SKYTERRA COMMUNICATIONS INC
Form PRER14A
February 05, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant **x** Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a (e)(2))

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a 2

SKYTERRA COMMUNICATIONS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a (i)(1) and 0 1.

(1) Title of each class of securities to which transaction applies:
SkyTerra Communications, Inc. Voting Common Stock, par value $0.01 per share

SkyTerra Communications, Inc. Non Voting Common Stock, par value $0.01 per share

(2) Aggregate number of securities to which transaction applies:
(a) 44,962,370 shares of common stock outstanding as of November 18, 2009 proposed to be acquired in the merger for the per share merger consideration of $5.00, (b) 11,527,870 shares of common stock issuable pursuant to outstanding options as of November 18, 2009 with exercise prices below the per share merger consideration of $5.00 and (c) 1,198,068 shares of common stock representing phantom units and restricted stock awards entitled to receive the merger consideration of $5.00.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0 1 (set forth the amount on which the filing fee is calculated and state how it was determined):
Calculated solely for purposes of determining the filing fee. The transaction value was determined by adding (a) the product of 44,962,370 shares of common stock that are proposed to be acquired in the merger multiplied by the merger consideration of $5.00 per share, plus (b) $30,674,053.20, the amount expected to be paid to holders of outstanding stock options to purchase shares of common stock with an exercise price of less than the merger consideration of $5.00 per share, plus (c) $5,990,340.00, the amount expected to be paid to holders of phantom units and restricted stock awards entitled to receive the merger consideration of $5.00 per share.

(4) Proposed maximum aggregate value of transaction: $261,476,243.20

(5) Total fee paid: $52,295.25

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0 1(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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PRELIMINARY COPY SUBJECT TO COMPLETION DATED FEBRUARY , 2010

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191

[ ], 2010

Dear Stockholder:

You are cordially invited to attend the 2009 Annual Meeting (the annual meeting) of holders of shares of voting common stock, par value $0.01 per share (the Common Stock), and non voting common stock, par value $0.01 per share (the Non Voting Common Stock, and together with the Common Stock, the Capital Stock) of SkyTerra Communications, Inc. (SkyTerra) to be held at 10802 Parkridge Boulevard, Reston, VA 20191, on [ ], at 10:00 a.m., local time.

At the annual meeting, holders of Common Stock will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger (as amended, from time to time, the merger agreement), dated as of September 23, 2009, by and among Harbinger Capital Partners Master Fund I, Ltd. (Master Fund), Harbinger Capital Partners Special Situations Fund, L.P. (Special Fund and together with Master Fund, Harbinger), Sol Private Corp. (Acquisition Corp. and together with Harbinger, the Harbinger Parties) and SkyTerra, a copy of which is attached as Appendix A to the accompanying proxy statement as amended on November 18, 2009 (the First Amendment), a copy of which is attached as Appendix B to the accompanying proxy statement. At the annual meeting, you will also be asked to elect directors to the board of directors of SkyTerra, ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of SkyTerra for the year ended December 31, 2009, and to consider and vote upon a proposal to adjourn the annual meeting, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the annual meeting to adopt the merger agreement.

If the merger is completed, each share of Capital Stock outstanding at the effective time of the merger (other than shares owned by Harbinger or its affiliates, any subsidiary of SkyTerra, and holders who have perfected and not withdrawn a demand for appraisal rights, which are collectively referred to in this proxy statement as excluded shares) will be canceled and converted into the right to receive $5.00, in cash, without interest, and the directors on SkyTerra s board of directors will be replaced by the directors of Acquisition Corp.

To assist in evaluating the fairness to SkyTerra stockholders of the proposed merger, the SkyTerra board of directors formed a special committee of independent directors to consider and negotiate the terms and conditions of the proposed merger and to make a recommendation to the board of directors, consisting of Jose A. Cecin, Jr., Jeffrey M. Killeen, and William F. Stasior (the special committee). Messrs. Cecin, Killeen and Stasior are not employees of or affiliated with SkyTerra (other than in their respective capacity as a director) or Harbinger and have no economic interest in Harbinger or its affiliates.

The board of directors, after receiving the recommendation of the special committee, (1) has approved, declared advisable and authorized the merger agreement and the transactions contemplated thereby, including the proposed merger; (2) has determined that the proposed merger and the transactions contemplated thereby are substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders (by which we mean, for purposes of this proxy statement, the holders of shares of Capital Stock, other than Harbinger, its affiliates and any subsidiary of SkyTerra); and (3) recommends that SkyTerra s stockholders vote FOR the adoption of the merger agreement. The board of directors also recommend that you vote FOR each of the nominees for election to the board of directors of SkyTerra, and the approval of any proposal to adjourn the annual meeting, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the annual meeting to adopt the merger agreement.

The enclosed proxy statement describes the merger agreement, the proposed merger and related agreements and provides specific information concerning the annual meeting. In addition, you may obtain information about SkyTerra from documents filed with the Securities and Exchange Commission. We urge you to, and you should, read the entire proxy statement carefully, including the appendices, as it sets forth the details of the merger agreement and other important information related to the merger.

The merger cannot occur unless the merger agreement is adopted by the affirmative vote of (i) the holders of a majority of the shares of SkyTerra s outstanding Common Stock entitled to vote at the annual meeting and (ii) the holders of a majority of the shares of SkyTerra s outstanding Common Stock voted at the annual meeting (excluding shares held by the Harbinger Parties, any director or officer of SkyTerra, or any of their respective affiliates and shares considered to be held in escrow). Harbinger and its affiliates are entitled to vote approximately 46% of the outstanding shares of Common Stock.

Whether or not you plan to attend the annual meeting, please submit your proxy by promptly completing, signing, dating and returning the enclosed proxy card in the postage pre paid envelope. This solicitation is being made by SkyTerra on behalf of its board of directors. If you sign, date and return your proxy card without indicating how you want to vote, and do not revoke the proxy, your proxy will be counted as a vote FOR adoption of the merger agreement, the election of each nominated director to the board of directors, the ratification of the appointment of Ernst & Young, LLP and any adjournment of the annual meeting if there are not sufficient votes to adopt the merger agreement at the annual meeting. You may revoke your proxy at any time before it is voted by submitting a written revocation of your proxy or a later dated proxy to the Secretary of SkyTerra or by attending the annual meeting and voting in person. The failure to vote will have the same effect as a vote against adoption of the merger agreement. If you have any questions or require assistance voting your shares, please call Investor Relations at SkyTerra at (703) 390 2700.

On behalf of the board of directors, I thank you for your continued support.

Sincerely,

/s/ Alexander H. Good
Alexander H. Good
Chairman, CEO and President

For the Board of Directors of SkyTerra Communications, Inc.

Reston, Virginia

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in the proxy statement. Any representation to the contrary is a criminal offense.

The attached proxy statement is dated [ ], 2010, and is first being mailed to stockholders on or about [ ], 2010.

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SKYTERRA COMMUNICATIONS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON [ ], 2010

NOTICE IS HEREBY GIVEN THAT the annual meeting of the holders of Capital Stock of SkyTerra Communications, Inc., a Delaware corporation, will be held at [ ] on [ ], 2010, at 10:00 a.m., local time, to consider and vote on the following matters described in this notice and the accompanying proxy statement:

1) To adopt the Agreement and Plan of Merger, dated as of September 23, 2009, by and among Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., Sol Private Corp. and SkyTerra Communications, Inc., a copy of which is attached as Appendix A to the accompanying proxy statement, as amended on November 18, 2009, a copy of which is attached as Appendix B to the accompanying proxy statement, and as it may be further amended from time to time;

2) To elect six (6) directors to serve on SkyTerra s board of directors, each to hold office until the earliest of SkyTerra s 2010 annual meeting of stockholders, his earlier death, resignation or removal or, if the merger is completed, the effective time of the merger;

3) To adjourn the annual meeting, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the annual meeting to adopt the merger agreement proposal;

4) To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of SkyTerra for the year ending December 31, 2009; and

5) To transact any other business that may properly come before the annual meeting or any adjournment or postponement of the annual meeting.

Only stockholders of record on the close of business on January 21, 2010, which we refer to as the record date, are entitled to notice of the annual meeting or any adjournment or postponement thereof. Only holders of Common Stock as of the close of business on the record date are entitled to vote at the annual meeting to adopt the merger agreement. A list of stockholders will be available for inspection by stockholders of record during business hours at SkyTerra Communications, Inc., 10802 Parkridge Boulevard, Reston, VA 20191, for ten days prior to the date of the annual meeting and will also be available at the annual meeting. A majority of the shares of Common Stock outstanding on the record date must be voted in favor of the adoption of the merger agreement in order for the merger to be completed. In addition, the holders of a majority of the outstanding shares of SkyTerra s outstanding Common Stock (excluding shares held by the Harbinger Parties, any director or officer of SkyTerra or any of their respective affiliates, and shares considered to be held in escrow) must be present, in person or by proxy, and be voted at the annual meeting and a majority of such shares so present and voted must vote in favor of the adoption of the merger agreement in order for the merger to be completed. For the election of directors, the six nominees receiving the highest number of votes of the shares of Common Stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors will be elected as directors. A majority of the shares of Common Stock represented at the meeting in person or by proxy must be voted in favor of any adjournment of the annual meeting, if necessary, for any purpose, including to solicit additional proxies in favor of the adoption of the merger agreement. Ratification of the appointment of the independent registered public accounting firm requires the affirmative vote of the holders of a majority of the total number of votes of our Common Stock, present in person or represented by proxy. With respect to the ratification of the appointment of the independent registered public accounting firm, under SkyTerra s bylaws and the laws of the State of Delaware, abstentions from voting will have the same effect as voting against such matter and broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote.

The board of directors of SkyTerra, acting upon the recommendation of a special committee of the board of directors, has approved, declared advisable and authorized the merger agreement and the related merger and recommends that you vote FOR adoption of the merger agreement. The board of directors believes that the terms and provisions of the merger agreement and the related merger are substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders. The board of directors also recommends that you vote FOR each of the

nominees for election to the board of directors of SkyTerra, and the approval of any proposal to adjourn the annual meeting to a later date to solicit additional proxies in favor of the adoption of the merger agreement if there are not sufficient votes to adopt the merger agreement at the annual meeting.

SkyTerra stockholders who do not vote in favor of adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares if the merger is completed, but only if they perfect their appraisal rights by complying with all of the required procedures under Delaware law. See Proposal One The Merger Rights of Appraisal beginning on page 65 of the accompanying proxy statement and Appendix D to the accompanying proxy statement.

We urge you to, and you should, read the entire proxy statement carefully. Whether or not you plan to attend the annual meeting, please submit your proxy by promptly completing, signing, dating and returning the enclosed proxy card in the postage prepaid envelope so that your shares may be represented at the annual meeting. Prior to the vote, you may revoke your proxy in the manner described in the proxy statement.

By Order of the Board of Directors

/s/ Gary M. Epstein
Executive Vice President Law and Regulation

Reston, Virginia

[ ], 2010

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SUMMARY TERM SHEET

This summary highlights the material information contained elsewhere in this proxy statement and the appendices. Because this is a summary, it may not contain all of the information that is important to you. We urge you to, and you should, read the entire proxy statement carefully, including the information included in the appendices.

The Participants (p. 19)

SkyTerra Communications, Inc.

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191

(703) 390 2700

SkyTerra Communications, Inc., a Delaware corporation, which we refer to as SkyTerra or the Company , delivers mobile wireless voice and data services primarily for public safety, security, fleet management and asset tracking in the U.S. and Canada. The company s next generation integrated satellite terrestrial communications network is expected to provide seamless, transparent and ubiquitous wireless coverage of the United States and Canada to conventional sized cellular handsets. When completed, the network will support communications in a variety of market segments, including public safety, homeland security, aviation, transportation, entertainment, as well as consumers, by providing a platform for interoperable, user friendly and feature rich voice and high speed data services.

Harbinger Capital Partners Master Fund I, Ltd.

Harbinger Capital Partners Master Fund I, Ltd., an exempted company organized under the laws of the Cayman Islands, which we refer to as Master Fund, is a global hedge fund managed by Harbinger Capital Partners LLC.

Harbinger Capital Partners was founded in 2001 and is led by its Co Founder and Chief Investment Officer, Philip A. Falcone, who has over 20 years of investment experience across an array of market cycles. The Harbinger team is disciplined and value oriented, focusing on alpha generating ideas that are uncorrelated to investment cycles. The firm combines a flexible, innovative approach to uncovering opportunity with a thorough investment process. Each investment undergoes rigorous fundamental research, extensive vetting, and seeks an identifiable catalyst for value realization. Harbinger regards risk management as a critical component of the investment process and actively manages risk at three levels: portfolio, position and operations. The firm offers several strategies which emphasize different opportunities, each based on the same time tested fundamental investment and risk management processes.

The executive offices of Master Fund are located at c/o International Fund Services Limited, Third Floor, Bishop s Square, Redmond s Hill, Dublin 2, Ireland and its telephone number is (212) 521 6972.

Harbinger Capital Partners Special Situations Fund, L.P.

Harbinger Capital Partners Special Situations Fund, L.P., a Delaware limited partnership, which we refer to as Special Fund and in connection with Master Fund is referred to as Harbinger in this proxy statement, is a global hedge fund managed by its general partner, Harbinger Capital Partners Special Situations GP, LLC, an affiliate of Harbinger Capital Partners LLC.

The executive offices of Special Fund are located at c/o Harbinger Capital Partners, 450 Park Avenue, 30th Floor, New York, New York 10022 and its telephone number is (212) 339 5100.

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Sol Private Corp.

Sol Private Corp., a Delaware corporation and a wholly owned indirect subsidiary of Harbinger, which we refer to as Acquisition Corp., was formed solely for the purpose of entering into the merger agreement and consummating the merger and has not engaged in any business except in furtherance of the merger.

The executive offices of Acquisition Corp. are located at c/o Harbinger Capital Partners, 450 Park Avenue, 30th Floor, New York, New York 10022 and its telephone number is (212) 339 5100.

The Merger Agreement (p. 69)

Acquisition Corp. will merge with SkyTerra, with SkyTerra continuing as the surviving corporation in the merger. After the merger the surviving corporation will be a privately held company indirectly wholly owned by Harbinger, and SkyTerra stockholders (other than Harbinger and its affiliates) will no longer have any interest in, and will not participate in, any future earnings or growth of SkyTerra.

The proposed merger, assuming it is completed, will result in:

- Your right to receive $5.00 per share in cash for each share of Capital Stock that you own, unless you seek and perfect your appraisal rights, and the cancellation and retirement of each such share (other than the excluded shares);
- Cancellation of any Capital Stock owned by Harbinger and its affiliates;
- Conversion of each share of common stock of Acquisition Corp. into one share of common stock of the surviving corporation;
- Each share of Capital Stock that is owned by any subsidiary of SkyTerra immediately prior to the effective time of the merger will remain outstanding thereafter, with appropriate adjustment to the number thereof to preserve such subsidiary s percentage ownership of SkyTerra; and
- Harbinger indirectly owning all of the outstanding common stock of the surviving corporation.

Position of SkyTerra as to the Fairness of the Merger; Recommendation by SkyTerra s Special Committee and Board of Directors (p. 34)

On September 22, 2009, the special committee determined that the proposed merger and the terms and provisions of the merger agreement were substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders and that the merger was advisable. Based on such determinations, the special committee recommended to the board of directors that the board of directors approve and authorize the merger agreement and the transactions contemplated thereby (including the merger).

At a special meeting of the board of directors held immediately following the special committee s determination, at which all but one of the directors of SkyTerra were present, the board of directors considered the recommendation of the special committee. The board of directors concluded that the terms and provisions of the merger agreement and the proposed merger were substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders and that the merger was advisable, approved and authorized the merger agreement and recommended that SkyTerra s stockholders adopt the merger agreement. The absent member of the board of directors subsequently indicated his approval of the resolutions adopted at the board meeting.

In evaluating the fairness and advisability of the merger agreement and the related merger, the special committee and the board of directors considered, among other factors, the following, each of which the special committee and the board of directors believe supports their determination as to fairness:

Morgan Stanley Opinion. The special committee considered the financial presentation of Morgan Stanley and Morgan Stanley s oral opinion delivered to the special committee (which opinion was subsequently confirmed in writing) to the effect that, as of September 22, 2009 and based upon and

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subject to the various assumptions, qualifications and limitations set forth in its opinion, the $5.00 per share price was fair to SkyTerra s stockholders (other than Harbinger and its affiliates) from a financial point of view, as more fully described under Opinion of the Special Committee s Financial Advisor beginning on page 43. The full text of the written opinion, which we refer to as the Morgan Stanley Opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the reviews undertaken by Morgan Stanley in rendering its opinion, is attached as Appendix C to this proxy statement and is incorporated herein by reference. You are urged to, and should, read the Morgan Stanley Opinion carefully and in its entirety. The opinion was directed to the special committee and addresses only the fairness, from a financial point of view, of the merger consideration to be received by SkyTerra s stockholders (other than Harbinger and its affiliates). The opinion does not address any other aspect of the proposed merger nor does it constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger agreement.

The additional factors described in detail under Proposal One The Merger Position of SkyTerra as to the Fairness of the Merger; Recommendation by SkyTerra s Special Committee and Board of Directors beginning on page 34.

The board of directors, after receiving the recommendation of the special committee, (1) has approved, declared advisable and authorized the merger agreement and the transactions contemplated thereby, including the proposed merger; (2) has determined that the proposed merger and the transactions contemplated thereby are substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders; and (3) recommends that SkyTerra s stockholders vote FOR the adoption of the merger agreement. The board of directors also recommend that you vote FOR each of the nominees for election to the board of directors of SkyTerra, and the approval of any proposal to adjourn or postpone the annual meeting, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the annual meeting to adopt the merger agreement.

Position of the Harbinger Filing Persons as to the Fairness of the Merger (p. 38)

Under the SEC rules, the Harbinger Parties and each of Harbinger Capital Partners Special Situations GP, LLC, Harbinger Capital Partners LLC, Harbinger Holdings LLC and Mr. Falcone (collectively, the Harbinger Filing Persons) are required to provide certain information regarding their position as to the substantive and procedural fairness of the proposed merger to the unaffiliated stockholders of SkyTerra. The Harbinger Filing Persons did not undertake a formal evaluation of the fairness of the proposed merger and are making the statements included in this section solely for purposes of complying with such requirements. The views of the Harbinger Filing Persons with respect to the fairness of the merger are not, and should not be construed as, a recommendation to any stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement.

No Harbinger Filing Persons participated in the deliberations of SkyTerra s directors regarding, and no Harbinger Filing Persons received advice from the special committee s legal or financial advisors as to, the fairness of the merger. The Harbinger Parties engaged UBS Securities LLC, which we refer to as UBS, as financial advisor to provide certain financial advisory services with respect to the merger. UBS did not provide an opinion with respect to the fairness of the merger or the merger consideration. The Harbinger Filing Persons believe that the merger is substantively and procedurally fair to SkyTerra s unaffiliated stockholders based on, among other things, the following factors:

Notwithstanding Harbinger s significant ownership of voting securities of SkyTerra, the board of directors of SkyTerra does not include any person who is employed by or affiliated with Harbinger or who has a financial interest in Harbinger;

The special committee of SkyTerra s board of directors, which is comprised of three directors who are not affiliated with Harbinger and are not officers or employees of SkyTerra, unanimously concluded that the merger is fair to and in the best interests of the unaffiliated stockholders of SkyTerra, approved

the merger agreement and the merger and recommended to the board of directors of SkyTerra that the board of directors of SkyTerra approve the merger agreement and that the merger agreement be submitted to the stockholders of SkyTerra for adoption; and

The additional factors described in detail under Proposal One The Merger Position of the Harbinger Filing Persons as to the Fairness of the Merger beginning on page 38.

Opinion of the Special Committee s Financial Advisor (p. 43)

The special committee received a financial presentation from Morgan Stanley and Morgan Stanley s oral opinion delivered to the special committee (which opinion was subsequently confirmed in writing) to the effect that, as of September 22, 2009 and based upon and subject to the various assumptions, qualifications and limitations set forth in its opinion, the $5.00 per share price was fair to SkyTerra s stockholders (other than Harbinger and its affiliates) from a financial point of view, as more fully described under Opinion of the Special Committee s Financial Advisor beginning on page 43. The full text of the written opinion, which we refer to as the Morgan Stanley Opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the reviews undertaken by Morgan Stanley in rendering its opinion, is attached as Appendix C to this proxy statement and is incorporated herein by reference. You are urged to, and should, read the Morgan Stanley Opinion carefully and in its entirety. The opinion was directed to the special committee and addresses only the fairness, from a financial point of view, of the merger consideration to be received by SkyTerra s stockholders (other than Harbinger and its affiliates). The opinion does not address any other aspect of the proposed merger nor does it constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger agreement.

Purposes and Effects of the Merger (p. 41)

SkyTerra s Purpose

SkyTerra s choice to engage in the transaction at this time was driven by the amount of SkyTerra s existing cash in light of the upcoming significant capital requirements in the fourth quarter of 2010 and the limitations on the Company s ability to raise additional equity or debt based on contract covenant restrictions and market conditions, as well as the company s inability to conclude any agreement with strategic investors over a period of in excess of five years. SkyTerra determined that the market premium offered by Harbinger provided the most attractive transaction to the company, and that it was reasonable to conclude that delaying a transaction with Harbinger would be very unlikely to result in any favorable alternatives and would most likely result in a loss of the Harbinger opportunity in whole or an opportunity on less favorable terms as the company s financial resources declined.

Purpose of the Harbinger Filing Persons

The Harbinger Filing Persons purpose for engaging in the merger is to increase Harbinger s ownership of SkyTerra Capital Stock from its current position of approximately 46% of the outstanding voting shares of Common Stock and 48% of the outstanding Capital Stock to 100%, respectively. Upon completion of the merger, SkyTerra will become an indirect wholly owned subsidiary of Harbinger. See The Harbinger Filing Persons Purpose of the Merger beginning on page 41 for a discussion as to why Harbinger is pursuing the merger at this time.

Effects of the Merger

As a result of the proposed merger, all shares of Capital Stock, other than excluded shares, will be converted into the right to receive $5.00 per share, without interest, will be automatically canceled and retired and will cease to exist.

