis is a "forward looking" valuation methodology approach that discounts the expected future cash flows by a theoretical or observed discount rate determined by calculating the average cost of debt and equity for publicly traded companies that are similar to the TSN Debtors. This approach has two components: (i) the present value of the projected un-levered after-tax free cash flows for a determined period, and (ii) the present value of the terminal value of cash flows, which represents the TSN Debtors' value beyond the time horizon of the projected period. Similar to estimated cash flows, the estimated discount rate and expected capital structure of the Reorganized TSN Debtors are analyzed to derive a potential value. In performing the calculation, Blackstone made assumptions for the weighted average cost of capital, which is used to value future cash flows based upon the level of risk of the cash flows and the EBITDA terminal multiple, which is used to determine the future value of the enterprise after the end of the projected period.

This analysis determines the value of the S-Band spectrum, including capital expenditures (which could range in the billions of dollars) required for the build-out of terrestrial network infrastructure. In projecting the future cash flows from this business, Blackstone utilized industry sources and assumptions it believes to be reasonable. The resulting valuation range implied by the DCF analysis was incorporated into Blackstone's S-Band spectrum valuation. However, as a result of the TSN Debtors' lack of capital to fund such a build-out, Blackstone did not put significant weight on this analysis.

S-Band Spectrum Valuation Summary (US and Canada)

In conclusion, the valuation of the TSN Debtors' spectrum holdings incorporated (i) historical spectrum auctions analysis, (ii) precedent transactions analysis, and (iii) DCF analysis. Considering all of these valuation methodologies, Blackstone determined that the total value attributable to the TSN Debtors' S-Band spectrum ranges from $1.02 billion to $1.28 billion, or $0.16 to $0.20 / MHz-POP. The total value attributable to the TSN Debtors includes (i) $1.00 billion to $1.25 billion, or 100% of the value for the US S-Band spectrum (covering approximately 309 million POPs), and (ii) $22 million to $28 million, or 20% of the value for the Canada S-Band spectrum (covering approximately 34 million POPs). The TSN Debtors' spectrum holdings are fully enabled for MSS / ATC services and are compliant with FCC and Industry Canada regulatory requirements.

2. Roam-In Plan

In connection with estimating the post-Confirmation going-concern value of the Reorganized TSN Debtors, Blackstone reviewed and analyzed the TSN Debtors' business model. The TSN Debtors' business model is premised on acting as a wholesaler of satellite services and air time, as well as of the GENUS smartphone. The GENUS is marketed through the TSN Debtors' terrestrial provider partner, AT&T, as AT&T's Satellite Augmented Mobility Service ("SAM"). The GENUS smartphone is the first commercially-available dual-mode device that communicates over AT&T's traditional terrestrial wireless network, and enables subscribers to "roam-in" to TerreStar's satellite-based network in remote areas where AT&T's network is unavailable. SAM was launched for government and enterprise customers on September 21, 2010, with a roll-out for retail consumers expected later in 4Q 2010. Pursuant to the rate plan under the AT&T MSS agreement, AT&T pays TerreStar a (i) recurring monthly charge for each subscribing customer, (ii) fixed amount per minute for satellite voice calls (plus termination charges), and (iii) fixed amount for each megabyte of satellite data used and satellite text message sent or received.

DCF Analysis

To value the Roam-In Plan, Blackstone performed a DCF analysis of the expected cash flows generated through the AT&T Satellite Augmented Mobility Service. The Roam-In Plan assumes that the Reorganized TSN Debtors are able to grow their customer base to approximately 156,000 by 2015 with revenue of approximately $79 million in that year. The Roam-In Plan only assumes cash flows generated through the sale of GENUS handsets and related services, and does not assume that the TSN Debtors utilize next-generation chipsets to introduce alternative dual-mode wireless satellite / terrestrial devices. Based on the recent launch of commercial services under the Roam-In Plan, Blackstone believes these projections are appropriately valued using a discounted cash flow analysis.

Roam-In Plan Valuation

As a result, Blackstone determined the value of the Roam-In Plan to be approximately $50 million to $90 million.

C. SATELLITE VALUATION CONSIDERATIONS

In compliance with current regulatory requirements for its MSS / ATC license, the TSN Debtors maintain two satellites – TerreStar-1 in orbit (launched on July 1, 2009) and TerreStar-2 as a ground spare. The valuation of the TSN Debtors' spectrum holdings outlined in Section B (1) is inclusive of the value of both TerreStar-1 and TerreStar-2 satellites, reflecting a fully enabled S-band spectrum for MSS / ATC services.

On August 17, 2010, the Company engaged Duff & Phelps, LLC ("D&P") to perform an appraisal of the TerreStar-2 satellite. D&P determined the appraisal value of TerreStar-2 to range from $185 million to $210 million. Blackstone has not performed an independent appraisal of TerreStar-2.