In addition, the merger agreement provides that each outstanding option (including certain options granted under the Mobile Satellite Ventures LP 2001 Unit Incentive Plan that are outstanding as of immediately prior to the effective time but were not previously exchanged pursuant to the option exchange offer made by SkyTerra pursuant to that Registration Statement on Form S 4, Registration No. 333 144093) to purchase Common Stock (whether or not vested or exercisable) will be canceled in exchange for a per share amount in cash equal to the

excess, if any, of $5.00 over the per share exercise price of the option (other than any option, the vesting of which is contingent on the achievement of performance goals, which will be canceled immediately prior to the effective time and replaced with cash based awards to be determined by SkyTerra s Compensation Committee, subject to the approval (which approval shall not be unreasonably withheld) of Harbinger).

Each outstanding share of restricted stock (that was not performance based) previously issued by SkyTerra which is outstanding as of the effective time will be canceled in exchange for the right to receive, from the surviving corporation, a per share amount in cash equal to the merger consideration. Each outstanding MSV phantom unit which is outstanding as of the effective time will be canceled and be deemed to have been exchanged for 2.82 shares of Common Stock immediately prior to the effective time. Each holder, including SkyTerra s directors and officers, receiving shares of Common Stock in connection with the exchange and cancellation of the phantom units will be entitled to receive $5.00 per share of such Common Stock.

At the time the merger becomes effective, each share of common stock of Acquisition Corp. that is issued and outstanding immediately prior to the effective time will be converted into one share of common stock of the surviving corporation.

Harbinger, as the owner of SkyTerra, as the surviving corporation, and its business following the effective time, will be the only beneficiary of any earnings and growth of SkyTerra following the proposed merger.

Upon completion of the proposed merger, Common Stock will no longer be traded on the Over the Counter Bulletin Board and will be deregistered under the Securities Exchange Act of 1934, as amended. Following the merger, Common Stock will no longer be publicly traded.

Merger Financing (p. 51)

The total amount of funds required to complete the merger (excluding related fees and expenses) is estimated to be approximately $262 million. Acquisition Corp. will obtain such funds from Harbinger, which expects to obtain such funds from its resources existing at the time the merger is completed. The merger is not conditioned on any financing arrangements.

Interests of SkyTerra Directors and Officers in the Merger (p. 52)

In considering the recommendation of the special committee and the board of directors with respect to the merger agreement, you should be aware that some of SkyTerra s directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of SkyTerra s stockholders generally. Such interests include the treatment of stock options, restricted stock and phantom units held by such directors and officers, as well as indemnification and insurance arrangements with officers and directors and change in control severance benefits that may become payable to certain officers. The special committee and the board of directors were aware of the different or additional interests set forth herein and considered such interests along with other matters in approving the proposed merger agreement and the transactions contemplated thereby (including the merger).

Material U.S. Federal Income Tax Consequences (p. 63)

The exchange of your Capital Stock for cash pursuant to the merger will be a taxable event for U.S. federal income tax purposes. You will generally recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount of cash you receive and your adjusted tax basis in Capital Stock you surrender pursuant to the merger. The U.S. federal income tax summary set forth above is for general information only. See Material U.S. Federal Income Tax Consequences. You should consult your tax advisor with respect to the particular tax consequences to you of the receipt of cash in exchange for Capital Stock pursuant to the merger, including the applicability and effect of any state, local or foreign tax laws, and of changes in applicable tax laws.

Quorum; Required Vote (p. 17)

The presence at the annual meeting, in person or by proxy, of the holders of a majority of all of the shares of Common Stock issued and outstanding as of the close of business on the record date and entitled to vote will constitute a quorum for the transaction of business at the annual meeting. In addition, a majority of the outstanding Eligible Shares must be present, in person or by proxy, and be voted at the annual meeting in order to satisfy a condition to the consummation of the merger. For purposes of this proxy statement, (1) Eligible Shares means all shares of Common Stock excluding Escrowed Shares and any shares of Common Stock held by the Harbinger Parties, any director or officer of SkyTerra or any of their respective affiliates and (2) Escrowed Shares means any securities of SkyTerra which are Pledged Property (as defined in Item 4 of Schedule 13D/A filed on September 17, 2008 by the Harbinger Parties and certain affiliates) or Wells Fargo Escrowed Shares (as defined in Item 4 of the Schedule 13D/A filed on April 9, 2008 by the Harbinger Parties and certain affiliates). As of January 21, 2010, there were 22,608,771 Eligible Shares issued and outstanding, which means that 11,304,387 Eligible Shares must be present, in person or by proxy, and be voted at the annual meeting in order for a quorum to be established for these purposes. The holders of shares represented by proxies reflecting abstentions or broker non votes are considered present at the meeting and count toward a quorum. However, abstentions and broker non votes will have the effect of a vote against adoption of the merger agreement.

Under Delaware law, the affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote is necessary to adopt the merger agreement. As of the record date, there were 48,978,253 outstanding shares of Common Stock (and 59,958,499 outstanding shares of Non Voting Common Stock). Each outstanding share of Common Stock is entitled to one vote. As of the record date, Harbinger and its affiliates are entitled to vote approximately 46% of the outstanding shares of Common Stock. Harbinger has agreed to vote its shares of Common Stock in favor of the merger. In addition to the required vote under Delaware law, the merger agreement requires (1) that a majority of the outstanding Eligible Shares must be present, in person or by proxy, and be voted at the annual meeting and (2) a majority of the Eligible Shares so present and voted shall have voted in favor of the adoption of the merger agreement.

Rights of Appraisal (p. 65)

SkyTerra stockholders who do not vote in favor of the merger agreement and who perfect their appraisal rights under Delaware law will have the right to a judicial appraisal of the fair value of their shares of Capital Stock. In addition to not voting in favor of the merger, the stockholder must deliver to SkyTerra a written demand for appraisal of his shares prior to the vote on the merger agreement and continue to hold such shares until the consummation of the merger.

Conditions to Consummation of the Merger (p. 77)

The obligations of SkyTerra, Harbinger and Acquisition Corp. to complete the merger are subject to various conditions, including:

- adoption of the merger agreement by the requisite vote of the SkyTerra stockholders in accordance with applicable law;
- the absence of any provision of applicable law, judgment, order or injunction prohibiting the merger;
- the receipt of all material consents, approvals and authorizations of and filings with governmental entities required for the consummation of the merger (including a consent from the Federal Communications Commission);
- a majority of the outstanding Eligible Shares must be present, in person or by proxy, and be voted at the annual meeting and a majority of the Eligible Shares so present and voted shall have voted in favor of the adoption of the merger agreement (which vote, we refer to as the Required Minority Vote);

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- the material accuracy of the representations and warranties of the parties to the merger agreement;
- the material performance by the parties to the merger agreement of their respective obligations contained in the merger agreement;
- the absence of a material adverse effect with respect to any of the SkyTerra entities;
- no more than seven and one half percent (7.5%) of the outstanding shares of Capital Stock, determined on a fully diluted basis, shall have exercised, and provided notice of the intention to exercise, appraisal rights; and
- the consent of the Federal Communications Commission shall not be subject to any conditions that are materially adverse to the Harbinger Parties.

Termination of the Merger Agreement (p. 78)

The merger agreement may be terminated for any reason prior to the adoption of the merger agreement by stockholders by the mutual written consent of Harbinger and SkyTerra. Either Harbinger or SkyTerra may terminate the merger agreement at any time:

- if the merger is not consummated on or prior to March 31, 2010; provided, however, that if Harbinger determines that additional time is necessary to forestall any action to restrain, enjoin or prohibit the merger by any governmental entity, then the termination date may be extended by Harbinger to a date not beyond June 30, 2010;
- prior to the effective time of the merger, if an administrative agency or commission or other governmental authority or institution issues a final nonappealable injunction, order, decree, judgment or ruling permanently enjoining or otherwise prohibiting the merger; or
- if, at the annual meeting or any adjournment thereof at which the merger agreement has been voted upon, the SkyTerra stockholders fail to approve the merger agreement by the requisite vote of stockholders of SkyTerra in accordance with applicable law or the Eligible Shares fail to approve this Agreement by the Required Minority Vote; except that a right to terminate pursuant this section may not be exercised by either Harbinger or SkyTerra if the reason for failing to obtain either such vote is the failure of the applicable quorum to be present at the annual meeting or any adjournment thereof and may not be exercised by Harbinger if the reason for failing to obtain the requisite vote of stockholders of SkyTerra in accordance with applicable law is due to a breach by the Harbinger Parties of its agreement to vote all of its shares of Common Stock in favor of the adoption of the merger agreement.

In addition, Harbinger may terminate the merger agreement prior to the adoption of the merger agreement by stockholders:

- if the special committee withdraws or otherwise modifies its recommendation to SkyTerra stockholders;
- under specific circumstances relating to a breach of any representation, warranty, covenant or agreement made by SkyTerra in the merger agreement which renders certain conditions to the consummation of the merger incapable of being satisfied; or
- if appraisal rights are exercised and notice of intention to exercise such rights have been given in accordance with the provisions of Section 262(d) of the Delaware General Corporation Law by SkyTerra stockholders with respect to, in the aggregate, more than seven and one half percent (7.5%) of the outstanding shares of SkyTerra Capital Stock, determined on a fully diluted basis.

In addition, SkyTerra (at the direction of the special committee) may terminate the merger agreement prior to the adoption of the merger agreement by stockholders:

- if the special committee has made a termination recommendation, after following the procedures set forth in the merger agreement with respect thereto; or

under specific circumstances relating to a breach of any representation, warranty, covenant or agreement made by Harbinger in the merger agreement which renders certain conditions to the consummation of the merger incapable of being satisfied.

and may not be exercised by Harbinger if the reason for failing to obtain the requisite vote of stockholders of SkyTerra in accordance with applicable law is due to a breach by the Harbinger Parties of its agreement to vote all of its shares of Common Stock in favor of the adoption of the merger agreement.

No Vote Termination Fee (p. 79)

In the event that the merger agreement is terminated (i) by Harbinger in the situation where the merger agreement has not been voted upon because the applicable quorum for the Required Minority Vote was not present at the annual meeting or any adjournment thereof and the merger has not been consummated prior to March 31, 2010 (or an extension thereof) or (ii) by either Harbinger or SkyTerra under circumstances in which the stockholders of the Company fail to adopt the Merger Agreement by the Required Minority Vote, then, in either case, the Company shall pay to the Harbinger Parties, as promptly as practicable (but in any event within three business days), an amount equal to the $2,000,000; provided that the no vote termination fee shall not be due and payable pursuant to clause (i) of this paragraph if the reason for failing to obtain the requisite vote of stockholders of SkyTerra in accordance with applicable law is due to a breach by the Harbinger Parties of its agreement to vote all of its shares of Common Stock in favor of the adoption of the merger agreement.

Change in Recommendation (p. 74)

The merger agreement also provides that the special committee shall not withdraw, qualify or modify, in a manner adverse to Harbinger, its recommendation with respect to the merger or approve and adopt any acquisition proposal other than the merger, except that before the stockholders adopt the merger agreement, the special committee may withhold, qualify or modify its recommendation if, in response to an intervening event (as defined in the merger agreement) or a superior proposal, the special committee determines in good faith, after consultation with its legal and financial advisors, the change in recommendation is necessary for the special committee to comply with the directors fiduciary duties under applicable law, provided that the special committee may only alter, qualify or modify its recommendation upon an intervening event or in response to a superior proposal if the special committee has previously provided Harbinger written notice of its intention to change its recommendation at least five business days prior to making a change of recommendation. During the five business day period prior to making a change of recommendation on the basis of a superior proposal, Harbinger will be permitted to propose to the special committee revisions to the terms of the transactions contemplated by the merger agreement, and the special committee will, if requested by Harbinger, negotiate in good faith regarding any such revisions, and the special committee may withhold or withdraw its recommendation on the basis of the superior proposal only in the event that it continues to be a superior proposal in light of any revisions to the terms of the transaction contemplated by the merger agreement to which Harbinger and the special committee have agreed prior to the expiration of five business day period. However, nothing in the merger agreement obligates Harbinger in any way to vote in favor of a superior proposal.

Regulatory Requirements (p. 58)

Under the Communications Act of 1934, as amended (the Communications Act), SkyTerra and Harbinger may not complete the merger unless they have first obtained the FCC Consent (as defined in the merger agreement) authorizing a transfer of control of SkyTerra s FCC licenses to Harbinger. On August 22, 2008, Harbinger and SkyTerra filed applications with the Federal Communications Commission (FCC) requesting the FCC Consent. The applications have been amended from time to time, including a minor amendment filed on October 5, 2009, that among other things informed the FCC that the proposed transfer of control will be implemented pursuant to the merger agreement.

Although the applications are subject to public comment and objections from third parties, the formal comment period closed on June 18, 2009. No comments or objections were filed other than a request, which is routine in such matters, from the U.S. Department of Justice, with the concurrence of the U.S. Department of Homeland Security (the Executive Branch Agencies), asking that the FCC defer action on the applications until the Executive Branch Agencies have completed their review of the applications for any national security, law enforcement, and public safety issues. There can be no assurance that the applications will be granted and it is uncertain when the FCC will complete its processing of the applications.

On August 24, 2009, the waiting period under the HSR Act expired regarding Harbinger s acquisition of shares of SkyTerra.

On July 15, 2009 Harbinger and SkyTerra filed a joint voluntary notice (the Notice) under Section 721 of the Defense Production Act of 1950, as amended (Section 721) with the Committee on Foreign Investment in the United States (CFIUS). The Notice asked CFIUS to find that transactions (collectively, the Transaction) that would result in Harbinger and its affiliates (together with Harbinger Capital Partners Fund I, L.P.) holding a majority of the voting shares in SkyTerra are not covered transactions as that term is defined in CFIUS regulations and that, accordingly, they are not subject to review for determination of their impact on national security under Section 721. On August 21, 2009, the Department of Treasury (as chair of CFIUS) informed Harbinger and SkyTerra that CFIUS had determined that the Transaction was not a covered transaction under Section 721. As a result of this determination, the Transaction is not, and will not be, subject to review by CFIUS.

Litigation Challenging the Merger (p. 59)

Putative class action lawsuits were filed in Delaware against Harbinger, SkyTerra and SkyTerra s board of directors, including the special committee. These lawsuits allege, among other things, a breach of fiduciary duty in connection with the proposed merger. The lawsuits have been consolidated, and on November 18, 2009, a memorandum of understanding was executed contemplating a settlement of the litigation.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE ANNUAL MEETING

We intend the following questions and answers to provide brief answers to frequently asked questions concerning the proposed merger. These questions and answers do not, and are not intended to, address all the questions that may be important to you as a SkyTerra stockholder. You should read the remainder of this proxy statement carefully, including the information incorporated by reference and all of the appendices.

Q: Why am I receiving these materials?

A: The board of directors is providing these proxy materials to give you information for use in determining how to vote on the merger agreement in connection with the annual meeting.

Q: What is the date, time and place of the annual meeting?

A: The annual meeting of stockholders will be held at 10802 Parkridge Boulevard, Reston, VA 20191 on [ ], 2010, at 10:00 a.m., local time.

Q: What am I being asked to vote on?

A: You are being asked to vote to approve the adoption of the merger agreement pursuant to which Acquisition Corp., a subsidiary of Harbinger, will merge with and into SkyTerra, with SkyTerra continuing as the surviving corporation in the merger. At the annual meeting, you will also be asked to elect directors to the board of directors of SkyTerra and to consider and vote upon a proposal to adjourn or postpone the annual meeting, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the annual meeting to adopt the merger agreement.

Q: Who is entitled to vote at the annual meeting?

A: All holders of Common Stock as of the close of business on January 21, 2010, which we refer to as the record date, will be entitled to notice of the annual meeting. Only holders of Common Stock as of the close of business on the record date are entitled to vote at the annual meeting. The holders of Non Voting Common Stock are not entitled to vote at the annual meeting.

Q: How many votes are required to adopt the merger agreement?

A: Each outstanding share of Common Stock is entitled to one vote. Under Delaware law, the affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote is necessary to adopt the merger agreement. As of January 21, 2010, the record date, there were 48,978,253 shares of Common Stock outstanding. As of the record date, our directors and executive officers had the right to vote 1,952,666 shares of our Common Stock. Harbinger has agreed to vote shares of Common Stock held by the Harbinger Parties in favor of the merger. As of the record date, Harbinger and its affiliates held an aggregate of 22,339,283 shares of our Common Stock. As of the record date, Harbinger and its affiliates are entitled to vote approximately 46% of the outstanding shares of Common Stock. In addition to the required vote under Delaware law, the merger agreement requires that (1) a majority of the outstanding Eligible Shares must be present, in person or by proxy, and be voted at the annual meeting and (2) a majority of the Eligible Shares so present and voted shall have voted in favor of the adoption of the merger agreement.

Q: What will I receive in the merger?

A: You will be entitled to receive $5.00 per share in cash, without interest, for each share of Capital Stock that you own, unless you seek and perfect appraisal rights. If you seek appraisal and properly perfect your rights under the DGCL, the fair value of your Capital Stock that you will receive in cash as a result of the appraisal proceeding may be less than, more than or equal to the value of the merger consideration to be issued in the merger.

Q: What is the role of the special committee?

A: The board of directors appointed a special committee of independent directors to negotiate and evaluate a potential transaction with Harbinger and recommend to the board of directors only a transaction with Harbinger that the special committee determined was fair to and in the best interests of SkyTerra s unaffiliated stockholders, with the discretion to reject any transaction proposed by Harbinger.

Q: What was the recommendation of the special committee to the SkyTerra board of directors?

A: The special committee has unanimously determined that the merger and the merger agreement are substantively and procedurally fair to, advisable to and in the best interests of SkyTerra and its unaffiliated stockholders and that the merger is advisable and has recommended to SkyTerra s board of directors that the merger and merger agreement be approved and adopted. In arriving at its conclusion, the special committee considered, among other factors, the opinion of Morgan Stanley, its independent financial advisor that, subject to the various assumptions, qualifications and limitations set forth in its opinion, as of September 22, 2009, the per share merger consideration to be paid to SkyTerra s stockholders (other than Harbinger and its affiliates) in the merger was fair to such holders from a financial point of view. The full text of the written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the reviews undertaken by Morgan Stanley in rendering its opinion, is attached as Appendix C to this proxy statement and is incorporated herein by reference. You are urged to, and should, read the Morgan Stanley Opinion carefully and in its entirety. The opinion was directed to the special committee and addresses only the fairness, from a financial point of view, of the merger consideration to be received by SkyTerra s stockholders (other than Harbinger and its affiliates). The opinion does not address any other aspect of the proposed merger nor does it constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger agreement. See Proposal One The Merger Opinion of the Special Committee s Financial Advisor beginning on page 43.

Q: What is the recommendation of the board of directors to the holders of Common Stock?

A: Based in part upon the recommendation of the special committee, the board of directors recommends that SkyTerra stockholders vote FOR the adoption of the merger agreement. The board of directors, after careful consideration of numerous factors, has determined that the terms and provisions of the merger agreement are substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders and that the merger is advisable. To review the background and reasons for the merger in greater detail, see Proposal One The Merger Background of the Merger beginning on page 21 and Proposal One The Merger Position of SkyTerra as to the Fairness of the Merger; Recommendation by SkyTerra s Special Committee and Board of Directors beginning on page 34.

Q: When do you expect the merger to be completed?

A: We are working toward completing the merger as quickly as possible. If the merger agreement is adopted and the other conditions to the merger are satisfied, we expect to complete the merger shortly after the annual meeting.

Q: Can you still sell your shares of Common Stock?

A: Yes. The Common Stock is currently quoted on the Over the Counter Bulletin Board under the symbol SKYT.OB.

Q: What happens if I sell my shares of Common Stock before the annual meeting?

A: The record date for the annual meeting is earlier than the expected date of the merger. If you transfer your shares of Common Stock after the record date but before the annual meeting, you will retain your right to vote at the annual meeting but will transfer the right to receive $5.00 in cash per share to the person to whom you transfer your shares.

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Q: What do I need to do now?

A: You should read this proxy statement carefully, including the information incorporated by reference and all of the appendices, and consider how the merger would affect you. Please complete, sign, date and mail your proxy card in the enclosed postage prepaid envelope as soon as possible so that your shares may be represented at the annual meeting.

Q: Should I send in my stock certificate now?

A: No. After the merger is completed, we will send you a transmittal form and written instructions for exchanging your stock certificates.

Q: How do I submit a proxy?

A: You can submit a proxy by completing, signing, dating and mailing your proxy card in the enclosed postage prepaid envelope. See the enclosed proxy card for specific instructions. You may also vote in person if you attend the annual meeting. Street name stockholders who wish to vote at the meeting will need to obtain a proxy from the institution that holds their shares. If you sign, date and return your proxy card without indicating how you want to vote, and do not revoke the proxy, your proxy will be counted as a vote FOR adoption of the merger agreement and any adjournment or postponement of the annual meeting if there are not sufficient votes to adopt the merger agreement at the annual meeting, and you will lose your appraisal rights.

Q: Can I attend the annual meeting?

A: If you owned shares of Capital Stock on the record date, January 21, 2010, you are permitted to attend the annual meeting. You should be prepared to present photo identification for admittance. In addition, if your shares of Capital Stock are held in the name of your broker, bank or other nominee, you must bring an account statement or letter from the nominee indicating that you were the beneficial owner of such shares on the record date.

Q: If my shares are held in street name, will my bank, broker or other nominee vote my shares for me?

A: Brokers and, in many cases, nominees will not have discretionary power to vote on the merger. Your broker or nominee will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker or nominee regarding how to instruct your broker or nominee to vote your shares.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote by submitting to the Secretary of SkyTerra a written revocation or a later dated, signed proxy card before the annual meeting or by attending the annual meeting and voting in person.

Q: What happens if I do not send in my proxy or if I abstain from voting?

A: If you do not send in a proxy or if you abstain from voting, such action will have the effect of a vote AGAINST adopting the merger agreement and ratifying the appointment of Ernst & Young. For the election of directors and the adjournment proposal, the failure to execute and return your proxy card or to submit a proxy by telephone or over the Internet will not affect the outcome of either proposal, but, with respect to the adjournment proposal, will reduce the number of votes required to approve such proposal.

Q: Who are the director nominees?

A: SkyTerra s board of directors has nominated each of Alexander H. Good, Jose A. Cecin, Jr., Paul S. Latchford, Jr., Jeffrey M. Killeen, William F. Stasior and Michael D. Weiner (each of whom is currently a director of SkyTerra) for election to the board of directors of SkyTerra. See Proposal Two Election of Directors.

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Q: What vote is needed to elect directors?

A: Directors are elected by a plurality vote. The six nominees for director who receive the most votes cast in their favor will be elected to serve as directors. Any SkyTerra shares not voted will have no impact on the election of directors, except to the extent that the withholding of authority to vote for an individual director results in another individual receiving a larger number of votes.

Q: What vote is needed to ratify the appointment of Ernst & Young?

A: Ratification of the appointment of the independent registered public accounting firm requires the affirmative vote of the holders of a majority of the total number of votes of our capital stock, present in person or represented by proxy. With respect to the ratification of the appointment of the independent registered public accounting firm, under SkyTerra s bylaws and the laws of the State of Delaware, abstentions from voting will have the same effect as voting against such matter and broker non-votes, if any, will be disregarded and have no effect on the outcome of the vote.

Q: As a SkyTerra stockholder, why am I electing SkyTerra s directors when I am being asked to adopt the merger agreement?

A: Delaware law requires SkyTerra to hold a meeting of its stockholders each year. SkyTerra will observe this requirement and hold the meeting to elect directors to the SkyTerra board of directors. The SkyTerra directors elected at the Annual Meeting will serve as directors of SkyTerra following the meeting through the earliest of the completion of the merger, SkyTerra s 2010 annual meeting of stockholders, or the director s earlier death, resignation or removal. Upon completion of the merger, the individuals serving as SkyTerra directors immediately prior to the completion of the merger will be replaced by the directors of Acquisition Corp.

Q: What are the consequences of the merger to present officers and the board of directors?

A: Immediately following the merger, it is expected that SkyTerra s existing officers will continue as officers of the surviving corporation. The directors of Acquisition Corp. at the effective time of the merger will be the initial directors of SkyTerra, as the surviving corporation. Like other stockholders, officers and the board of directors will be entitled to receive $5.00 in cash for each of their shares of Capital Stock.

For more information, including information regarding officers and directors receipt of certain payments, see Proposal One The Merger Interests of SkyTerra Directors and Officers in the Merger beginning on page 52.

Q: What rights do I have to seek appraisal of my shares?

A: SkyTerra s stockholders (other than Harbinger and its affiliates) are entitled to exercise appraisal rights in connection with the merger. Both holders of Common Stock and Non Voting Common Stock are entitled to exercise appraisal rights in connection with the merger. If you do not vote in favor of the merger and it is completed, you may seek payment of the fair value of your shares under Delaware law. To do so, you must strictly comply with all of the required procedures under Delaware law. See Proposal One The Merger Rights of Appraisal beginning on page 65.

Q: Will a proxy solicitor be used?

A: Yes. Harbinger has retained D.F. King to assist in the solicitation of proxies for the annual meeting for a one-time fee of approximately $15,000 plus expenses, and fees for additional services provided, if any, and a monthly fee of approximately $7,500 if the annual meeting is adjourned, rescheduled or postponed. Harbinger will be responsible for the costs incurred to retain D.F. King.

Q: Who can help answer my questions?

A: The information provided above in the question and answer format is for your convenience only and is merely a summary of some of the information contained in this proxy statement. You should carefully read the entire proxy statement, including the information incorporated by reference and all of the appendices. If you have any questions about the merger, need assistance in voting your shares or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact SkyTerra at:

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191

(703) 390 2700

Attn: Investor Relations

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CAUTIONARY STATEMENT CONCERNING FORWARD LOOKING INFORMATION

This proxy statement contains or incorporates by reference certain forward looking statements and information relating to SkyTerra that are based on the beliefs of management as well as assumptions made by and information currently available to SkyTerra. When used in this document, the words anticipate, believe, estimate, project, expect, plan intend should or will and similar expressions, as they rela
or its management are intended to identify forward looking statements. Such statements reflect the current view of SkyTerra with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of SkyTerra to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements, including, the matters discussed under Management s Discussion and Analysis of Financial Condition and Results of Operations in SkyTerra s most recent quarterly or annual report filed with the SEC, as well as factors relating to the proposed merger, including (i) diversion of management attention away from the operations of the business as a result of preparations for the proposed merger and the defense of litigation in connection with the proposed merger and (ii) the cost of litigation and other transaction related expenses that are expected to be incurred regardless of whether the proposed merger is consummated.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, projected, expected, planned or intended. We caution you not to place undue reliance on these forward looking statements, which speak only as of the date of this proxy statement, or in the case of documents incorporated by reference, as of the date of those documents. SkyTerra does not intend, or assume any obligation, to update these forward looking statements.

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THE ANNUAL MEETING

Time and Place of the Annual Meeting

This proxy statement is furnished, and the accompanying proxy is solicited, on behalf of the board of directors of SkyTerra, for use at the annual meeting of SkyTerra stockholders to be held at 10802 Parkridge Boulevard, Reston, VA 20191 on [ ], 2010, at 10:00 a.m., local time, and at any adjournment or postponement thereof. The proxy statement and the accompanying proxy will be mailed on or about [ ], 2010 to all SkyTerra stockholders as of the record date.

Matters to be Considered

At the annual meeting, holders of Common Stock will be asked to:

1) Consider and vote upon a proposal to adopt the merger agreement, which, if the merger is completed, would result in each share of Capital Stock converting into the right to receive $5.00 in cash, without interest, except for:

   - shares of Capital Stock owned by Harbinger or its affiliates, all of which will be canceled without any payment;

   - shares of Capital Stock owned by subsidiaries of SkyTerra immediately prior to the effective time of the merger, which will remain outstanding thereafter, with appropriate adjustment to the number thereof to preserve such subsidiary s percentage ownership of SkyTerra; and

   - shares of Capital Stock held by stockholders who validly exercise and perfect appraisal rights in accordance with Delaware law;

2) To elect six (6) directors to serve on SkyTerra s board of directors, each to hold office until the earliest of SkyTerra s 2010 annual meeting of stockholders, his earlier death, resignation or removal or, if the merger is completed, the effective time of the merger;

3) Consider and vote upon a proposal to adjourn the annual meeting, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the annual meeting to adopt the merger agreement;

4) To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of SkyTerra for the year ending December 31, 2009; and

5) Transact any other business that may properly come before the annual meeting or any adjournment or postponement of the annual meeting.

The board of directors, after receiving the recommendation of the special committee, (1) has approved, declared advisable and authorized the merger agreement and the transactions contemplated thereby, including the proposed merger; (2) has determined that the proposed merger and the transactions contemplated thereby are substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders; and (3) recommends that SkyTerra s stockholders vote FOR the adoption of the merger agreement. The board of directors also recommend that you vote FOR each of the nominees for election to the board of directors of SkyTerra, and the approval of any proposal to adjourn the annual meeting, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the annual meeting to adopt the merger agreement.

Record Date; Voting Rights

We have fixed January 21, 2010 as the record date. Only stockholders of record as of the close of business on the record date are entitled to notice of the annual meeting. Only holders of Common Stock as of the close of business on the record date are entitled to vote at the annual meeting. Holders of Non Voting Common Stock are

not entitled to vote at the annual meeting. As of the close of business on the record date, there were 48,978,253 issued and outstanding shares of Common Stock. Each share of Common Stock is entitled to one vote on all matters to be considered at the annual meeting. The Common Stock is currently quoted on the Over the Counter Bulletin Board under the symbol SKYT.OB.

Quorum

The presence at the annual meeting, in person or by proxy, of the holders of a majority of all of the shares of Common Stock issued and outstanding as of the close of business on the record date and entitled to vote will constitute a quorum for the transaction of business at the annual meeting. In addition, a majority of the outstanding Eligible Shares must be present, in person or by proxy, and be voted at the stockholder meeting in order to satisfy a condition to the consummation of the merger. As of January 21, 2010, there were 22,608,771 Eligible Shares issued and outstanding, which means that 11,304,387 Eligible Shares must be present, in person or by proxy, and be voted at the stockholder meeting in order for a quorum to be established for these purposes. The holders of shares represented by proxies reflecting abstentions or broker non votes are considered present at the meeting and count toward a quorum. However, abstentions and broker non votes will have the effect of a vote against adoption of the merger agreement.

If less than a majority of outstanding shares entitled to vote are represented at the annual meeting, a majority of the shares present at the meeting, either in person or by proxy, may adjourn the meeting to another date, time and/or place, and notice need not be given of the new date, time and/or place if the new date, time or place is announced at the meeting before an adjournment is taken.

Required Vote

Under Delaware law, adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Common Stock. In addition to the required vote under Delaware law, the merger agreement requires that (1) a majority of the outstanding Eligible Shares must be present, in person or by proxy, and be voted at the annual meeting and (2) a majority of the Eligible Shares so present and voted shall have voted in favor of the adoption of the merger agreement. Ratification of the appointment of Ernst & Young as the independent registered public accounting firm of SkyTerra requires the affirmative vote of a majority of the shares of Common Stock represented and entitled to vote at the annual meeting. A properly executed proxy marked ABSTAIN with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a vote against the adoption of the merger agreement and the ratification of the appointment of Ernst & Young as the independent registered public accounting firm of SkyTerra.

For the election of directors, the six nominees receiving the highest numbers of votes of the shares of Common Stock present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors will be elected as directors. Approval of a proposal to adjourn the meeting, if necessary, for any purpose, including to solicit additional proxies, would require the affirmative vote of the holders of a majority of the shares of Common Stock represented and entitled to vote at the Annual Meeting.

For shares held in street name through a broker or other nominee, the broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon, including the adoption of the merger agreement. If the broker or nominee is not given specific instructions, the shares may not be voted. Shares represented by such broker non votes will, however, be counted in determining whether there is a quorum.

All votes will be tabulated by the inspector of election appointed for the annual meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non votes.

As of the record date, Harbinger and its affiliates are entitled to vote approximately 46% of the outstanding shares of Common Stock. Harbinger has agreed to vote its shares of Common Stock in favor of the merger.

Proxies; Revocation

Even after SkyTerra stockholders have submitted their proxy cards, they may change their vote at any time before the proxy is exercised by filing with the SkyTerra Secretary at SkyTerra s executive offices located at 10802 Parkridge Boulevard, Reston, VA 20191, either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if the stockholder attends the meeting in person and so requests, although attendance at the meeting will not by itself revoke a previously granted proxy.

Solicitation of Proxies

SkyTerra will pay the cost of preparing, assembling and mailing the proxy statement, notice of meeting and enclosed proxy card. In addition to the use of mail, SkyTerra employees may solicit proxies personally and by telephone. SkyTerra employees will receive no compensation for soliciting proxies other than their regular salaries. SkyTerra may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy material to the beneficial owners of Capital Stock and to request authority for the execution of proxies, and SkyTerra may reimburse such persons for their expenses incurred in connection with these activities. In addition to SkyTerra and SkyTerra employees, the Harbinger Filing Parties and employees of the Harbinger Filing Parties and Harbinger s advisors may solicit proxies through the use of mail, telephone and personally. The Harbinger Filing Parties s employees and advisors (other than D.F. King) will receive no compensation for soliciting proxies other than their regular salaries and regular advisor fees, respectively. The Harbinger Filing Parties will pay the cost of any solicitation of proxies they perform, if any. Harbinger has retained D.F. King to assist in the solicitation of proxies for the annual meeting for a one-time fee of approximately $15,000 plus expenses and fees for additional services provided, if any, and a monthly fee of approximately $7,500 if the annual meeting is adjourned, rescheduled or postponed. The fees payable to D.F. King are being paid by Harbinger.

Appraisal Rights

Stockholders who do not vote in favor of approval of the merger agreement and who comply with the procedures for perfecting appraisal rights under the applicable statutory provisions of Delaware law summarized elsewhere in this proxy statement may demand payment of the fair value of their shares in cash in connection with the consummation of the merger. See Proposal One The Merger Rights of Appraisal beginning on page 65.

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THE PARTICIPANTS

SkyTerra Communications, Inc.

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191

(703) 390 700

SkyTerra Communications, Inc., a Delaware corporation, which we refer to as SkyTerra, delivers mobile wireless voice and data services primarily for public safety, security, fleet management and asset tracking in the U.S. and Canada. The company s next generation integrated satellite terrestrial communications network is expected to provide seamless, transparent and ubiquitous wireless coverage of the United States and Canada to conventional sized cellular handsets. When completed, the network will support communications in a variety of market segments, including public safety, homeland security, aviation, transportation, entertainment, as well as consumers, by providing a platform for interoperable, user friendly and feature rich voice and high speed data services.

If the merger agreement and the merger are adopted by the SkyTerra stockholders at the annual meeting and the merger is completed as contemplated, SkyTerra will survive the merger and will continue its operations as a private company and a wholly owned indirect subsidiary of Harbinger.

Additional information about SkyTerra is contained in its Annual Report on Form 10 K for the fiscal year ended December 31, 2008, as amended, which is attached hereto as Appendix E and is incorporated herein by reference. See Where You Can Find More Information beginning on page 96.

Harbinger Capital Partners Master Fund I, Ltd.

Harbinger Capital Partners Master Fund I, Ltd., an exempted company organized under the laws of the Cayman Islands, which we refer to as Master Fund, is a global hedge fund managed by Harbinger Capital Partners LLC.

Harbinger Capital Partners was founded in 2001 and is led by its Co Founder and Chief Investment Officer, Philip A. Falcone, who has over 20 years of investment experience across an array of market cycles. The Harbinger team is disciplined and value oriented, focusing on alpha generating ideas that are uncorrelated to investment cycles. The firm combines a flexible, innovative approach to uncovering opportunity with a thorough investment process. Each investment undergoes rigorous fundamental research, extensive vetting, and seeks an identifiable catalyst for value realization. Harbinger regards risk management as a critical component of the investment process and actively manages risk at three levels: portfolio, position and operations. The firm offers several strategies which emphasize different opportunities, each based on the same time tested fundamental investment and risk management processes.

The executive offices of Master Fund are located at c/o International Fund Services Limited, Third Floor, Bishop s Square, Redmond s Hill, Dublin 2, Ireland and its telephone number is (212) 521 6972.

Harbinger Capital Partners Special Situations Fund, L.P.

Harbinger Capital Partners Special Situations Fund, L.P., a Delaware limited partnership, which we refer to as Special Fund and in connection with Master Fund is referred to as Harbinger in this proxy statement, is a global hedge fund managed by Harbinger Capital Partners Special Situations GP, LLC.

The executive offices of Special Fund are located at c/o Harbinger Capital Partners, 450 Park Avenue, 30th Floor, New York, New York 10022 and its telephone number is (212) 339 5100.

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Sol Private Corp.

Sol Private Corp., a Delaware corporation and a wholly owned indirect subsidiary of Harbinger, which we refer to as Acquisition Corp., was formed solely for the purpose of entering into the merger agreement and consummating the merger and has not engaged in any business except in furtherance of the merger.

The executive offices of Acquisition Corp. are located at c/o Harbinger Capital Partners, 450 Park Avenue, 30th Floor, New York, New York 10022 and its telephone number is (212) 339 5100.

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PROPOSAL ONE THE MERGER

General

The merger agreement provides that, subject to certain conditions, Acquisition Corp. will merge with SkyTerra, with SkyTerra continuing as the surviving corporation in the merger. We have attached a copy of the merger agreement as Appendix A to this proxy statement and a copy of the First Amendment as Appendix B to this proxy statement. We urge you to, and you should, read the merger agreement in its entirety because it is the legal document governing the merger.

Background of the Merger

Historical Relationship Between Harbinger and SkyTerra

As of March 28, 2006, the Master Fund was a minority stockholder in SkyTerra, owning approximately 2,117,800 shares of Capital Stock. At such time, SkyTerra s two primary assets, following its distribution in February 2006 of its interest in Hughes Network Systems, were minority stakes in Mobile Satellite Ventures LP (MSV, and subsequently renamed SkyTerra LP and now a wholly owned subsidiary of SkyTerra, SkyTerra LP) and TerreStar Networks Inc. (TerreStar Networks). In March 2006, the Master Fund also acquired from the underwriters $60 million aggregate principal amount of bonds in a $750 million offering of SkyTerra LP Senior Secured Notes (Senior Secured Notes). Subsequently, on July 28, 2006, Harbinger increased its equity ownership in SkyTerra to 3,230,048 shares of Capital Stock through the purchase of 891,363 shares of Capital Stock at $18 per share as part of a stockholder rights offering made to all SkyTerra stockholders. As of October 13, 2006, the Master Fund, together with the Special Fund had acquired another 2,703,214 shares of Capital Stock at prices ranging from $12.95 13.15 per share. Following these purchases Harbinger beneficially owned (within the meaning of the SEC s rules) approximately 22.3% of SkyTerra s Capital Stock, as reported by Harbinger, in a report filed with the SEC on Schedule 13D on October 13, 2006. Except with respect to the agreements entered into by SkyTerra LP with each holder of Senior Secured Notes, Harbinger and SkyTerra had not entered into any agreements or transactions in connection with the purchases described above.

Subsequent to its initial investments in SkyTerra and SkyTerra LP, Harbinger further increased its investments in SkyTerra and SkyTerra LP through a series of transactions occurring between December 2007 through July 2009. During such time period, the following significant transactions involving SkyTerra and Harbinger (or investments of Harbinger) occurred:

- Purchase of $150 Million of SkyTerra LP Senior Unsecured Notes. On December 15, 2007, Harbinger entered into a Securities Purchase Agreement (the 2007 SPA) with SkyTerra LP and Mobile Satellite Ventures Finance Co., which was subsequently renamed SkyTerra Finance Co. and is now a wholly owned subsidiary of SkyTerra, pursuant to which Harbinger agreed to purchase $150 million of SkyTerra LP s 16.5% Senior Unsecured Notes due 2013 and ten year warrants to purchase 9,144,038 shares of SkyTerra s Capital Stock, with an exercise price of $10.00 per share. The terms of the warrants permit Harbinger to elect to receive shares of Common Stock, Non Voting Common Stock or any combination thereof. Harbinger was also granted the right of first negotiation to discuss the purchase of additional equity securities from SkyTerra prior to SkyTerra s negotiation with a third party. If SkyTerra and Harbinger did not agree on the terms for such a transaction, Harbinger had the right to maintain its percentage ownership interest through pro rata purchases of shares in issuances to third parties. Such right expires once Harbinger and their affiliates beneficially own less than five percent (5%) of the outstanding Capital Stock of SkyTerra or, if earlier, on December 31, 2011. The transactions contemplated by the 2007 SPA closed on January 7, 2008.

- SkyTerra Enters into Cooperation Agreement with Inmarsat. On December 20, 2007, SkyTerra entered into a Cooperation Agreement, which we refer to as the Cooperation Agreement, with Inmarsat Global Limited, a subsidiary of Inmarsat plc, which we refer to as Inmarsat. Inmarsat is a UK satellite company in which Harbinger owns approximately 28% of the outstanding capital stock.

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Inmarsat, SkyTerra and SkyTerra (Canada) represented three of the five L band mobile satellite system operators in North America included in the 1996 Mexico City Memorandum of Understanding entered into by the United States, Canada, the United Kingdom, Mexico and Russia governing L band satellite network coordination in North America. The Cooperation Agreement provided for cooperation between SkyTerra and Inmarsat concerning coordination of next generation satellite systems in North America, re banding of L band spectrum in North America to provide each with increased contiguous spectrum bandwidth and other matters. Harbinger was not a party to the transaction.

Purchase of 14.4 Million Shares of SkyTerra Non Voting Common Stock from Motient Corporation. On February 4, 2008, Harbinger Capital Partners Fund I, L.P., an affiliate of Harbinger, purchased 14,407,343 shares of Non Voting Common Stock of SkyTerra from Motient Corporation, which was subsequently renamed TerreStar Corporation (TerreStar). The shares held by TerreStar were issued to TerreStar as part of a September 2006 transaction (the 2006 Rollup). In the 2006 Rollup, the equity owners of SkyTerra LP (other than SkyTerra), including TerreStar, exchanged their equity in SkyTerra LP for shares of SkyTerra. As a result thereof, ownership and control of SkyTerra LP was consolidated under SkyTerra and ownership of TerreStar Networks was consolidated under the control of TerreStar. The purchase by Harbinger Capital Partners Fund I, L.P., of the 14.4 million shares of Non Voting Common Stock was a third party transaction with TerreStar. SkyTerra was not a party to the transaction.

Indenture Waiver. The indenture governing the Senior Secured Notes of SkyTerra LP and SkyTerra Finance Co., the note issuers, required the note issuers to offer to repurchase the Senior Secured Notes following a change of control (as defined in the indenture for such notes). Effective April 2, 2008, the holders of a majority in aggregate principal amount at maturity of the Senior Secured Notes then outstanding signed letters to waive compliance by the issuers and guarantors of such notes with any provisions of the indenture that would, but for such waivers, require the note issuers to offer to repurchase or to repurchase any of the Senior Secured Notes due to a change of control caused by the acquisition of beneficial ownership of Common Stock or Non Voting Common Stock by Harbinger or any of its affiliates.

Purchase of 16.4 Million Shares of Common Stock and Non Voting Common Stock from Apollo. On April 7, 2008, Harbinger entered into an agreement with Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., AIF IV/RRRR LLC, AP/RM Acquisition LLC and ST/RRRR LLC (which we refer to, collectively, as Apollo) pursuant to which Harbinger, on April 9, 2008, purchased from Apollo 10,224,532 shares of Common Stock (of which 442,825 shares were placed in escrow pending receipt of the FCC Consent relating to Harbinger s application to acquire control of SkyTerra) and 6,173,597 shares of Non Voting Common Stock for, in the aggregate, approximately $164 million ($10 per share). Additionally, Harbinger purchased all Series 1A warrants of SkyTerra held by Apollo representing the right to purchase up to 679,922 shares with an exercise price of $20.39 per share and all Series 2A warrants of SkyTerra held by Apollo representing the right to purchase up to 2,689,734 shares with an exercise price of $25.85 per share. The Series 1A warrants and Series 2A warrants expired unexercised on June 4, 2009 and August 19, 2009, respectively. The purchase by Harbinger of the approximately 16.4 million shares of Capital Stock was a third party transaction between Harbinger and Apollo. SkyTerra was not a party to the transaction.

It was a condition to the consummation of the April 7, 2008 Harbinger Apollo agreement that (i) the authorized size of the board of directors be increased from six members to seven members, (ii) each of Andrew D. Africk and Jeffrey Leddy resign from the board of directors and from the board of directors of each subsidiary of SkyTerra and be replaced by Paul S. Latchford, Jr. and Jose A. Cecin, Jr., and (iii) Alexander H. Good be elected to the board of directors. In considering those changes at the time, the board of directors of SkyTerra noted that the changes in the board composition, including the election of two independent directors proposed by Harbinger, Messrs. Cecin and Latchford, should help facilitate a NASDAQ listing, which was a goal of the board of directors at such time. Mr. Cecin was identified to Harbinger by a Harbinger consultant, based on such consultant s view of Mr. Cecin s

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business experience and knowledge in the telecommunications industry. Among other candidates, Mr. Latchford was identified to Harbinger by Mr. Good based on similar criteria. Neither Mr. Cecin nor Mr. Latchford had any prior relationship of any nature with Harbinger or any of its affiliates.

Executed Master Contribution and Support Agreement (MCSA) for Inmarsat Possible Offer and Commitment to Purchase $500 Million of SkyTerra LP Senior Unsecured Notes. On April 10, 2008, Harbinger approached SkyTerra management with a proposal for a business combination of SkyTerra and Inmarsat. After receipt of such proposal, the board of directors considered a process, with the advice of one of SkyTerra s outside corporate counsel, Skadden, Arps, Slate Meagher & Flom LLP, which we refer to as Skadden, on establishing a special committee of the board of directors and designating which members of the SkyTerra board of directors to appoint to such special committee. The SkyTerra board of directors determined to establish a special committee to evaluate transaction proposals from Harbinger and to negotiate directly with Harbinger on the behalf of the SkyTerra board of directors. It was determined as a result of that review and process for SkyTerra to designate three members to the special committee, all of which qualified as independent under NASDAQ rules. Specifically, on April 24, 2008, two long-standing members of the SkyTerra board of directors, Jeff Killeen and Jeff Stasior, as well as Mr. Latchford, were appointed to the special committee. Messrs. Killeen and Stasior had no prior relationship with Mr. Good before their service on the board of directors and their current relationship with Mr. Good is primarily as a result of their board service and was not deemed to create any appearance of conflict. On May 1, 2008, following Mr. Latchford s resignation from the special committee in order to avoid an appearance of conflict due to his strong professional and personal relationship with Mr. Good, Mr. Cecin was appointed to the special committee. Such appointment was made given his significant knowledge of the communications industry and related markets and experience as a Managing Director of Corporate Development at Bell Atlantic and Managing Director, Investment Banking at BB&T. Mr. Cecin had previously been employed at Bell Atlantic where he reported to Mr. Good during a brief period in the 1995-1996 timeframe. All members of the special committee confirmed that they had no financial and/or other relationship with Harbinger. The special committee, composed of entirely independent directors, unanimously appointed Skadden as its legal advisor and Morgan Stanley as its financial advisor and following Mr. Cecin s appointment to the special committee on May 1, 2008, further confirmed that each of Skadden and Morgan Stanley, as advisors to the special committee, were independent and lacked conflict. Between April and July 2008, a series of meetings and negotiations took place between the special committee, its legal and financial advisors, and SkyTerra management, and Harbinger s representatives, including Weil, Gotshal & Manges LLP, which we refer to as Weil, as legal advisor, Merrill Lynch, as financial advisor, and other special advisors.

As a result of these negotiations, on July 24, 2008, after consultation with its outside legal counsel and the receipt of a financial opinion from Morgan Stanley, the special committee unanimously determined that the Master Contribution and Support Agreement, which we refer to as the MCSA, and the related Securities Purchase Agreement, which we refer to as the SPA, were in the best interests of the stockholders of SkyTerra (other than Harbinger and its affiliates) and recommended that SkyTerra s board of directors adopt and approve the transactions contemplated by the MCSA and the related SPA. Following receipt of the recommendation of the special committee, the board of directors of SkyTerra unanimously approved and adopted the MCSA and the related SPA and representatives of SkyTerra executed the MCSA. Pursuant to the MCSA, which related to the possible combination of SkyTerra and Inmarsat, the proposed business combination would be structured as an offer by SkyTerra to acquire all issued and to be issued shares of Inmarsat not owned by Harbinger, on terms to be determined by Harbinger following the receipt of required regulatory approvals and subject to the availability of equity and debt financing on terms acceptable to Harbinger. The MCSA contemplated that Harbinger would fund the offer by SkyTerra for Inmarsat by subscribing for new shares in SkyTerra valued at $10 per share (subject to an adjustment mechanism depending upon the offer price per Inmarsat share). Concurrently with the consummation of the offer, Harbinger would contribute its shares in Inmarsat and its equity interests in TVCC Holding Company, LLC to SkyTerra in exchange for additional SkyTerra shares valued at the same adjusted $10 per share. Under certain circumstances

set forth in the MCSA, SkyTerra agreed to reimburse the incurred and documented fees and expenses of Harbinger. The MCSA contains various restrictions on SkyTerra s actions through September 2010 pending consummation of the Inmarsat acquisition.

In connection with the MCSA, Harbinger also agreed to provide $500 million of debt financing to fund SkyTerra s business plan through the third quarter of 2010 pursuant to the SPA. 16.0% Senior Unsecured Notes due 2013 (the 2009 Notes) were to be issued by SkyTerra LP in four tranches of $150 million, $175 million, $75 million and $100 million on January 7, 2009, April 1, 2009, July 1, 2009, and January 4, 2010, respectively. The terms of the 2009 Notes require SkyTerra and SkyTerra LP to comply with certain covenants that restrict some of its corporate activities, including its ability to incur additional debt, pay dividends, create liens, make investments, sell assets, make capital expenditures, repurchase equity or subordinated debt, and engage in specified transactions with affiliates. In conjunction with the issuance of the 2009 Notes, SkyTerra agreed to issue to Harbinger warrants to purchase up to 25 million shares of either, at Harbinger s election, Common Stock or Non-Voting Common Stock of SkyTerra at an exercise price of $0.01 per share. Harbinger s obligation to purchase the 2009 Notes was not conditioned upon the offer for Inmarsat being made or consummated. SkyTerra was not required under the SPA to issue the 2009 Notes and, with assistance from its financial advisor, Morgan Stanley, sought alternative financing sources in the debt and equity markets prior to consummation of the January 7, 2009, funding of the first tranche of the 2009 Notes and did not find any alternative financing sources.

On August 22, 2008, the SkyTerra board of directors, acting on the unanimous recommendation of the special committee, unanimously approved a proposed amendment to the MCSA. On the same day, SkyTerra and Harbinger entered into an amendment to the MCSA to eliminate Harbinger s contribution to SkyTerra of any equity interests in TVCC Holding Company, LLC and to eliminate SkyTerra s obligation to issue to Harbinger shares of SkyTerra Capital Stock in exchange for such contribution. In consideration of the amendment, SkyTerra agreed to issue 10.3 million additional shares of Common Stock to Harbinger if the business combination with Inmarsat contemplated by the MCSA is consummated.

Under the Communications Act, SkyTerra and Harbinger may not complete the merger unless they have first obtained the FCC Consent (as defined in the merger agreement) authorizing a transfer of control of SkyTerra s FCC licenses to Harbinger and authorizing, under Section 310(b)(4) of the Communications Act, up to 100% ownership of SkyTerra by Harbinger. On August 22, 2008, Harbinger and SkyTerra filed applications with the FCC requesting the FCC Consent. The applications seeking the FCC Consent have been amended from time to time, including a minor amendment filed on October 5, 2009, that among other things informed the FCC that the proposed transfer of control will be implemented pursuant to the merger agreement. Applications also have been filed seeking FCC approval for the transfer of control of Inmarsat Hawaii Inc. and Inmarsat, Inc. from the shareholders of Inmarsat to Harbinger.

On December 8, 2008, approximately one month prior to Harbinger s scheduled purchase of the first tranche of $150 million of the 2009 Notes, Harbinger requested, pursuant to the terms of the SPA, SkyTerra s assistance to confirm that all of the conditions to Harbinger s funding obligation were satisfied. Over the course of the next month, Harbinger conducted an extensive due diligence review of SkyTerra LP. In connection with its investigation, Harbinger retained legal and financial experts, including, among others, Weil, Navigant Consulting, Inc., and Phil Rubin, to confirm, among other matters, the accuracy of representations and warranties with respect to SkyTerra LP s financial condition and operations, the compliance with certain covenants and requested assurances from SkyTerra LP as to its funding requirements through 2010. During such month, the parties engaged in extensive arm s length discussions as to whether all of Harbinger s funding obligations were satisfied. On January 7, 2009, after extensive negotiations and in order to provide SkyTerra with greater certainty that Harbinger would purchase the 2009 Notes and in light of the significant deterioration in market conditions, SkyTerra, SkyTerra LP and Harbinger agreed to amend the SPA related to the 2009 Notes

to (i) increase the interest rate on the 2009 Notes from 16.0% to 18.0% and (ii) increase the number of warrants to be issued in connection with the issuance of the 2009 Notes from 25 million to 32.5 million. Additionally, SkyTerra, SkyTerra LP and Harbinger agreed to amend the MCSA to provide SkyTerra LP greater latitude in its discussions with potential strategic partners. Such amendment provided SkyTerra with the ability to have discussions and negotiations with potential strategic partners so long as no binding agreement was reached without Harbinger s prior written consent.

The first tranche of $150 million of 2009 Notes was issued to Harbinger on January 7, 2009 accompanied by the issuance of 7.5 million warrants with an exercise price of $0.01; the second tranche of $175 million of 2009 Notes was issued to Harbinger on April 1, 2009 accompanied by the issuance of 21.25 million warrants with an exercise price of $0.01; and the third tranche of $75 million of 2009 Notes was issued to Harbinger on July 1, 2009. In the merger agreement, SkyTerra and Harbinger agreed to postpone the issuance of the fourth, and final, tranche, in the amount of $100 million of 2009 Notes that was scheduled to close on January 4, 2010 accompanied by the issuance of 3.75 million warrants, with an exercise price of $0.01. See The Merger Agreement Amendment to Existing SPA beginning on page 76.

Purchase of 23.6 Million Shares of SkyTerra Common Stock and Non Voting Common Stock from TerreStar. On September 12, 2008, SkyTerra entered into several agreements with TerreStar, one of which related to TerreStar s desired sale of certain of its holdings in SkyTerra to Harbinger. In exchange for TerreStar s agreement to provide SkyTerra rights to exchange its interest in TerreStar s non public subsidiary for shares in TerreStar, SkyTerra waived TerreStar s obligation incurred in the 2006 Rollup to use its commercially reasonable efforts to distribute 29,926,074 shares of Non Voting Common Stock of SkyTerra to TerreStar s stockholders. This waiver enabled TerreStar to be in a position to sell its interests in SkyTerra. TerreStar thereafter sold 23,626,074 shares of Non Voting Common Stock to Harbinger (of which 7,906,737 shares were placed in escrow pending the receipt of the FCC Consent for $4.15 per share). Following such sale, SkyTerra agreed, subject to certain conditions, to exchange such shares of Non Voting Common Stock for shares of Common Stock, at any time and from time to time, upon the request of Harbinger. 6,353,915 shares of Non Voting Common Stock have been exchanged for shares of Common Stock.

Purchase of 1.6 Million Shares of Common Stock in Open Market Purchases. During January and February 2009, Harbinger purchased an aggregate 1,634,708 shares of Common Stock in open market transactions at purchase prices ranging from $1.43 to $4.69 per share.

The Master Fund held Common Stock in an account at Lehman Brothers International (Europe) (LBIE). On September 15, 2008, LBIE was placed into administration under United Kingdom law and four partners of PriceWaterhouseCoopers LLP were appointed as joint administrators. The joint administrators have advised that 1,113,197 shares of Common Stock were rehypothecated. The Master Fund believes at this time that such shares of Common Stock will not be recoverable.

As a result of the above transactions, as of April 1, 2009, Harbinger s ownership of SkyTerra consisted of 22.3 million shares of Common Stock, 58.7 million shares of Non Voting Common Stock (including warrants to acquire shares of Capital Stock at an exercise price of $0.01 per share) and 10.0 million shares of Capital Stock (consisting of a mix of Common Stock and Non Voting Common Stock) held in escrow agreements which will be transferred to Harbinger upon receipt of the FCC Consent. As reported by Harbinger, in a report filed with the SEC on Schedule 13D on October 16, 2009, Mr. Falcone beneficially owned (within the meaning of the SEC s rules) 69.4% of SkyTerra s Common Stock as of October 16, 2009.

SkyTerra Strategic Review

Concurrent with Harbinger s investment activities in SkyTerra, the SkyTerra board of directors, consisting of a majority of independent and disinterested directors, along with the special committee and its outside legal and financial advisors, were actively evaluating potential strategic alternatives available to SkyTerra. In

SkyTerra s view, the $500 million funding commitment obtained from Harbinger in July 2008 provided the capital necessary to fund SkyTerra s business operations through the third quarter of 2010. As such, SkyTerra was focused on executing one or more strategic alternatives prior to the end of this funded period. The primary strategic alternatives included (i) the closing of a potential SkyTerra/Inmarsat combination, (ii) attracting a strategic partner to pursue an integrated satellite terrestrial (mobile satellite services ancillary terrestrial component services or MSS ATC) opportunity in the North American market, (iii) development of an MSS only business plan anchored by a core satellite roaming partner, and/or (iv) a sale of SkyTerra. In considering its alternatives, SkyTerra, consistent with its obligations under the MCSA, continued to support Harbinger s activities in connection with the potential SkyTerra/Inmarsat combination.

In the next approximately nine months following the signing of the MCSA in July 2008, SkyTerra continued to support implementation of the MCSA while simultaneously pursuing strategic investments and business opportunities consistent with the commitments made in the MCSA and SkyTerra s view that an acquisition of Inmarsat pursuant to the MCSA would be more beneficial to the interests of SkyTerra and its stockholders than the transactions contemplated by the Cooperation Agreement. This had been discussed by Mr. Good on quarterly earnings calls with investors subsequent to the execution of the MCSA. In the view of SkyTerra management and the board of directors, the process for regulatory approvals and financing for the possible offer for Inmarsat was extended, in part, as a result of the change in political administration in the United States as well as challenging and illiquid capital markets and the impact of the credit crisis. In a March 4, 2009 letter, Harbinger and SkyTerra requested that the FCC process the applications proposing a transfer of control of SkyTerra LP s FCC licensed subsidiary to Harbinger separately from the applications for transfer of control of Inmarsat. The SkyTerra management and board of directors were made aware of the increasing uncertainty that the acquisition of Inmarsat could be financed and closed prior to the depletion of SkyTerra s available funding. In April 2009, the board of directors authorized the special committee to work with SkyTerra management, Morgan Stanley and Skadden to analyze funding and restructuring alternatives in light of the foregoing uncertainties.

On June 9, 2009, with Morgan Stanley s encouragement, SkyTerra held a meeting of the board of directors to discuss the recent bankruptcy filing of DBSD North America (a mobile satellite services provider), which we refer to as ICO, and the implications of such bankruptcy filing for SkyTerra. At the meeting, Morgan Stanley observed that the capital markets for new issue debt financings for spectrum backed entities remained illiquid and unavailable to ICO. Morgan Stanley noted that strategic interest from third parties for ICO s assets was limited prior to the bankruptcy filing and that, as a result, the value of the equity interests in ICO was likely to be severely impaired in the bankruptcy proceeding based on indicative value ranges implied by the contemplated restructuring.

Morgan Stanley further noted that while SkyTerra did possess sufficient financial resources to fund its business operations through the third quarter of 2010, securing funding from financial and/or strategic investors in the current economic environment would prove challenging. Morgan Stanley noted that third parties identified by management as most likely to be interested in providing funding or proposing an acquisition of SkyTerra had chosen not to provide funding to or propose an acquisition of ICO to date, nor to commit the capital necessary to support a new 4G network deployment. In Morgan Stanley s judgment, the board would be warranted in exploring ways to restructure SkyTerra s debt obligations and other liabilities, including payments to Boeing and other vendors, to extend SkyTerra s ability to fund its business operations beyond the third quarter of 2010.

On July 24, 2009, SkyTerra selected a new launch window for its SkyTerra 1 satellite of August through October 2010 (as compared to the previous March through May 2010 window) based on a potential delay in delivery of SkyTerra 1 after receiving the most recent estimated delivery information from Boeing Satellite Systems (the manufacturer of the SkyTerra 1 satellite).

On July 30, 2009, Morgan Stanley met with the SkyTerra board of directors and provided the board of directors with a preliminary overview of SkyTerra s strategic and financing alternatives.

During such meeting, Morgan Stanley provided a comparison of the share price performance of SkyTerra, Inmarsat, Clearwire, ICO, TerreStar and GlobalStar and the implied spectrum valuation of SkyTerra and two other public market companies, TerreStar and GlobalStar. Based on July 24, 2009 share prices, Morgan Stanley found the value per MHz-POP (valuing debt at book) of SkyTerra, TerreStar and GlobalStar to be $0.24, $0.26 and $0.18, respectively, and the illustrative value per MHz-POP (valuing debt at market) of SkyTerra and TerreStar as $0.16 and $0.15, respectively (such latter comparison not provided for GlobalStar). Morgan Stanley also discussed certain other recent developments in the industry and marketplace, including the ongoing ICO bankruptcy proceedings, the condition of the credit markets and the availability of market access and recent yields for recent comparable debt issuances.

Morgan Stanley gave its view that, based on its review of the base case projections provided to it by SkyTerra s management, that SkyTerra would have a funding gap in October 2010 and concluded that there was substantial uncertainty surrounding the Company s ability to fill or avoid such funding gap because of the following considerations:

- the likelihood that high yield and equity markets would remain closed to SkyTerra for the foreseeable future;

- while Morgan Stanley believed that it was possible that a strategic player could finance an acquisition of Inmarsat by Harbinger using SkyTerra as the vehicle, it believed that such an eventuality was unlikely prior to SkyTerra exhausting its funding runway;

- there were no obvious lessees available to fund a coop agreement deal between Inmarsat and SkyTerra; and

- it believed that there was no clear buyer for SkyTerra at valuations in excess of SkyTerra s then current $1.3 billion in debt.

Morgan Stanley advised the board of directors that, in its judgment, SkyTerra s current priority should be the preservation of its asset value by safeguarding its spectrum. Morgan Stanley recommended that SkyTerra accomplish this by (1) eliminating cash payments to Boeing through a consensual restructuring of the parties contract into a term debt instrument, (2) providing Boeing with relief from the threat of a Termination for Default , (3) completing the launch of the Company s MSV-1 on time in order to meet regulatory milestones and (4) restructuring the senior secured and (possibly) the senior unsecured debt of the Company via a combination of debt-for-debt and debt-for-equity exchanges. In exchange for the foregoing, Morgan Stanley recommended that SkyTerra consider proposing a potential renegotiation of the MCSA, providing revised debt terms and offering equity in the Company as an incentive to the creditors. In addition, Morgan Stanley gave its view that a range of downside scenarios, including substantial impairment of the Company s spectrum holdings, should serve as a strong motivation to creditors to allow the Company to explore strategic and financing alternatives.

The alternatives discussed included a cash preservation scenario , a sale of the company, and a restructuring of SkyTerra s capital structure as described below:

- The cash preservation scenario included reduced discretionary spending and postponement of SkyTerra s next generation MSS development program. SkyTerra s next generation MSS development program includes costs associated with the development of next generation operating support and business support systems (OSS/BSS), systems integration, core network and development of next generation MSS devices. Morgan Stanley further reviewed the potential recovery value to holders of various instruments in the SkyTerra capital structure at various assumed values per MHz-POP and noted that, subject to such value assumptions, in Morgan Stanley s view it was likely that a liquidation event would bring impairment to holders across the capital structure. Such analysis also indicated that there would be no recovery to equity at assumed values per MHz-POP of $0.20 or less. While the cash preservation scenario would generate near-term cash savings, such efforts would present significant

incremental costs to SkyTerra to complete its development efforts, present regulatory and licensing risks, and would have little to no impact on extending the Company s funding runway from the end of the third quarter of 2010 given the magnitude of debt repayments and cash interest due in the fourth quarter of 2010.

The Company had been actively pursuing a major strategic partner for a considerable period of time. In addition, during early to mid 2009 the Company had pursued and encouraged such parties to submit indications of interest to make an investment in and/or acquire the Company. No such partnering efforts were successful and no bona fide offers were received. In the judgment of Morgan Stanley, it was unclear that there was a short-or-medium term need for additional spectrum by ATC companies who were potential strategic partners. In addition, potential strategic partners had sources of spectrum other than through a partnership with SkyTerra, including via spectrum auctions by the FCC, and sales from SpectrumCo, Clearwire or from other entities in the satellite sector. Moreover, the Company s limited existing cash availability, limited funding options, debt covenant restrictions and highly leveraged balance sheet were all factors that were negatively affecting the Company s ability to receive attractive investment proposals and/or offers to purchase the Company.

A restructuring of SkyTerra s capital structure included a review of a potential debt for equity exchange, a recapitalization and/or modifications to existing vendor and/other contracts. Given SkyTerra s significant debt leverage and modest equity capital base a significant debt for equity exchange or recapitalization would have resulted in substantial dilution to SkyTerra s existing shareholders and modifications to existing vendor contracts would not have materially changed the Company s funding runway or financial position. For example, while giving its view that a deferral of payment to Boeing and the holders of 14% Senior Secured Discount Notes could potentially extend the runway beyond the first quarter of the 2011 fiscal year, Morgan Stanley gave its view that this would require equitizing the Senior Secured Notes and converting the Boeing claims to a term loan to reduce the near-term cash burden, both of which would imply a significant dilution to existing SkyTerra stockholders.

Morgan Stanley stated that it believed it unlikely that the debt or equity markets would be able to provide financing based on the underlying value of SkyTerra s spectrum prior to the depletion of the Company s cash resources. In addition, Morgan Stanley considered a transaction with Inmarsat under the existing MCSA and its related SPA. Morgan Stanley gave its view that such a transaction would require substantial new financing and that while such financing requirements could be mitigated if certain large Inmarsat stockholders rolled their Inmarsat equity into the new entity, it was unclear to what extent such large holders would be interested in doing so.

Morgan Stanley did not address a potential acquisition by Harbinger but noted, as a comment to the three alternatives it was considering, that a take-private discussion may also become an element of any restructuring discussion with Harbinger. From the perspective of the SkyTerra minority, potential take-private transactions will need to be evaluated in the context of value realization/recovery in a restructuring, a combination with Inmarsat and a potential strategic sale in the future. Morgan Stanley s July 30, 2009 presentation also contained information related to the potential cost to Harbinger of a take-private transaction. This sensitivity analysis used a range of SkyTerra stock prices from $3.00 to $10.00 and an assumption that a range of the top eight non-Harbinger shareholders from between 0% and 100% were permitted to roll their existing equity in SkyTerra for equity in the surviving corporation (which was not a feature of the merger as proposed). Such illustration showed minority buy-out costs to Harbinger varying from $50 million to $558 million.

At the July 30 meeting, Morgan Stanley also pointed out that while SkyTerra owned and controlled potentially valuable long term assets, realizing the value of those assets (and financing and completing a transaction to acquire Inmarsat) had become more difficult due to a number of factors, including the credit crisis, significant downturn in the economy, bankruptcy filing by ICO, and reluctance by other strategic parties in the near term to commit to a new fourth generation broadband network opportunity.

During the July 30, 2009 meeting, SkyTerra management was directed to develop recommendations to reduce cash burn (and thereby extend the funding availability period) and to work with Morgan Stanley to further explore potential strategic and financial alternatives available to SkyTerra.

During an August 12, 2009 meeting of the board of directors, SkyTerra management provided the board of directors and Morgan Stanley with a summary of strategic and financing alternatives available to SkyTerra. Because SkyTerra lacked assurance that the Inmarsat transaction could be financed and completed prior to the third quarter of 2010, coupled with the lack of any apparent imminent strategic partnering transaction available to SkyTerra, the SkyTerra management provided additional perspectives on the other primary strategic alternatives. Such potential alternatives included doing nothing, modifying the MCSA, pursuing a debt-for-equity exchange, extending the funding run-way, a sale of SkyTerra to Harbinger and a strategic investment in or sale of SkyTerra to a third party. Given Harbinger s anticipated position following receipt of the FCC Consent with respect to the pending change of control application, if and when received, and the belief of the board of directors that Harbinger held a majority position in SkyTerra s debt securities and Harbinger s potential interest in a SkyTerra/Inmarsat combination, it was concluded that a potential sale of SkyTerra would likely be most attractive to Harbinger. A review and assessment of other potential strategic partners was also discussed. The board of directors was informed that potential partnerships had been explored at length with the assistance of several investment bankers, members of management and the board of directors as well as other stockholders, without any indications of interest in any transaction having been received within the necessary timeframe for funding requirements.

Since SkyTerra received its ATC authorization and license from the FCC in 2005, its business plan has been to finance and build out a multi-billion dollar MSS/ATC network which is predicated on attracting an anchor strategic partner. During 2005 and 2006, SkyTerra worked with an investment bank as its financial advisor in search of strategic partners. After much effort, that process was unsuccessful in attracting a strategic partner for SkyTerra. Throughout 2007 and early 2008, at least five investment banks, including Morgan Stanley, had met with and or encouraged strategic partners to invest in SkyTerra. None of those discussions were successful. During the period July 2008 to January 2009, due to covenant restrictions under the MCSA with Harbinger, SkyTerra s dialogues with potential strategic partners was limited. In January 2009, amendments to the MCSA were negotiated which provided SkyTerra greater flexibility in conducting strategic dialogues. Thereafter, SkyTerra reinitiated strategic discussions with a number of potential partners, seeking offers from them to invest in or acquire a significant position in SkyTerra, yet no offers were received or serious ongoing interest displayed.

Further, the experience of another satellite provider who had entered bankruptcy (ICO) was presented by Morgan Stanley as indicating that SkyTerra s experience to date in strategic discussions was what should have been expected in light of the inability of ICO to obtain financing given market conditions. Morgan Stanley indicated to the SkyTerra Board of Directors that given market uncertainties, it would be highly unlikely SkyTerra would be able to attract a strategic investment under current market circumstances.

Expanded Mandate of Special Committee and Events Leading to Execution of Merger Agreement

At the August 12 meeting of the board of directors of SkyTerra, after considering the alternatives available to SkyTerra, the board of directors agreed to expand the role of the special committee to include discussions with Harbinger regarding SkyTerra s strategic position and Harbinger s position with respect thereto, which might include negotiation of a potential sale of SkyTerra to Harbinger. In addition, Alex Good, Chief Executive Officer of SkyTerra, and Scott Macleod, Chief Financial Officer of SkyTerra, were authorized by the board of directors to gauge Harbinger s interest in engaging in discussions with the special committee regarding such position, including the potential sale of SkyTerra to Harbinger.

In the summer of 2009, as Harbinger continued to consider its investments in the wireless industry and its ability to rationalize and maximize the value of these investments, potential options for its investment in SkyTerra were reviewed with the assistance of UBS. At a meeting held on August 13, 2009, Mr. Falcone

discussed with UBS possible alternatives for Harbinger s wireless assets, including a potential acquisition of SkyTerra by Harbinger as well as potential post-acquisition strategies involving SkyTerra. Among other things, structuring and timing considerations for a potential transaction, SkyTerra s capitalization, ownership interests of certain SkyTerra stockholders and SkyTerra s historical stock price performance, liquidity and outstanding debt were discussed. A copy of the discussion materials, prepared as of July 13, 2009 with the assistance of Harbinger s legal counsel, that were reviewed with Mr. Falcone on August 13, 2009 by UBS, is attached as an exhibit to the Schedule 13E-3. See Where You Can Find More Information beginning on page 96.

After further considering potential options with respect to SkyTerra, Mr. Falcone directed representatives of Harbinger to analyze Harbinger s options, including a potential going-private transaction. Thereafter, on August 21, 2009, the Harbinger Filing Parties amended their Schedule 13D to include the following statement:

taking into account all other Shares owned by the [Harbinger], [Harbinger] would own a majority of the issued and outstanding Shares and would be entitled to elect the Board of Directors of the Issuer and implement other corporate governance changes.

In addition, [Harbinger] [is] analyzing and considering, among other options, (i) the purchase or other acquisition of additional shares of stock of [SkyTerra] or securities exercisable or exchangeable for such shares (collectively, [SkyTerra] Securities) in the open market, in privately negotiated transactions, or otherwise, including the possibility of acquiring, through a merger or otherwise, some or all of the issued and outstanding shares of [SkyTerra] s stock not owned by [Harbinger], or assets of [SkyTerra] (in each case, subject to any applicable requirements under law) or (ii) a restructuring of [SkyTerra] s capital structure. However, it should not be assumed that any definitive plan or proposal to acquire such additional [SkyTerra] Securities, or for a merger, restructuring or other transaction, will be pursued or effected, and [Harbinger] make[s] no commitment (a) as to whether any of the foregoing will be pursued or effected, and (b) if any of the foregoing are pursued or effected, as to the timing, prices, terms and conditions that would be applicable.

On September 1, 2009, the special committee met, and Mr. Good provided the special committee with an update regarding FCC regulatory actions with respect to Harbinger s change of control application. Mr. Good also noted that Harbinger had received clearance under HSR and CFIUS from the relevant governmental agencies. Mr. Good further discussed that he and Mr. Macleod had a meeting set for the next day with Harbinger. Mr. Macleod described the presentation which he and Mr. Good planned to make to Harbinger and the special committee approved the use of such presentation. Mr. Cecin summarized his review, which had followed the August 12 meeting of the board of directors, with Skadden and management with respect to meeting with Harbinger and potential strategic and financial alternatives which might be considered, as well as the legal and contractual parameters applicable to such alternatives. The special committee authorized Messrs. Cecin, to be accompanied by Messrs. Good and Macleod, to meet with Mr. Falcone and seek to understand his perspectives on other possible alternatives, but not to engage in the negotiation of any transaction without further guidance and authorization from the special committee.

On September 2, 2009, Messrs. Good and Macleod met with Mr. Falcone. Mr. Falcone indicated that he would be interested in engaging in discussions with Mr. Cecin, as Chairman of the special committee, with respect to potential transactions, and that he would be available to meet on Tuesday, September 8, 2009.

The special committee met again on September 3, 2009, and thereupon authorized Mr. Cecin to engage in negotiations with Mr. Falcone with respect to the terms of a potential acquisition of SkyTerra by Harbinger, to seek the assistance of management and the special committee s legal and financial advisors to assist in the preparation for discussions, and to return to the special committee with recommendations as to a potential transaction.

On September 8, 2009, Messrs. Cecin, Good and Macleod met with Mr. Falcone. Mr. Falcone confirmed Harbinger s interest in exploring a potential transaction to acquire SkyTerra. At such meeting, Mr. Falcone stated a view that while the spectrum holdings of SkyTerra were a valuable asset of SkyTerra, there continued to be a

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need both for additional financing and a broader business solution for SkyTerra. Mr. Falcone stated he could envision a transaction at the $4 per share level or perhaps as high as $4.50 per share but in no event would Harbinger consider a transaction that is conditioned upon a majority of the minority stockholders approving the transaction in the stockholder vote. Mr. Cecin indicated the special committee was seeking a price greater than $5 per share but that he would report his discussion with Mr. Falcone to the special committee for consideration.

After Mr. Falcone s meeting with Messrs. Cecin, Good and Macleod, Mr. Falcone met with Harbinger s legal and financial advisors to review alternative potential acquisition structures, including a tender offer (conditioned upon the tender of a majority of the shares held by unaffiliated stockholders), a merger to be negotiated with a special committee of SkyTerra s board of directors or privately negotiated purchases of shares directly from SkyTerra s stockholders, as well as timing of these alternative acquisition structures, the potential impact of transaction structures on transaction certainty, required regulatory approvals and the roles of SkyTerra s management and directors. A copy of the discussion materials, prepared with the assistance of Harbinger s legal counsel, that were reviewed with Mr. Falcone by UBS on September 8, 2009, as well as certain information subsequently prepared by UBS for Harbinger regarding the estimated cash required to effect the proposed acquisition, are attached as exhibits to the Schedule 13E-3. See Where You Can Find More Information beginning on page 96. At this meeting, Mr. Falcone updated those in attendance of his earlier conversations with the chairman of the special committee and management, and outlined the terms which he deemed necessary for any deal with the special committee.

Later that same day, the special committee met and heard a report of the meeting with Mr. Falcone and the price discussion. The special committee considered such price discussion with reference to recent reported trading prices for the Common Stock, which had ranged from $2.78 to $3.45 per share since August 1, 2009. The special committee authorized Mr. Cecin to go back to Mr. Falcone to negotiate a higher price and obtain the majority of the minority condition to the transaction. The special committee also noted that it would be appropriate for Harbinger to engage counsel to proceed towards a draft potential merger agreement which could be negotiated and presented to the board of directors for review.

On September 9, 2009, Mr. Cecin had a telephone call with Mr. Falcone to follow up on their discussion of the previous day with respect to terms for a potential transaction to acquire the minority equity interest in SkyTerra. Mr. Falcone confirmed that a SkyTerra request for a majority of the minority vote condition in a transaction would be a deal breaker. He also confirmed his view that any price above $5 per share would not be of interest to Harbinger at such time, and stated that if a price in excess of that was required in order to effectuate a transaction that Harbinger would then elect to postpone consideration of a transaction. Mr. Cecin told Mr. Falcone that the special committee was not willing to agree to a transaction which did not provide at least $5 per share. Mr. Falcone responded that Harbinger would be willing to look at a $5 per share offer conditioned upon a waiver of the condition that there be a majority of the minority vote in the transaction. Mr. Cecin informed Mr. Falcone that if other terms and conditions were acceptable to the special committee, the special committee would proceed with a transaction without a majority of the minority condition. After a brief process discussion, Mr. Falcone advised Mr. Cecin that SkyTerra s counsel, Skadden, should contact Harbinger s counsel, Weil, to discuss moving forward to have further discussions concerning a potential transaction. Later that day, the special committee met again to discuss in detail the discussions with Harbinger.

Skadden was instructed to prepare a draft merger agreement, and on September 11, it delivered such a draft to Weil.

On September 16, 2009, the board of directors held a special meeting. At such meeting, Mr. Good discussed SkyTerra s financial position, including the Company s existing cash and funding availability, upcoming significant capital requirements in the fourth quarter of 2010, limitations on the ability to raise additional equity or debt based on contract covenant restrictions and market conditions, as well as the company s inability to conclude any agreement with strategic investors over the past five years. Mr. Good also stated that while SkyTerra held strategic discussions with a number of potential partners seeking offers from them to invest in or

acquire a significant position in SkyTerra, no such offers were received or serious ongoing interest displayed. Finally, Mr. Good concluded that none of the Company s strategic and/or financing alternatives were meeting with genuine counterparty interest or were subject to probable execution in the foreseeable future given the Company s lack of liquidity and limited funding runway.

After Mr. Good described the discussions with Harbinger at length on September 8 and 9, Mr. Cecin affirmed Mr. Good s report on such discussions and tone of the meetings held with Mr. Falcone and further expressed his view that Harbinger would not agree to a deal above $5 per share. He also reiterated that Mr. Falcone had made it clear that if SkyTerra insisted on a majority of the minority condition in the agreement it would be a deal breaker from Harbinger s perspective.

Mr. Good concluded the September 16 meeting with a general update of SkyTerra s business operations and outlook. He gave a brief overview of the industry in general and the status of MSS ATC players within the industry and the specific positives SkyTerra was experiencing. He highlighted also the imminent challenges to be overcome with respect to funding SkyTerra including timing and other negative indicators in the market, such as the ICO bankruptcy and the exhausted financial reserves of certain of the major terrestrial players due to recent spectrum transactions and general economic conditions. He summarized that generally SkyTerra has had positive development and growth but could not sustain this without a near and longer term solution for funding.

On September 17, 2009, a confidentiality agreement between Harbinger and SkyTerra was executed and Harbinger, its legal and financial representatives and other consultants commenced an extensive due diligence review of SkyTerra over the next five days, including physical visits to SkyTerra s offices, meetings with SkyTerra management and receipt of financial and operating information.

On September 18, 2009, Weil provided a revised draft of the merger agreement to Skadden, to which Skadden responded on September 20. Skadden s comments with respect to Weil s draft of September 18 related principally to various conditions requested by Harbinger (including as to percentage of dissenting shares, nature of FCC order and absence of stockholder litigation). The parties also discussed the treatment of BCE in the transactions and a request by SkyTerra that Harbinger take no action to remove the current members of the SkyTerra board of directors or change the Bylaws to increase the number of board members while the merger agreement remains in effect.

On September 22, 2009, a Harbinger representative informed Mr. Cecin that Harbinger had concluded their analysis and consideration of options related to their investment in SkyTerra (including the possibility of acquiring all of the outstanding shares of Capital Stock not currently owned by Harbinger and its affiliates) and their due diligence review of SkyTerra. At that time, the Harbinger representative informed Mr. Cecin that Harbinger would agree to a transaction to acquire all of such outstanding shares of Capital Stock at $5 per share.

On the morning of September 22, Weil sent Skadden a revised draft of the merger agreement. In a series of discussions and written communications on September 22, the parties engaged in arm s length negotiations over a number of issues, including:

- The condition related to the percentage of dissenting shares. SkyTerra proposed a condition of no less than 10% of the outstanding shares, while Harbinger continued to require a 5% of outstanding level.

- The timing and scope of the SkyTerra 2009 bonus pool.

- The timing of the termination date (so called drop dead date) at which time a party could terminate the merger agreement if the transaction had not then been consummated. In the September 22 merger agreement draft, Harbinger proposed a bilateral date of February 28, 2010 with a unilateral Harbinger right to extend to May 31, 2010 in order to satisfy the FCC regulatory condition. SkyTerra requested a March 30, 2010 date with either an automatic or bilateral extension for additional time to satisfy the FCC regulatory condition.

Various provisions related to the conduct of SkyTerra business during the executory period, including their relationship to a covenant on cash utilization which Harbinger requested in its September 22 draft.

The nature of further actions that could be taken by SkyTerra under the Inmarsat Cooperation Agreement.

Whether the nature of the required efforts to obtain governmental consents, including FCC approval, would be reasonable efforts, as requested by Harbinger, or reasonable best efforts, as requested by SkyTerra.

At a board meeting on September 22, the board of directors reviewed the background of the transaction, the proposed terms of the merger agreement and a financial presentation by Morgan Stanley. The board of directors and its advisors concluded none of the various possible alternatives provided a present or reasonably foreseeable path to obtain comparable value. The board meeting then adjourned, at which time the special committee met with Morgan Stanley and received its oral financial opinion. Subsequently, the board of directors reconvened the board meeting and, following its receipt of the recommendations of the special committee and the Morgan Stanley Opinion, approved and authorized the merger agreement. During the break from such board meeting and following the special committee meeting, Mr. Cecin and Ms. Corrine Glass from Harbinger agreed on certain final provisions, including setting the condition related to the percentage of dissenting shares at 7.5% of the fully diluted outstanding shares and agreeing to a March 31, 2010 termination date (with Harbinger having the right to extend to June 30, 2010), the addition of representations, warranties and covenants related to SkyTerra s Canadian joint ventures, and a reasonable best efforts provision with respect to governmental consents.

After additional negotiation, the special committee met and unanimously approved and authorized the merger agreement and determined that the proposed merger and the terms and provisions of the merger agreement were substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders and that the merger was advisable. Based on such determinations, the special committee recommended to the SkyTerra board of directors approve and authorize the merger agreement and the transactions contemplated thereby. On the evening of September 22, the board of directors concluded that the transaction was in the best interests of SkyTerra and its stockholders, and unanimously voted to approve and authorize the merger agreement (one director was absent from the meeting and, on September 30, 2009, expressed his concurrence with the actions of the board of directors). On September 23, 2009, the merger agreement was executed and announced.

Following announcement of the execution of the merger agreement, certain putative shareholder class actions (the Actions) challenging the merger were filed in the Delaware Court of Chancery. In late October and early November 2009, following consolidation of the various putative shareholder class actions by the Delaware Court of Chancery on October 28, 2009, SkyTerra and Harbinger began engaging in arms length negotiations with the Co Lead Counsel for plaintiffs in an effort to reach a global settlement of all of the Actions. The parties held extensive discussions at various times in an effort to fully resolve the claims and Co Lead Counsels demands with respect to the merger. On November 18, 2009, as a result of, among other things, discussions between and among such parties, SkyTerra, Harbinger and the appointed plaintiffs entered into a Memorandum of Understanding pursuant to which the parties agreed that in consideration for the full settlement and release of all settled claims: (i) the preliminary proxy would include certain disclosures requested by Co Lead Counsel; (ii) the merger agreement would be amended to include a non waivable majority of the minority stockholder vote requirement and (iii) SkyTerra will convene a meeting of stockholders for the purpose of electing directors in the event that the merger is not consummated on or before March 31, 2010. SkyTerra, Harbinger and the plaintiffs have further agreed that SkyTerra will consider additional supplemental disclosures to be provided to SkyTerra stockholders in connection with the merger based on reasonable request by and discussions with Co Lead Counsel. On the evening of November 6, 2009, the special committee recommended and the board of directors concluded that the Memorandum of Understanding and the proposed amendments to the merger agreement were in the best interests of SkyTerra and its stockholders, and unanimously voted to approve and authorize the Memorandum of Understanding and the First Amendment. On November 18, 2009, the SkyTerra

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and the Harbinger Parties executed the First Amendment to the merger agreement, in order to effect the terms contemplated by the Memorandum of Understanding.

Position of SkyTerra as to the Fairness of the Merger; Recommendation by SkyTerra s Special Committee and Board of Directors

On September 22, 2009, the special committee determined that the proposed merger and the terms and provisions of the merger agreement were substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders and that the merger was advisable. Based on such determinations, the special committee recommended to the board of directors that the board of directors approve and authorize the merger agreement and the transactions contemplated thereby.

At a special meeting of the board of directors held immediately following the special committee s determination, at which all but one of the directors of SkyTerra were present, the board of directors considered the recommendation of the special committee. The board of directors concluded that the terms and provisions of the merger agreement and the proposed merger were substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders and that the merger was advisable, approved and authorized the merger agreement and recommended that SkyTerra s stockholders adopt the merger agreement. The absent member of the board of directors subsequently indicated his approval of the resolutions adopted at the board meeting.

In evaluating the fairness and advisability of the merger agreement and the related merger, the special committee and the board of directors considered the following factors, each of which the special committee and the board of directors believe supports their determination as to fairness:

Morgan Stanley Opinion. The special committee considered the financial presentation of Morgan Stanley and Morgan Stanley s oral opinion delivered to the special committee (which opinion was subsequently confirmed in writing) to the effect that, as of September 22, 2009 and based upon and subject to the various assumptions, qualifications and limitations set forth in its opinion, the $5.00 per share price was fair to SkyTerra s stockholders (other than Harbinger and its affiliates) from a financial point of view, as more fully described under Opinion of the Special Committee s Financial Advisor beginning on page 43. The full text of the Morgan Stanley Opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the reviews undertaken by Morgan Stanley in rendering its opinion, is attached as Appendix C to this proxy statement and is incorporated herein by reference. You are urged to, and should, read the Morgan Stanley Opinion carefully and in its entirety. The opinion was directed to the special committee and addresses only the fairness, from a financial point of view, of the merger consideration to be received by SkyTerra s stockholders (other than Harbinger and its affiliates). The opinion does not address any other aspect of the proposed merger nor does it constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger agreement.

Market Price and Premium. The special committee and the board of directors considered the historical market prices of Common Stock and noted that the proposed consideration of $5.00 per share represented a premium of approximately 47% over the $3.40 closing price on September 22, 2009, the last trading day prior to the execution of the merger agreement, and a premium of approximately 63% over the $3.07 ninety day average closing price.

Lack of Alternative Acquisition Proposals. Based on the discussions between SkyTerra and various industry participants, and the views of management and Morgan Stanley with respect thereto, the special committee and the board of directors concluded that it was unlikely that a credible competing offer for SkyTerra could be obtained at a price higher than $5.00 per share. This conclusion was also supported by the fact that Harbinger and its affiliates own a significant portion of SkyTerra s outstanding Capital Stock, and therefore any sale of SkyTerra to a third party would effectively require the approval of Harbinger, which the special committee and board of directors did not believe that

Harbinger would be willing to provide under the circumstances. See Background of the Merger beginning on page 21.

Terms of the Merger Agreement. The special committee and the board of directors also considered the other terms of the proposed merger agreement, including the fact that completion of the proposed merger is not subject to a financing condition, that there are relatively few closing conditions to the merger and that there is no regulatory approval necessary to consummate the merger other than the approval of the FCC. Accordingly, the special committee and the board of directors believed that there is a high likelihood that the merger will be consummated.

Negotiations Conducted by Special Committee. The special committee and the board of directors considered the fact that the merger agreement and the transactions contemplated thereby were the product of negotiations between Harbinger and the special committee and that no member of the special committee was employed by or affiliated with SkyTerra (except in his capacity as a director) or had any economic interest in Harbinger or its affiliates.

Nature of Challenges and Strategic Alternatives. The special committee and the board of directors considered the challenges facing SkyTerra, including:

- the projected cash needs and debt service obligations facing SkyTerra and the apparent lack of available capital sources within the necessary timeframe;
- the strategic challenges to SkyTerra and the conditions facing the ATC, satellite and related industries, including the ICO bankruptcy, developments in the wireless industry and the impact of recent spectrum auctions in the 700 MHz and AWS bands; and
- the constraints on flexibility facing SkyTerra as a result of the dominance of Harbinger in its capital structure and the financial and operating covenants contained in the MCSA.

Ability to Change Recommendation and to Terminate the Merger Agreement. The special committee and the board of directors considered the terms of the proposed merger agreement, including the merger agreement provisions permitting SkyTerra to:

- after compliance with certain procedural requirements, change its recommendation in response to a superior proposal or intervening event; and
- terminate the merger agreement if (a) the board of directors authorizes SkyTerra to enter into any acquisition agreement with respect to a superior proposal, after SkyTerra gives Harbinger five business days notice of, among other things, SkyTerra s intent to terminate the merger agreement and (b) Harbinger does not make, within the five business days notice period, an offer that SkyTerra s board of directors determines is at least as favorable as the superior proposal. See Merger Agreement Change in Recommendation beginning on page 74.

Absence of a Termination or Break up Fee. The special committee and the board of directors considered that the merger agreement does not require SkyTerra to pay a termination or break up fee if the board of directors terminates the merger agreement to enter into an acquisition agreement with respect to a superior proposal.

Merger Consideration. The special committee and the board of directors concluded that the merger consideration was likely the highest price reasonably attainable for SkyTerra s stockholders in a merger or other acquisition transaction.

Availability of Appraisal Rights. The special committee and the board of directors also considered the fact that rights of appraisal would be available to SkyTerra s stockholders under Delaware law. See Rights of Appraisal beginning on page 65.

Required Minority Vote. The merger is conditioned upon a majority of the outstanding Eligible Shares being present in person or by proxy, and being voted at the annual meeting, and a majority of such Eligible Shares shall have voted in favor of the adoption of the merger agreement.

Limited Near Term Requirements for Spectrum Assets and Significant Cost of 4G Network Deployment. While the demand for SkyTerra s spectrum assets is potentially significant in the long term, several factors have made a near term realization of value challenging, including but not limited to (i) a number of potential strategic partners had satisfied their near term spectrum requirements in the FCC s AWS and 700 MHz spectrum auctions and/or committed themselves to alternative broadband platforms, and (ii) the significant costs associated with a nationwide 4G network deployment greatly limited the number of potential buyers and/or potential partners, particularly given the current economic environment.

The special committee and the board of directors considered the position of BCE Inc., which we refer to as BCE, with respect to the proposed merger, concluding that it was likely BCE would assent to the transaction and thus assumed BCE s potential reaction was a neutral factor.

The special committee and the board of directors also considered the following potentially negative factors:

Risk of Non Completion. The special committee and the board of directors considered the risk that the proposed merger might not be completed due to the failure of a condition, such as the condition with respect to a limitation on dissenting shares, and the effect of the resulting public announcement of termination of the merger agreement on:

- the ability to otherwise obtain necessary capital;
- the market prices of Common Stock;
- SkyTerra s operating results, particularly in light of the costs incurred in connection with the transaction; and
- SkyTerra s ability to attract and retain key personnel.

Certain Changes in Strategic Direction and Contractual Relationships. The special committee and the board of directors considered Harbinger s requirements that SkyTerra:

- not take certain actions under its Cooperation Agreement with Inmarsat (see Merger Agreement Conduct of Business Pending the Merger beginning on page 72); and
- extend the closing date under the SPA from January 4, 2010 to a date that is ten business days following the termination of the merger agreement (see Merger Agreement Amendment to Existing SPA beginning on page 76).

Possible Disruption of Business. The special committee and the board of directors considered the possible disruption to SkyTerra s business that may result from the announcement of the transaction and the resulting distraction of the attention of SkyTerra s management. The special committee and the board of directors also considered the fact that the merger agreement contains certain limitations regarding the operation of SkyTerra s business (including significant restraints on overall cash expenditures) during the period between the signing of the merger agreement and the completion of the proposed merger.

Merger is a Taxable Transaction. The special committee and the board of directors also considered that the receipt of the cash consideration by SkyTerra s stockholders pursuant to the merger would be a taxable transaction to the stockholders (see Material U.S. Federal Income Tax Consequences beginning on page 63).

Future Growth. The special committee and the board of directors considered the fact that if the proposed merger is adopted, SkyTerra s stockholders would not participate in any future growth of SkyTerra or potential increase in the value of its spectrum holdings.

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In considering the fairness of the merger to SkyTerra s stockholders (other than Harbinger and its affiliates), the special committee and the board of directors considered whether the $5.00 price per share represented fair value in relation to:

- current and historical market prices for SkyTerra s Capital Stock;
- implied equity value of SkyTerra s Capital Stock based on the trading of selected comparable companies with the addition of a control premium;
- implied equity value of SkyTerra s Capital Stock relative to multiples paid in selected precedent transactions;
- implied equity value of SkyTerra s Capital Stock relative to premiums paid in selected precedent transactions;
- implied equity value of SkyTerra s Capital Stock based on a discounted cash flow analysis derived by Morgan Stanley;
- values attributable to the equity in a bankruptcy scenario; and
- discounted cash flow analysis of SkyTerra s financial projections.

In each of these analyses, the cash consideration offered to SkyTerra s stockholders was within or exceeded the range indicated in the analysis. The special committee and the board of directors did not separately consider net book value, pre merger going concern value or non bankruptcy liquidation value in determining the fairness of the merger to SkyTerra s stockholders. The special committee and the board of directors note that SkyTerra continues to be viable as a going concern and that liquidation was not considered a viable alternative to SkyTerra remaining an independent business, or the sale of the company as a going concern. SkyTerra notes that $5.00 per share for SkyTerra s common stock exceeds the net book value of SkyTerra s common stock of $3.31 as of September 30, 2009.

Although the foregoing discussion sets forth all of the material factors considered by the special committee and the board of directors in reaching their recommendations, it may not include all of the factors considered by the special committee and the board of directors. Each director may have weighed these factors differently and considered additional factors. In view of the variety of factors and the amount of information considered, the special committee and the board of directors did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching their recommendations. The recommendations were made after consideration of all of the factors as a whole.

The special committee and the board of directors believe that the proposed merger is procedurally fair to SkyTerra s unaffiliated stockholders because, among other things: (1) the special committee consisted of independent directors of SkyTerra with no economic interest or expectation of an economic interest in Harbinger or its affiliates and was appointed by the board of directors to represent solely the interests of SkyTerra s unaffiliated stockholders and (2) the terms and conditions of the merger agreement resulted from arm s length bargaining between the special committee (and its counsel) and Harbinger (and its counsel), with each party benefiting from the support and advice of their respective financial advisors. The special committee and the board of directors believe that there were sufficient procedural safeguards to ensure fairness of the transaction and to permit the special committee to represent effectively the interests of SkyTerra s stockholders. An independent special committee is a mechanism well recognized under Delaware law to ensure fairness in transactions of this type. Accordingly, in view of the existence of the special committee and the special committee s retention of Morgan Stanley, there was no need for the board of directors to retain an unaffiliated representative to act on behalf of SkyTerra s stockholders in negotiating the terms of the transaction or in preparing a report on the fairness of the transaction.

The board of directors, after receiving the recommendation of the special committee, (1) has approved, declared advisable and authorized the merger agreement and the transactions contemplated thereby, including the

proposed merger; (2) has determined that the proposed merger and the transactions contemplated thereby are substantively and procedurally fair to and in the best interests of SkyTerra s unaffiliated stockholders; and (3) recommends that SkyTerra s stockholders vote FOR the adoption of the merger agreement.

In considering the recommendation of the special committee and the board of directors with respect to the merger agreement, you should be aware that certain directors and officers of SkyTerra have arrangements that cause them to have interests in the transaction that are different from, or are in addition to, the interests of SkyTerra stockholders generally. See Interests of SkyTerra Directors and Officers in the Merger beginning on page 52.

Position of the Harbinger Filing Persons as to the Fairness of the Merger

Under the SEC rules, the Harbinger Filing Persons are required to provide certain information regarding their position as to the substantive and procedural fairness of the proposed merger to the unaffiliated stockholders of SkyTerra. The Harbinger Filing Persons did not undertake a formal evaluation of the fairness of the proposed merger and are making the statements included in this section solely for purposes of complying with such requirements. The views of the Harbinger Filing Persons with respect to the fairness of the merger are not, and should not be construed as, a recommendation to any stockholder as to how that stockholder should vote on the proposal to adopt the merger agreement.

No Harbinger Filing Persons participated in the deliberations of SkyTerra s directors regarding, and no Harbinger Filing Persons received advice from the special committee s legal or financial advisors as to, the fairness of the merger. The Harbinger Parties engaged UBS as financial advisor to provide certain financial advisory services with respect to the merger. UBS did not provide an opinion with respect to the fairness of the merger or the merger consideration.

The Harbinger Filing Persons believe that the merger is substantively fair to SkyTerra s unaffiliated stockholders based on, among other things, the following factors:

- Notwithstanding Harbinger s significant ownership of voting securities of SkyTerra, the board of directors of SkyTerra does not include any person who is employed by or affiliated with Harbinger or who has a financial interest in Harbinger;

- The special committee invited Harbinger to consider making a proposal to acquire all of the outstanding shares of SkyTerra that Harbinger did not own;

- The special committee of SkyTerra s board of directors, which is comprised of three directors who are not affiliated with Harbinger and are not officers or employees of SkyTerra, unanimously concluded that the merger is fair to and in the best interests of the unaffiliated stockholders of SkyTerra, approved the merger agreement and the merger and recommended to the board of directors of SkyTerra that the board of directors of SkyTerra approve the merger agreement and that the merger agreement be submitted to the stockholders of SkyTerra for adoption;

- The special committee was advised by its independent legal counsel and financial advisor in relation to the merger;

- The special committee and the board of directors of SkyTerra received an opinion from the special committee s independent financial advisor, Morgan Stanley, to the effect that, as of the date of the opinion and subject to the various assumptions, qualifications and limitations set forth in its opinion, the merger consideration is fair to SkyTerra s stockholders (other than Harbinger and its affiliates) from a financial point of view. The full text of the written opinion, which we refer to as the Morgan Stanley Opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations of the reviews undertaken by Morgan Stanley in rendering its opinion, is attached as Appendix C to this proxy statement and is incorporated herein by

reference. You are urged to, and should, read the Morgan Stanley Opinion carefully and in its entirety. The opinion was directed to the special committee and addresses only the fairness, from a financial point of view, of the merger consideration to be received by SkyTerra s stockholders (other than Harbinger and its affiliates). The opinion does not address any other aspect of the proposed merger nor does it constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to any matters relating to the merger agreement;

The consideration to be paid in the merger represents a 47% premium over the closing price of the SkyTerra common stock on the Over the Counter Bulletin Board for September 22, 2009, the last trading day prior to the date on which the merger was announced, and a 56% premium to the average closing price of the SkyTerra common stock on the Over the Counter Bulletin Board for the 30 trading days ended on September 22, 2009;

The consideration to be paid in the merger represents a 9.9% premium to the highest closing price of the SkyTerra common stock on the Over the Counter Bulletin Board during that 52 week period ended on September 22, 2009 ($4.55 on February 6, 2009), and a 395% premium to the lowest closing price of the SkyTerra common stock on the Over the Counter Bulletin Board during that 52 week period ($1.01 on January 27, 2009);

The merger is conditioned upon a majority of the outstanding Eligible Shares being present, in person or proxy, and being voted at the annual meeting, and a majority of such Eligible Shares shall have voted in favor of the adoption of the merger agreement;

The special committee had the authority to reject any transaction proposed by Harbinger;

Other than Harbinger s proposal, SkyTerra did not receive any recent acquisition proposals for SkyTerra;

SkyTerra has never recorded a profit or generated cash flow from operations;

SkyTerra s remaining cost of carrying out its business plan is significantly more than SkyTerra s currently available and committed financial resources, and since January 2008, except for $40 million of additional vendor financing provided by Boeing Satellite Systems Inc., Harbinger has been the sole source of financing for SkyTerra;

The consideration to be paid in the merger is all cash and is not subject to any financing condition, which provides certainty of value for SkyTerra stockholders;

Stockholders who do not vote in favor of the merger agreement and who comply with certain procedural requirements will be entitled, upon completion of the merger, to exercise statutory appraisal rights under Delaware law, which allows stockholders to have the fair value of their shares determined by the Delaware Court of Chancery and paid to them in cash; and

The merger will provide liquidity, without the brokerage and other costs typically associated with market sales, for SkyTerra s public stockholders whose ability to sell their shares of SkyTerra common stock is adversely affected by the limited trading volume and low public float of the shares.

The Harbinger Parties also believe that the proposed merger is procedurally fair to SkyTerra s unaffiliated stockholders based on, among other things, the following factors:

The special committee and its counsel negotiated all financial and other terms and conditions of the merger agreement on an arm s length basis with Harbinger and its counsel, with each party benefiting from the support and advice of their respective financial advisors. Harbinger and Acquisition Corp. did not participate in the deliberations of the special committee or the board of directors;

The special committee unanimously concluded that the merger is fair to and in the best interests of the unaffiliated stockholders of SkyTerra, approved the merger agreement and the merger and recommended to the board of directors of SkyTerra that the board of directors of SkyTerra approve the merger agreement and that the merger agreement be submitted to the stockholders of SkyTerra for adoption;

- The merger consideration and other terms and conditions of the merger agreement were the result of arm s length negotiations between Harbinger and the special committee and their respective financial and legal advisors;

- The special committee had the authority to reject the transaction proposed by Harbinger;

- There are no limitations on SkyTerra s ability to furnish information to and participate in discussions or negotiations with persons who might be interested in making an alternative acquisition proposal for SkyTerra;

- Under the terms of the merger agreement, in certain circumstances prior to obtaining stockholder adoption of the merger agreement, the board of directors of SkyTerra is permitted to withdraw or modify its recommendation of the merger agreement; and

- Holders of SkyTerra Capital Stock who do not vote in favor of the merger agreement and who comply with certain procedural requirements would be entitled, upon completion of the merger, to exercise statutory appraisal rights under Delaware law, which allows stockholders to have the fair value of their shares determined by the Delaware Court of Chancery and paid to them in cash.

Although Harbinger did not calculate a specific per share going concern value for SkyTerra, the Harbinger Filing Persons believe that the merger consideration is fair in relation to SkyTerra s going concern value per share based on their knowledge of SkyTerra s business and prospects, including the current challenges of SkyTerra s operating environment, the additional funding required by SkyTerra, the projections contained in this proxy statement, including the assumptions contained therein, SkyTerra s historical results of operations, and the Harbinger Filing Persons knowledge of SkyTerra s industry.

The Harbinger Filing Persons considered the $5.00 value of the merger consideration in comparison to the average price paid by Harbinger for additional shares of common stock of SkyTerra from unaffiliated third parties in January 2008, February 2008, April 2008, July 2008 and September 2008, and the price to be paid by Harbinger for exercise of its warrants and the common stock to be issued by SkyTerra in connection with an Inmarsat offer, but did not place significant weight on such comparison because such purchases were made (or are to be made) at a negotiated premium to the prevailing market prices and because of the diminution in the value of SkyTerra since those times, including as a result of the negative developments with respect to SkyTerra s ability to obtain additional financing related to the volatility in the capital markets since such transactions.

The Harbinger Filing Persons did not consider SkyTerra s net book value or liquidation value in their evaluation of the fairness of the merger to the unaffiliated stockholders of SkyTerra because they did not believe that SkyTerra s net book value or liquidation value were material or relevant to a determination of the substantive fairness of the merger. The Harbinger Filing Persons did not believe that SkyTerra s net book value was material to their conclusion regarding the substantive fairness of the merger because, in their view, net book value is not indicative of SkyTerra s market value since it is a purely historical measurement of financial position in accordance with U.S. generally accepted accounting principles (GAAP) and is not forward looking or wholly based on fair value. In addition, net book value as of September 30, 2009 is substantially less than the value of the proposed merger consideration. The Harbinger Filing Persons did not consider the potential for alternative transactions involving SkyTerra (including a liquidation of SkyTerra) because the Harbinger Filing Persons did not intend to consider or participate in any alternative transaction involving a sale of or reduction of its investment in SkyTerra. As a result, the Harbinger Filing Persons did not evaluate the prices potentially attainable in an alternative transaction. The Harbinger Filing Persons are not aware of any offer during the last two years for SkyTerra and accordingly no comparison to any such offer was made.

The foregoing discussion of the information and factors considered and given weight by the Harbinger Filing Persons in connection with the fairness of the merger agreement and the merger is not intended to be exhaustive but is believed to include all material factors considered by the Harbinger Filing Persons. The

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Harbinger Filing Persons did not find it practicable to assign, and did not assign, relative weights to the individual factors considered in reaching their conclusion as to the fairness of the proposed merger. Rather, the determination of the Harbinger Filing Persons as to fairness was made after consideration of all of the foregoing factors as a whole. None of the material factors considered by the Harbinger Filing Persons failed to support their belief in the fairness of the merger.

Purposes and Effects of the Merger

SkyTerra s Purpose

In determining to engage in the transaction at this time, SkyTerra considered the amount of SkyTerra s existing cash in light of the upcoming significant capital requirements in the fourth quarter of 2010 and the limitations on the Company s ability to raise additional equity or debt based on contract covenant restrictions and market conditions, as well as the company s inability to conclude any agreement with strategic investors over a period of in excess of five years. As more fully described in Proposal One The Merger Background of the Merger SkyTerra Strategic Review, the board of directors and the special committee had received Morgan Stanley s views with respect to the financing and strategic alternatives available to the Company at its July 30 meeting. Following such meeting, the Company s management was directed by the board of directors and the special committee to focus on preserving its asset value for the benefit of SkyTerra s stockholders by safeguarding the long term value associated with the Company s spectrum assets. In light of the limited financing and strategic alternatives available to SkyTerra, the looming funding cash short-fall, even after taking into account potentially significant cost reductions, and the difficulties associated with realizing the potential value of the spectrum assets, SkyTerra determined that the market premium offered by Harbinger provided the most attractive transaction to the company, and that it was reasonable to conclude that delaying a transaction with Harbinger would be very unlikely to result in any favorable alternatives and would most likely result in a loss of the Harbinger opportunity in whole or an opportunity on less favorable terms as the company s financial resources declined.

The Harbinger Filing Persons Purpose of the Merger

The Harbinger Filing Persons purpose for engaging in the merger is to increase Harbinger s ownership of SkyTerra common stock from its current position of approximately 46% of the outstanding voting shares and 48% of the outstanding Capital Stock to 100%, respectively. Upon completion of the merger, SkyTerra will become an indirect wholly owned subsidiary of Harbinger.

The purchase of all of the publicly held shares in SkyTerra will enable Harbinger to implement a business plan using SkyTerra s assets to develop, build and operate an integrated next generation mobile satellite system and terrestrial network in North America and Canada. This planned integration will give Harbinger access to SkyTerra s spectrum that is conducive for mobile and fixed broadband services, thereby increasing the ability of Harbinger to pursue opportunities for possible strategic partnerships, distribution partnerships, joint ventures and other transactions relating to the development and pursuit of a broadband network business strategy. The Harbinger Filing Persons believe that such a network may create the opportunity for Harbinger, using SkyTerra s United States and Canadian nationwide spectrum, to establish a strong position within the wireless telecommunications industry because of the potential advantages over existing wireless networks, including higher data speeds, lower costs per bit and flexibility to support a range of custom applications and services. The Harbinger Filing Persons believe that upon completion and deployment of such a network, potential distribution and other strategic partners will create custom applications and services for consumers at attractive prices, as compared to prices on incumbents legacy networks, which will lead to Harbinger s increased penetration in the wireless industry.

Due to the challenging operating environment in the telecommunications sector and the additional funding necessary to develop and construct the satellite-terrestrial network, the Harbinger Filing Persons also believe that a stronger focus on obtaining financing will be required, which the Harbinger Filing Persons believe will be

easier to achieve with 100% ownership by Harbinger, particularly given the potential benefits of the integration described above. The Harbinger Filing Persons also believe that a 100% ownership structure will provide greater operating flexibility and eliminate some burdens, costs and constraints imposed on public companies.

The Harbinger Filing Persons determined to consider a transaction with SkyTerra at the time that they did because of their desire to proceed with the development of the satellite-terrestrial network, a strategy which the Harbinger Filing Persons believe is advantageous to pursue at the present time. SkyTerra s cash position (including its projected cash needs and difficulties in obtaining alternative financing) also was a factor in the Harbinger Filing Persons consideration of alternatives involving SkyTerra in the fall of 2009.

In considering a possible transaction with SkyTerra, Harbinger considered various acquisition alternatives to increase its ownership of the outstanding Capital Stock to 100%, including: a negotiated merger with the special committee; a public tender offer for the Capital Stock followed by a cash-out merger of the remaining shares of Capital Stock; and private market purchases of Capital Stock directly from public stockholders.

Among the various transaction alternatives Harbinger considered, Harbinger determined that a transaction involving a negotiated merger agreement was the most attractive transaction to Harbinger, particularly since representatives of the special committee had indicated the special committee s willingness to consider such a transaction at an acceptable price. Harbinger considered a one-step transaction with the support of the special committee as a more efficient transaction structure than the alternatives of completing a tender offer or private market purchases of Capital Stock, which were believed to have a lower likelihood of success and the potential for additional costs and delays.

Following the Harbinger Filing Persons filing of an amended report on Schedule 13D on August 21, 2009, which described that Harbinger was analyzing and considering their options related to their investment in SkyTerra (including the possibility of acquiring all of the outstanding shares of capital stock of SkyTerra not owned by the Harbinger Filing Persons), a representative of the special committee inquired about Harbinger s interest in a going private transaction at a price which would be acceptable to the special committee. Based on past experiences with the special committee, the Harbinger Filing Parties had believed the special committee would have unrealistic price expectations which, among other things, had prevented Harbinger from determining to make a take-private proposal to SkyTerra. The Harbinger Filing Persons viewed the inquiry by the special committee as an opportunity for the Harbinger Filing Persons to reevaluate their options and determined that the merger in September 2009 rather than at another time with the support of the SkyTerra directors would result in a price that was fair and maximized the value of SkyTerra for the benefit of the public stockholders.

Effects of the Merger

As a result of the proposed merger, all shares of Capital Stock, other than excluded shares, will be converted into the right to receive $5.00 per share, without interest, will be automatically canceled and retired and will cease to exist.

In addition, the merger agreement provides that each outstanding option (including certain options granted under the Mobile Satellite Ventures LP 2001 Unit Incentive Plan that are outstanding as of immediately prior to the effective time but were not previously exchanged pursuant to the option exchange offer made by SkyTerra pursuant to that Registration Statement on Form S 4, Registration No. 333 144093) to purchase Common Stock (whether or not vested or exercisable) will be canceled in exchange for a per share amount in cash equal to the excess, if any, of $5.00 over the per share exercise price of the option (other than any option, the vesting of which is contingent on the achievement of performance goals, which will be canceled immediately prior to the effective time and replaced with cash based awards to be determined by SkyTerra s Compensation Committee, subject to the approval (which approval shall not be unreasonably withheld) of Harbinger).

Each outstanding share of restricted stock (that was not performance based) previously issued by SkyTerra which is outstanding as of the effective time will be canceled in exchange for the right to receive, from the

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surviving corporation, a per share amount in cash equal to the merger consideration. Each outstanding MSV phantom unit which is outstanding as of the effective time will be canceled and be deemed to have been exchanged for 2.82 shares of Common Stock immediately prior to the effective time. Each holder, including SkyTerra s directors and officers, receiving shares of Common Stock in connection with the exchange and cancellation of the phantom units will be entitled to receive $5.00 per share of such Common Stock.

At the time the merger becomes effective, each share of common stock of Acquisition Corp. that is issued and outstanding immediately prior to the effective time will be converted into one share of common stock of the surviving corporation.

Harbinger, as the owner of SkyTerra, as the surviving corporation, and its business following the effective time, will be the only beneficiary of any earnings and growth of SkyTerra following the proposed merger.

Upon completion of the proposed merger, Common Stock will no longer be traded on the Over the Counter Bulletin Board and will be deregistered under the Securities Exchange Act of 1934, as amended. Following the merger, Common Stock will no longer be publicly traded.

Opinion of the Special Committee s Financial Advisor

The special committee retained Morgan Stanley to act as its independent financial advisor and to provide a financial opinion to the special committee of the board of directors of SkyTerra in connection with the merger. Morgan Stanley is an internationally recognized investment banking firm that is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, and private placements and for corporate and other purposes. SkyTerra selected Morgan Stanley on the basis of its substantial experience in comparable transactions, its expertise and reputation and its familiarity with SkyTerra. On September 22, 2009, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, to the special committee of the board of directors of SkyTerra to the effect that as of such date and based on and subject to the assumptions, qualifications and limitations set forth in the written opinion, the consideration to be received by holders of Capital Stock (other than Harbinger and its affiliates) pursuant to the merger agreement was fair, from a financial point of view, to such holders.

THE FULL TEXT OF MORGAN STANLEY S WRITTEN OPINION, DATED SEPTEMBER 22, 2009, IS ATTACHED AS APPENDIX C TO THIS PROXY STATEMENT. YOU ARE ENCOURAGED TO, AND SHOULD, READ THE OPINION IN ITS ENTIRETY FOR A DISCUSSION OF THE ASSUMPTIONS MADE, PROCEDURES FOLLOWED, FACTORS CONSIDERED AND LIMITATIONS OF THE REVIEW UNDERTAKEN BY MORGAN STANLEY IN RENDERING SUCH OPINION. THIS SUMMARY IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF SUCH OPINION. MORGAN STANLEY S OPINION IS DIRECTED TO THE SPECIAL COMMITTEE OF THE BOARD OF DIRECTORS OF SKYTERRA AND ADDRESSES ONLY THE FAIRNESS FROM A FINANCIAL POINT OF VIEW OF THE CONSIDERATION TO BE RECEIVED BY THE HOLDERS OF CAPITAL STOCK (OTHER THAN HARBINGER AND ITS AFFILIATES) PURSUANT TO THE MERGER AGREEMENT, TO SUCH HOLDERS AS OF THE DATE OF THE OPINION. MORGAN STANLEY S OPINION DID NOT IN ANY MANNER ADDRESS ANY OTHER ASPECTS OF THE MERGER. MORGAN STANLEY EXPRESSED NO OPINION OR RECOMMENDATION TO THE STOCKHOLDERS OF SKYTERRA AS TO HOW TO VOTE AT THE ANNUAL MEETING TO BE HELD IN CONNECTION WITH THE MERGER.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of SkyTerra;
- reviewed certain internal financial statements and other financial operating data concerning SkyTerra;
- reviewed certain financial projections prepared by the management of SkyTerra, including cash and liquidity forecasts;

discussed the past and current operations and financial condition and the prospects of SkyTerra with senior executives of SkyTerra;

reviewed the reported prices and trading activity for the Capital Stock;

discussed with management of SkyTerra the history of strategic discussions held between the management of SkyTerra and third parties regarding potential equity investments in SkyTerra, and potential equity investments in SkyTerra in connection with a transaction involving Inmarsat pursuant to the MCSA;

compared the financial performance of SkyTerra and the prices and trading activity of the Capital Stock with that of certain other publicly traded companies comparable with SkyTerra, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

reviewed the merger agreement, and certain related documents; and

reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied on, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by SkyTerra, and formed a substantial basis for its opinion. With respect to the financial projections (including cash and liquidity forecasts) Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of SkyTerra of the future financial performance of SkyTerra. Morgan Stanley also relied upon, without independent verification, the assessment by the management of SkyTerra of: (i) the validity of, and risks associated with, SkyTerra s existing and future technologies, intellectual property, products, services and business models; and (ii) the history of strategic discussions held between the management of SkyTerra and third parties regarding potential equity investments in SkyTerra, and potential equity investments in SkyTerra in connection with a transaction involving Inmarsat pursuant to the MCSA. In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and has relied on, without independent verification, the assessment of SkyTerra and its legal, tax, and regulatory advisors with respect to legal, tax, and regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of SkyTerra s officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of the Capital Stock in the transaction. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of SkyTerra, nor was Morgan Stanley furnished with any such appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, the date of the opinion. Events occurring after the date of the opinion may affect the opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm the opinion.

Morgan Stanley s opinion does not address the relative merits of the merger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved. In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction, involving SkyTerra, nor did Morgan Stanley negotiate with any party with respect to the possible acquisition, business combination or other extraordinary transaction involving SkyTerra.

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The following is a summary of the material financial analyses used by Morgan Stanley in connection with providing its opinion to the special committee of the board of directors of SkyTerra.

Historical Trading and Selected Price Analysis

Morgan Stanley reviewed the recent stock price performance of SkyTerra based on an analysis of public trading prices for the twelve months ended September 21, 2009 (the last trading day prior to the meeting of the special committee of the board of directors of SkyTerra at which the special committee voted to approve the merger). During this time period, the trading price of the Capital Stock ranged from $0.80 to $5.00 and the closing price of the Capital Stock ranged from $1.01 to $4.55. During the six month period ending as of the same date, the trading price of the Capital Stock ranged from $2.00 to $4.00 and the closing price of the Capital Stock ranged from $2.25 to $3.68.

For the purpose of its Selected Price, Comparable Company, and Selected Relevant Transaction analyses, Morgan Stanley used aggregate value per Megahertz POP (MHz POP) as the basis for its valuation benchmarks. MHz POP is a customary metric employed for valuing spectrum assets, and generally reflects valuation with consideration to (i) the depth of spectrum over which a carrier may provide service, and (ii) the population of potential customers in a geographic area over which a carrier is licensed to provide service. Based on information supplied by management, SkyTerra has coordinated for use over 25MHz of spectrum covering a population of approximately 300 million people, implying aggregate SkyTerra MHz POPs of 7,500 million. To derive an equity value from aggregate MHz POPs, SkyTerra s total consolidated indebtedness was subtracted from, and certain unconsolidated investments added to, an implied enterprise value. Morgan Stanley estimated the value of SkyTerra s debt using two methods. The first method assumed the book value of SkyTerra s total indebtedness based on information supplied by management. The second method assumed the market value of SkyTerra s total indebtedness, based on the most recently available public market price for SkyTerra s debt securities. Morgan Stanley makes no claim as to the relevance of one metric over the other and considered both values equally in determining fairness.

Based on SkyTerra s market price of $3.40 per share of Capital Stock as of September 21, 2009, Morgan Stanley determined SkyTerra to be worth $0.26 per MHz POP when valuing its debt at book value, and $0.19 per MHz POP when valuing its debt at market value. By contrast, the $5.00 per share merger consideration implies a value per SkyTerra MHz POP of $0.30 when valuing SkyTerra s debt at book value and $0.23 when valuing SkyTerra s debt at market value. This analysis assumes that at the current market price of $3.40, there are 141 million shares of Capital Stock outstanding and at the $5.00 per share merger consideration, there are 144 million shares of Capital Stock outstanding. The differences in shares of Capital Stock outstanding are attributable to applying the treasury stock method to the existing options outstanding to calculate SkyTerra s fully diluted shares outstanding.

Comparable Company Analysis

SkyTerra is a provider of mobile satellite services (MSS) throughout North America and is authorized to provide ATC services in the U.S. and is currently seeking such authorization in Canada. Other entities which are authorized to provide ATC services in the U.S. and Canada and/or are currently seeking such authorization are TerreStar, DBSD North America (ICO), and Globalstar. For purposes of this analysis, TerreStar has been used as a comparable company. While TerreStar may not compete directly with SkyTerra with similar products and services, TerreStar is similar to SkyTerra in that it is authorized as an MSS operator, has filed for an ATC license, is constructing a next generation satellite system, has made substantial commitments to integrated chipset and handset development, and is in search of strategic partners and capital to support the construction of a nationwide MSS/ATC network.

As discussed above, TerreStar is not identical to SkyTerra. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic,

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market and financial conditions and other matters, many of which are beyond SkyTerra s control, such as the impact of competition on SkyTerra s businesses and the industry generally, industry growth and the absence of any adverse material change in SkyTerra s financial condition and prospects or the industry or in the financial markets in general.

ICO was not used as a comparable company due to the fact that the company filed for Chapter 11 bankruptcy protection on May 15, 2009 and remained in bankruptcy proceedings at the time that Morgan Stanley issued its financial opinion to the special committee of the board of directors of SkyTerra in connection with the merger. A comparable company valuation was not meaningful as the trading data for ICO s public parent, ICO Global, reflected the bankruptcy filing. In addition, Globalstar was not used as a comparable company given that it is primarily a global provider of mobile satellite services with only a portion of its business and assets oriented toward the North American market and ATC. Moreover, as a company that generates positive EBITDA, Globalstar is principally valued using different valuation metrics and methodologies than is SkyTerra. Such valuation methodologies include Enterprise Value/EBITDA and Sum-of-the-Parts valuation analysis which are not applicable to SkyTerra.

Morgan Stanley reviewed publicly available information of TerreStar, including its current and historical ratios of aggregate value per MHz POP based on the book and market value of TerreStar s debt. Based on this review of TerreStar, Morgan Stanley applied a range of MHz POP multiples to SkyTerra to determine a fair market value range of Capital Stock.

Using TerreStar s valuation based on its book value of debt, Morgan Stanley calculated a range of between $0.25 $0.26 per MHz POP which implies a fair market value range of between $2.65 and $3.40 per share of Capital Stock. Using TerreStar s valuation based on its market value of debt, Morgan Stanley calculated a range of between $0.15 $0.21 per MHz POP which implies a fair market value range of between $0.00 $0.55 per share of Capital Stock. The fair market value ranges for the Capital Stock set forth above assume that all of SkyTerra s debt is valued at book value.

Precedent Premiums Paid Analysis

Morgan Stanley reviewed and compared the proposed premium payable in the merger to corresponding publicly available premiums of announced cash and stock squeeze out transactions with transaction values of greater than $100 million between 1990 and September 21, 2009. There were 182 such transactions. Morgan Stanley derived from these transactions the median premiums paid in various groupings of these transactions relative to the acquired companies trading share price four weeks prior to the announcement of the transactions.

In the 182 transactions Morgan Stanley reviewed in connection with its premiums paid analysis, the median premium paid relative to the trading share prices four weeks prior to the announcement of the selected transactions was 16%. 75 of these transactions involved the acquisition by a shareholder with an ownership stake of between 30% and 50% (Minority transactions). These transactions featured a median premium of 25%. 107 of these transactions involved the acquisition by a shareholder with an ownership stake of greater than 50% (Majority transactions). These transactions featured a median premium of 12%.

Of the 182 transactions Morgan Stanley reviewed in connection with its premiums paid analysis, 67 were investor transactions, or transactions which included a non strategic buyer (i.e., a private equity firm or hedge fund). These transactions featured a medium premium of 18%. 27 of these transactions involved the acquisition by a shareholder with an ownership stake of between 30% and 50%. These transactions featured a median premium of 31%. 40 of these transactions involved the acquisition by a shareholder with an ownership stake of greater than 50%. These transactions featured a median premium of 9%.

In consideration of the premiums associated with the above Minority transactions, Morgan Stanley determined an indicative premium range to be between 20% and 30%. Applying this premium range to the

current value of the Common Stock of $3.40 as of September 21, 2009 implies a per share valuation of Capital Stock of between $4.10 and $4.40. In consideration of the premiums associated with the above Majority transactions, Morgan Stanley determined an indicative premium range to be between 10% and 20%. Applying this premium range to the current value of the Common Stock of $3.40 as of September 21, 2009 implies a per share valuation of Capital Stock of between $3.75 and $4.10.

Morgan Stanley noted that the $5.00 per share merger consideration represents a premium of 56% to the 30 day average trading price of the Capital Stock prior to the announcement of the merger.

Selected Relevant Transactions Analysis

Morgan Stanley conducted a precedent premiums paid analysis by analyzing all announced transactions since 1990 involving a cash and/or stock squeeze out valued at greater than $100 million. A squeeze-out was defined as an existing shareholder that already owned at least 30% of a company that made a bid for the remainder of the company not already owned. There were 182 such deals that fit this definition and the median premium paid, based on the market price four weeks prior to the announcement, was 16%. Morgan Stanley further categorized these deals into situations where the existing shareholder owned greater than 50% of the company and between 30% and 50% of the company and found that the median premium paid in these cases were 12% and 25%, respectively.

Morgan Stanley also determined that of the 182 deals, 67 of the deals were investor related, i.e. they involved a financial investor, namely a hedge fund or a private equity owner. The same stratifications were applied to these 67 deals (i.e. cases where the financial investor already owned greater than 50% and between 30% and 50%) and the relevant premiums paid were determined to be 9% and 31%, respectively.

Based on these premiums, Morgan Stanley selected a range of premiums to apply to SkyTerra s share price at the time of the opinion to arrive at a share price for the Capital Stock. A range of 20-30% was selected in the instance that a squeeze out would be completed by an owner who owned less than 50% of the company. This yielded a per share valuation of Capital Stock between $4.10 and $4.40. A range of 10-20% was selected in the instance that a squeeze out would be completed by an owner who owned greater than 50% of the company. This yielded a per share valuation of Capital Stock between $3.75 and $4.10.

Morgan Stanley also conducted an analysis of per MHz POP valuations implied in two selected transaction situations occurring recently in the wireless communications and spectrum sectors, recognizing that comparisons were limited as a result of the macroeconomic circumstances arising from the credit crisis. The first such transaction, announced May 7, 2008, involved the combination of certain assets held by Sprint Nextel Corp. with and into Clearwire Corp., whose assets are primarily spectrum held in the 2.5 GHz band. The implied valuation of the Clearwire spectrum assets in this transaction was $0.24 per MHz POP. This valuation implies a per share valuation of Capital Stock of $2.13.

The second recent situation involved DBSD North America (ICO), a wholly owned subsidiary of DBSD Global. ICO filed for Chapter 11 bankruptcy protection on May 15, 2009 in the United States Bankruptcy Court for the Southern District of New York. The plan of reorganization, filed in connection with the Chapter 11 proceeding, implied a $0.13 per MHz POP valuation for ICO s spectrum holdings, which are in the 2.0 GHz band. This valuation level implies a per share valuation of Capital Stock of $0.00. The plan of reorganization was rejected by ICO s creditors shortly before its bankruptcy filing and an auction process was commenced shortly thereafter. As of the date of the Morgan Stanley Opinion and the meeting of the special committee of the board of directors of SkyTerra, the auction process was still underway.

Discounted Cash Flows Analysis

Morgan Stanley reviewed SkyTerra s management estimates of SkyTerra s projected financial performance through the year 2019, which we refer to in this section as the management case. Morgan Stanley performed a

discounted cash flow analysis of the management case financial projections. As part of this analysis, Morgan Stanley assumed that cash flows are fully taxed at 40% and net operating losses are valued separately and added to the discounted cash flow valuation, but did not assume any operational benefits from the merger. Morgan Stanley calculated unlevered free cash flows through 2019, and calculated terminal values by applying a range of EBITDA exit multiples from 8.0x to 10.0x to an estimated 2020 forward EBITDA. This range of multiples was derived from a review of normalized historical trading multiples for certain satellite communications companies. The cash flow streams and terminal values were discounted to December 31, 2009 using a range of weighted average cost of capital assumptions for SkyTerra of 20% to 30%. This analysis indicated an implied value of $0.00 to $1.67 per share of Capital Stock using the management case.

General

In connection with the review of the merger by the special committee of the board of directors of SkyTerra, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of SkyTerra. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters. Many of these assumptions are beyond the control of SkyTerra. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness of the consideration to be received by holders of shares of Capital Stock pursuant to the merger agreement from a financial point of view to such holders, other than Harbinger and its affiliates, and in connection with the delivery of its opinion to the special committee of the board of directors of SkyTerra. These analyses do not purport to be appraisals or to reflect the prices at which shares of Capital Stock might actually trade.

The merger consideration to be paid pursuant to the merger agreement was determined through arm s length negotiations between the special committee of the board of directors of SkyTerra and Harbinger and was recommended by the special committee for approval by the board of directors of SkyTerra and was approved by SkyTerra s board of directors and Harbinger. Morgan Stanley provided advice to the special committee of the board of directors of SkyTerra during these negotiations. Morgan Stanley did not, however, recommend any specific merger consideration to the special committee of the board of directors of SkyTerra or that any specific merger consideration constituted the only appropriate merger consideration for the merger.

Morgan Stanley s opinion and its presentation to the special committee of the board of directors of SkyTerra was one of many factors taken into consideration by the special committee of the board of directors of SkyTerra in deciding to approve, adopt and authorize the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of the special committee of the board of directors of SkyTerra with respect to the consideration to be received by SkyTerra s stockholders pursuant to the merger agreement or of whether the special committee of the board of directors of SkyTerra would have been willing to agree to a different merger consideration. The foregoing summary describes the material analyses performed by Morgan Stanley but does not purport to be a complete description of the analyses performed by Morgan Stanley.

Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management business. Morgan Stanley s securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of SkyTerra, Harbinger, or any other company, or any currency or commodity, that may be involved in the merger, or any related derivative instrument. In the two years before the date hereof, Morgan Stanley has provided financial advisory and financing services for SkyTerra and has received fees in connection with such services. Morgan Stanley may also seek to provide such services to SkyTerra or Harbinger in the future and expects to receive fees for the rendering of these services.

Under the terms of its engagement letter, Morgan Stanley provided the special committee with financial advisory services and a financial opinion in connection with the merger, and as compensation for its services in connection with the merger, SkyTerra has agreed to pay Morgan Stanley a fee of $4 million, $2 million of which was paid upon delivery of the Morgan Stanley Opinion and the remainder of which is payable to Morgan Stanley upon the earliest of (1) the consummation of the merger, (2) the second anniversary of the engagement letter and (3) the termination of Morgan Stanley s engagement in accordance with the terms of the engagement letter. SkyTerra has also agreed to reimburse Morgan Stanley for certain expenses incurred by Morgan Stanley, including fees of outside legal counsel, and to indemnify Morgan Stanley and related parties against certain liabilities and expenses arising out of Morgan Stanley s engagement.

Plans for SkyTerra after the Merger

In connection with the merger, Harbinger expects to review SkyTerra and its assets, business, operations and structure to consider and determine what changes, if any, would be appropriate or desirable following the merger.

The purchase of all of the publicly held shares in SkyTerra may enable Harbinger to integrate SkyTerra with its other investments in the telecommunications sector and implement a business plan using certain of Harbinger s other telecommunications assets in combination with SkyTerra s assets. This integration will increase the ability of Harbinger to pursue opportunities for possible strategic partnerships, joint ventures and other transactions relating to its holdings in such sector. In addition, upon completion of the merger, SkyTerra will cease to have publicly traded equity securities and will instead be an indirect wholly owned subsidiary of Harbinger. Due to the challenging operating environment in the telecommunications sector and the additional funding necessary to develop and construct the next generation integrated network, Harbinger also believes that a stronger focus on obtaining alternative financing will be required, which Harbinger believes will be easier to achieve with 100% ownership. Harbinger believes that a 100% ownership structure will provide greater operating flexibility and eliminate some burdens, costs and constraints imposed on public companies.

Under the terms of the merger agreement, the directors of Acquisition Corp. will serve as directors following completion of the merger, and thereafter Harbinger expects that the directors of SkyTerra will be comprised of persons affiliated with Harbinger. Harbinger will continue to evaluate all aspects of SkyTerra s business, operations, capitalization and management and personnel and will take such actions from and after the merger as it deems appropriate under the circumstances. Harbinger expressly reserves the right to make any changes that it deems necessary, appropriate or convenient in light of its review, future developments or changes in Harbinger s investment objectives.

Financial Projections

Important Information About the Projections. The projections set forth below were not prepared with a view toward public disclosure, and they are included in this proxy statement only because this information was

provided to Harbinger and UBS, the financial advisor to Harbinger, in connection with Harbinger s due diligence, and to Morgan Stanley in connection with its preparation of Morgan Stanley s opinion. The projections were prepared by our management in September 2009 based on management s expectations of operating and market conditions in existence at the time the projections were prepared. The projections have not been updated to reflect our actual results of operations after August 31, 2009, the effect of the merger, and other subsequent developments.

In connection with Harbinger s due diligence, SkyTerra provided various financial information to Harbinger advisors, including a quarterly cash forecast through the end of 2010. This quarterly cash forecast set forth projected quarterly revenues ranging from approximately $7.7 million to approximately $9.1 million in the six fiscal quarters contained in such forecasts. In addition, the quarterly cash forecast indicated usage of cash for various items, including interest, capital expenditures, operating expenditures and selling, general and administrative expenses, in the noted amounts:

Cash Estimates ($K)	**Q3 2009**	**Q4 2009**	**Q1 2010**	**Q2 2010**	**Q3 2010**	**Q4 2010**
Uses	(54,749.2)	(79,001.5)	(74,448.0)	(62,838.5)	(149,029.4)	(243,590.0)

As discussed more fully in the section of this proxy statement Proposal One The Merger Position of SkyTerra as to the Fairness of the Merger; Recommendation by SkyTerra s Special Committee and Board of Directors, the quarterly cash forecast indicated that, based on the assumptions used in such forecast, SkyTerra would utilize all currently available cash resources and reserves during the fourth quarter of 2010, consistent with prior SkyTerra public filings.

In connection with Morgan Stanley s preparation of its opinion, SkyTerra s management provided various financial information to Morgan Stanley, including annual financial projections for SkyTerra s standalone mobile satellite services business through the end of 2019. As discussed more fully in the section of this proxy statement Proposal One The Merger Opinion of the Special Committee s Financial Advisor, Morgan Stanley utilized these estimates of SkyTerra s projected financial performance through the year 2019 in performing its discounted cash flow analysis.

2010E 2019E Cash Flows per Management Plan

(amounts in millions of dollars)

	2010E	**2011E**	**2012E**	**2013E**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**
Revenue	$ 129	$ 174	$ 213	$ 276	$ 346	$ 439	$ 612	$ 845	$ 1,063	$ 1,222
EBITDA	43	55	45	92	148	220	362	557	739	872
Less: Cash Taxes(1)	0	0	0	0	(20)	(49)	(105)	(184)	(256)	(311)
Less: Changes in Working Capital	(13)	86	5	(4)	(10)	(10)	(15)	(20)	(18)	(15)
Less: Capex	(214)	(112)	(8)	(9)	(15)	(11)	(11)	(17)	(13)	(14)
Unlevered Free Cash Flow	(184)	29	41	79	103	151	230	337	452	531
Cumulative Unlevered Free Cash Flow	(184)	(155)	(114)	(35)	68	218	448	785	1,238	1,769

(1) Assumes cash flows are fully taxed at 40%; Net Operating Losses valued separately by Morgan Stanley and added to discounted cash flow valuation.

The projections were not prepared with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or United States generally accepted accounting principles. SkyTerra s independent registered public accounting firm have not compiled, examined or performed any procedures with

respect to the projections, and SkyTerra s independent registered public accounting firm have not expressed any opinion or given any form of assurance on such information or its achievability. The projections are included in this proxy statement to give SkyTerra s stockholders access to information that was not publicly available, but that SkyTerra provided to UBS, Harbinger and Morgan Stanley as discussed above.

In compiling the projections, management took into account historical performance, future minimum contractual commitments, combined with projections regarding development activities. The projections were developed in a manner consistent with management s historical development of budgets and long range operating projections. The projections are not guarantees of performance. The projections are forward looking statements that are subject to a number of risks, uncertainties and assumptions and should be read with caution. See Cautionary Statement Concerning Forward Looking Information on page 15. The projections are subjective in many respects and thus are susceptible to interpretation and periodic revision based on actual experience and recent developments. While presented with numeric specificity, the projections reflect numerous assumptions made by our management with respect to industry and financial conditions and other matters, as well as general economic conditions, many of which are beyond our control. In addition, the projections do not include various charges and expenses that may be incurred as a result of the merger or any other potential transactions. Accordingly, results can vary materially from the projections. Except as required by applicable securities laws, neither SkyTerra nor Harbinger intends to make publicly available any update or other revisions to the projections to reflect circumstances existing after the date of the preparation of the projections or the occurrence of future events even in the event that any or all of the assumptions are shown to be in error.

In connection with the execution of the merger agreement, SkyTerra has agreed to operate within more restrictive spending levels than the management projections as set forth above. Such restrictive spending levels are described more fully in the section entitled Merger Agreement Conduct of the Business Pending the Merger beginning on page 72.

Merger Financing

The total amount of funds required to complete the merger (excluding related fees and expenses) is estimated to be approximately $262 million. Acquisition Corp. will obtain such funds from Harbinger, which expects to obtain such funds from its resources existing at the time the merger is completed. The merger is not conditioned on any financing arrangements.

Risks that the Merger will not be Completed

Completion of the proposed merger is subject to various risks, including but not limited to the risks that:

- the proposed merger might not be completed due to the failure of a condition, such as the condition with respect to a limitation on dissenting shares or the failure to obtain required approvals, authorizations or consents from the FCC or other applicable governmental entities, and the effect of the resulting public announcement of termination of the merger agreement on:
  - the ability to otherwise obtain necessary capital;
  - the market prices of Common Stock;
  - SkyTerra s operating results, particularly in light of the costs incurred in connection with the transaction; and
  - SkyTerra s ability to attract and retain key personnel.
- Harbinger s requirements that SkyTerra:
  - not take certain actions under its Cooperation Agreement with Inmarsat;

extend the closing date under the SPA from January 4, 2010 to a date that is ten business days following the termination of the merger agreement.

a possible disruption of SkyTerra s business that may result from the announcement of the transaction and the resulting distraction of the attention of SkyTerra s management, including the fact that the merger agreement contains certain limitations regarding the operation of SkyTerra s business (including significant restraints on overall cash expenditures) during the period between the signing of the merger agreement and the completion of the proposed merger; and

stockholder lawsuits filed or that may in the future be filed could result in an injunction or similar relief against consummation of the merger.

As a result of the foregoing risks, among others, to the completion of the merger, there can be no assurance that the merger will be completed even if the requisite stockholder approval is obtained. If our stockholders do not adopt the merger agreement, or if the merger is not completed for any other reason, we expect that our current management team, under the direction of the board of directors, will continue to operate SkyTerra as an ongoing business.

Interests of SkyTerra Directors and Officers in the Merger

When considering the recommendation of the board of directors you should be aware that some of SkyTerra s executives and directors may have interests in the merger that are different from the interests of SkyTerra s other stockholders. The special committee and the board of directors were aware of and considered these interests in approving the proposed merger and adopting the merger agreement. All such additional interests are described below to the extent material, and except as described below, such persons have, to the knowledge of SkyTerra, no material interest in the merger apart from those of stockholders and optionholders generally.

Directors of the Surviving Corporation Post Merger

The board of directors of Acquisition Corp. at the effective time of the merger shall, from and after the effective time of the merger, be the directors of the surviving corporation, until their successors are duly elected and qualified or until their earlier death, resignation or removal in accordance with the certificate of incorporation and by laws. As of the date of the merger agreement, and the date of this proxy statement, none of our directors have entered into any agreements, arrangements or understandings with any of the Harbinger Parties, or any of their respective affiliates, regarding such director remaining or becoming a director of the surviving corporation.

Compensation of the Special Committee and Other Members of the Board of Directors

In consideration of the expected time and effort that would be required of special committee members, the board of directors determined on January 23, 2009, that each member of the special committee would receive a special payment of $25,000 (with the exception of the Chairman who received a special payment of $50,000), as well as an upfront retainer of $25,000 (with the exception of the Chairman of the special committee who would receive $50,000). Each member of the committee also receives a $15,000 quarterly retainer (with the exception of the Chairman who receives $25,000 quarterly). Such fees are being paid in four one fourth increments, all of which have already been paid for 2009, and without regard to whether the special committee ultimately recommended approval of the merger agreement or whether the merger is completed. In addition, the members of the special committee will also be reimbursed for their reasonable out of pocket travel and other expenses in connection with their service on the special committee.

No director of SkyTerra receives any fees or compensation in addition to the fees and compensation paid to such director for service upon SkyTerra s board of directors, in connection with such director s service upon the board of directors of any subsidiary or affiliate of SkyTerra.

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Employment with the Surviving Corporation Post Merger

It is expected that, immediately following the effective time of the merger, the executive officers of SkyTerra immediately prior to the effective time of the merger will remain executive officers of the surviving corporation. As of the date of this proxy statement, none of our executive officers has entered into any amendments or modifications to existing employment agreements with us or our subsidiaries in anticipation of the merger, nor has any executive officer, who has plans or is expected to remain with the surviving corporation, entered into any agreement, arrangement or understanding with Harbinger or its affiliates regarding employment with, or the right to purchase or participate in the equity of, the surviving corporation. Although no such agreement, arrangement or understanding currently exists, it is generally expected that a number of our executive officers will remain after the merger is completed, which means that such executive officers may, prior to the closing of the merger, enter into new arrangements with Harbinger or its affiliates regarding employment with, or the right to purchase or participate in the equity of, the surviving corporation.

Indemnification; Insurance

Under the merger agreement, Harbinger has agreed to cause the surviving corporation in the merger to indemnify to the fullest extent permitted by law, SkyTerra s existing Certificate of Incorporation or Bylaws, or existing indemnification agreement with such directors and officers in effect on the date of the merger agreement, SkyTerra s current and former directors and officers for acts or omissions in their capacity as an officer or director occurring on or before the effective time in each case, for a period of six years from and after the effective time and the expiration of the applicable statute of limitations, subject to certain conditions.

In addition, the surviving corporation will obtain insurance policies or tail insurance coverage with a claims period of at least six years from the effective time with respect to directors and officers liability insurance that provides coverage for events occurring on or before the effective time (including reimbursement of director and officer legal expenses). The terms of the policies will be no less favorable than the existing policy of SkyTerra, unless the cost of the policies would exceed an agreed to threshold, in which case the coverage will be the greatest amount available for an amount not exceeding such threshold.

Treatment of Equity Awards

The merger agreement provides that immediately prior to the effective time of the merger, each outstanding SkyTerra time vested restricted stock award, SkyTerra LP unit award, SkyTerra stock option and SkyTerra LP unit option will become fully vested. Each share of restricted stock generally will be converted into the right to receive the merger consideration; however, the merger agreement provides that certain restricted stock awards the vesting of which is contingent on attainment of performance goals, will be canceled without consideration being paid therefor. Each SkyTerra LP unit award that is outstanding immediately prior to the effective time of the merger will be deemed to have been exchanged for 2.82 shares of SkyTerra common stock before its conversion into the right to receive the merger consideration. Each stock option generally will be converted into the right to receive cash equal to the spread value of the option, that is, the excess, if any, of the merger consideration over the exercise price of the option; however, the merger agreement provides that certain stock options the vesting of which is contingent on the achievement of performance goals will be canceled immediately prior to the effective time of the merger and replaced with cash-based awards to be determined by SkyTerra s compensation committee, subject to Harbinger s approval (which approval will not be unreasonably withheld). Each SkyTerra unit option that is outstanding immediately prior to the effective time of the merger will be deemed to have been exchanged for an option to purchase SkyTerra common stock in accordance with the terms of the option exchange offer. Amounts paid to our employees will be paid net of any applicable withholding taxes.

The following table shows, as of January 29, 2010, (i) the number of shares of restricted stock (taking into account any applicable deemed exchange of SkyTerra LP restricted units) held by the individuals who have at any time since January 1, 2008, served as one of our executive officers or non employee directors that will be

canceled for merger consideration, and the aggregate value of such shares, and (ii) the number of vested and unvested stock options (taking into account any applicable deemed exchange of SkyTerra LP unit options) held by the individuals who have at any time since January 1, 2008, served as one of our executive officers or non-employee directors, and the aggregate spread value of such stock options, in all cases, based on the merger consideration of $5.00 per share. A more detailed description of certain equity awards granted Messrs. Killeen and Stasior appears on page 23 of the Form 10-K/A, filed with the SEC on May 11, 2009, and attached to this proxy statement as Appendix F.

Please see the table entitled Security Ownership of Management and Certain Beneficial Owners beginning on page 89 for additional information regarding the ownership of Capital Stock by SkyTerra s officers and directors.

Name/Title	Number of Restricted Shares (#)	Value of Restricted Shares ($)	Shares Subject to Vested Options (#)	Spread Value of Vested Options ($)	Shares Subject to Unvested Options (#)	Spread Value of Unvested Options ($)
Alexander Good Chief Executive Officer and President, Chairman	533,334	2,666,670	1,692,000	4,590,396	0	0
Scott Macleod Executive Vice President, Chief Financial Officer and Treasurer	361,533	1,807,665	634,500	0	0	0
Gary Epstein Executive Vice President, Law and Regulation	100,000	500,000	0	0	300,000[1]	645,000
Marc Montagner Executive Vice President of Strategy, Development & Distribution, SkyTerra LP	100,000	500,000	0	0	300,000[1]	487,500
Andrew Caplan Chief Network Officer, SkyTerra LP	75,000	375,000	300,000	0	0	0
James A. Wiseman Vice President and Corporate Controller (Principal Accounting Officer)	0	0	37,600	0	18,800	0
Randy Segal Former Senior Vice President & General Counsel	0	0	423,000	1,147,599	0	0
Jose A. Cecin, Jr. Director	0	0	6,667	0	13,333	0
Jeffrey M. Killeen Director	0	0	49,167	155,400	13,333	0
Paul S. Latchford, Jr. Director	0	0	6,667	0	13,333	0
William F. Stasior Director	0	0	59,167	166,000	13,333	0
Michael D. Weiner Director	0	0	31,667	0	13,333	0
Gary Parsons Director of SkyTerra GP	0	0	1,410,000	3,825,330	0	0
Robert Lewis Former General Counsel	0	0	10,000	0	0	0
Andrew Africk Former Director	0	0	226,250	641,516	0	0
Aaron Stone Former Director	0	0	31,667	0	13,333	0
Jeffrey Leddy Former Director	0	0	305,750	964,573	0	0

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For each of Messrs. Epstein and Montagner, this figure does not include the executive s stock option to purchase 300,000 shares of Capital Stock, at exercise prices of $3.375 and $2.85 per share, respectively, the vesting of which is subject to achievement of performance goals. As noted above, these performance based stock options will be cancelled immediately prior to the merger without immediate payment therefor.

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Employment Agreements

Each of our executive officers and Mr. Parsons is party to an employment agreement, offer letter, or other contract with us that provides for payment of severance pay and benefits if the individual s employment is terminated under qualifying circumstances. Certain of these agreements also provide for benefits in the event of a change in control.

Mr. Good

Mr. Good has entered into an employment agreement with us, effective May 5, 2008. Pursuant to this agreement, immediately prior to a Change in Control (as defined in the agreement), all equity awards held by Mr. Good become fully vested, and stock options remain exercisable for their respective original terms. As more fully described above, the merger agreement provides that Mr. Good s stock options and restricted stock awards (other than his restricted stock awards the vesting of which is subject to achievement of performance goals) will be cancelled and converted into the right to receive compensation based on the merger consideration.

If Mr. Good s employment is terminated without Cause (as defined in the agreement) or upon Mr. Good s termination of his employment for Good Reason (as defined in the agreement), Mr. Good is entitled to the following:

- a lump sum payment equal to two times the sum of his annual base salary plus target bonus;
- a pro rata bonus payment (at target) for the portion of the current year worked;
- continued coverage, at the levels then in effect, under SkyTerra s health care plans (or equivalent payments to cover Mr. Good s COBRA premiums) for two years after termination;
- continued payment of life and accident/long term disability insurance, at the levels then in effect, for two years after termination; and
- accelerated vesting of all SkyTerra and SkyTerra LP options and restricted stock and continued ability to exercise options through the options original expiration date.

Mr. Good s employment agreement provides for a gross up payment to Mr. Good in an amount necessary to cover any excise tax imposed under Section 4999 of the Internal Revenue Code on payments to Mr. Good in the event of a change in control or if any other payments or benefits payable to Mr. Good under his employment agreement or otherwise are subject to such excise tax. In addition, Mr. Good is entitled to interest on any payments that are required to be delayed in order to comply with Section 409A of the Code.

Mr. Macleod

Mr. Macleod has entered into an employment agreement with us, effective May 5, 2008. Pursuant to this agreement, immediately prior to a Change in Control (as defined in the agreement), all equity awards held by Mr. Macleod become fully vested, and stock options remain exercisable for their respective original terms. As more fully described above, the merger agreement provides that Mr. Macleod s stock options and restricted stock awards, including his outstanding SkyTerra LP restricted units (other than his restricted stock awards the vesting of which is subject to achievement of performance goals), will be cancelled and converted into the right to receive compensation based on the merger consideration.

If Mr. Macleod s employment is terminated without Cause (as defined in the agreement) or upon Mr. Macleod s termination of his employment for Good Reason (as defined in the agreement), Mr. Macleod will be entitled to the following:

- a lump sum payment equal to the sum of his annual base salary plus target bonus;

a pro rata bonus payment (at target) for the portion of the current year worked;

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- continued coverage, at the levels then in effect, under SkyTerra s health care plans (or equivalent payments to cover Mr. Macleod s COBRA premiums) for one year after termination;

- continued payment of life and accident/long term disability insurance, at the levels then in effect, for one year after termination; and

- accelerated vesting of all SkyTerra and SkyTerra LP options and restricted stock and continued ability to exercise options through the options original expiration date.

Mr. Macleod s employment agreement provides for a gross up payment to Mr. Macleod in an amount necessary to cover any excise tax imposed under Section 4999 of the Internal Revenue Code on payments to Mr. Macleod in the event of a change in control or if any other payments or benefits payable to Mr. Macleod under his employment agreement or otherwise are subject to such excise tax. In addition, Mr. Macleod is entitled to interest on any payments that are required to be delayed in order to comply with Section 409A of the Code.

Messrs. Epstein and Montagner

Each of Messrs. Epstein and Montagner has entered into an offer letter with us, effective March 3, 2009 and February 23, 2009, respectively. Each of the offer letters provides that if the executive s employment is terminated by us without Cause (as defined in each offer letter) or by the executive for Good Reason (as defined in each offer letter), the executive will be entitled to the following:

- a lump sum payment equal to the sum of his annual base salary plus target bonus;

- continued coverage, at the levels then in effect, under SkyTerra s health care plans (or equivalent payments to cover the executive s COBRA premiums) for one year after termination; and

- accelerated vesting of all options and restricted stock.

Messrs. Caplan, Wiseman and Parsons

Each of Messrs. Caplan, Wiseman and Parsons has entered into an executive change of control agreement with us, effective January 29, 2007, August 20, 2007, and May 24, 2002, respectively. Each of these agreements provides for severance pay and benefits in the event that the individual s employment is terminated within two years following a Change of Control (as defined in the agreement) either (i) by us other than for Cause (as defined in the agreement) or because of the executive s death or disability or (ii) by the executive for Good Reason (as defined in the agreement). Severance pay and benefits may also be paid under these agreements if the executive s employment is terminated by us other than for Cause before a Change of Control and the termination arises in anticipation of a Change of Control or is at the request of a third party which has taken steps reasonably calculated to effect a Change of Control, or if the executive terminates his or her employment with us for Good Reason and the event constituting Good Reason occurred in anticipation of a Change of Control or at the request of such a third party. If their employment was terminated under qualifying circumstances, each of Messrs. Caplan, Wiseman and Parsons would be entitled to the following under his executive change of control agreement:

- a lump sum payment equal to the sum of (i) the executive s annual base salary plus (ii) the greater of the average annual bonus for the last two fiscal years, either prior to the year in which the Change in Control occurs or the year in which such termination of employment occurs;

- one year of continued coverage at SkyTerra s expense under SkyTerra s life, health, accident and long term disability insurance programs;

accelerated vesting of all options; and

interest on any payments not made on the date of termination.

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Each of the executive change of control agreements provides for a reduction in severance pay and benefits under the agreement to the extent necessary to avoid payment of excise tax under Section 4999 of the Internal Revenue Code.

Mr. Caplan also has entered into a letter agreement with us, effective August 4, 2008, pursuant to which Mr. Caplan was paid a retention bonus in an aggregate amount of $350,000 which is subject to repayment under certain circumstances, including Mr. Caplan s termination of his employment with us for any reason or for no reason. In the event that prior to August 15, 2010, Mr. Caplan s employment with us is terminated by us other than for Cause (as defined in the letter agreement), or in the event that Mr. Caplan terminates his employment for Good Reason such repayment provisions will expire.

The table below shows the estimated value of the severance benefits provided under the individual agreements described above, assuming for this purpose that the merger is completed on [ ] and that the individual s employment is terminated under qualifying circumstances on the same date. The estimated value of the equity awards held by each such individual is set forth above, in the table following Treatment of Equity Awards.

Name	Terms	Value of terms less pro-rated bonus ($)	Benefits (medical, dental, vision grouplife & AD&D) ($)
Alexander Good (1)	The sum of 2 times base salary and bonus plus 2 years company paid benefits equivalent to those currently received also entitled to receive pro rata bonus for year to date	2,605,833.36(3)	58,300.00
Scott Macleod (2)	The sum of 1 times base salary and bonus plus 1 year company paid benefits equivalent to those currently received also entitled to receive pro rata bonus for year to date	712,532.73(4)	23,200.00
Gary Epstein	1 year base salary plus bonus and 1 year benefits	712,532.73	23,800
Marc Montagner	1 year base salary plus bonus and 1 year benefits	712,532.73	23,200
Andrew Caplan	1 year base salary and bonus plus benefits equivalent to those currently received	527,650.90	23,200
James Wiseman	1 year base salary and bonus plus benefits equivalent to those currently received	305,905.00	22,500

Notes: (1) Alexander Good was also provided with life insurance at 2 times salary and LTD capped at $400k per year.
(2) Scott MacLeod was also provided with life insurance at 2 times salary and LTD capped at $250k per year.
(3) Prorated bonus to be in an amount up to $651,458.32
(4) Prorated bonus to be in an amount up to $305,371.17

Regulatory Requirements

Under the Communications Act, SkyTerra and Harbinger may not complete the merger unless they have first obtained the FCC Consent (as defined in the merger agreement) authorizing a transfer control of SkyTerra s FCC licenses to Harbinger. On August 22, 2008, Harbinger and SkyTerra filed applications with the FCC

requesting the FCC Consent. The applications have been amended from time to time, including a minor amendment filed on October 5, 2009, that among other things informed the FCC that the proposed transfer of control will be implemented pursuant to the merger agreement.

Although the applications are subject to public comment and objections from third parties, the formal comment period closed on June 18, 2009. No comments or objections were filed other than a request, which is routine in such matters, from the Executive Branch Agencies, asking that the FCC defer action on the applications until the Executive Branch Agencies have completed their review of the applications for any national security, law enforcement, and public safety issues. There can be no assurance that the applications will be granted and it is uncertain when the FCC will complete its processing of the applications.

On August 24, 2009, the waiting period under the HSR Act expired regarding Harbinger s acquisition of shares of SkyTerra.

On July 15, 2009 Harbinger and SkyTerra filed the Notice under Section 721 with CFIUS. The Notice asked CFIUS to find the Transaction that would result in Harbinger and its affiliates (together with Harbinger Capital Partners Fund I, L.P.) holding a majority of the voting shares in SkyTerra are not covered transactions as that term is defined in CFIUS regulations and that, accordingly, they are not subject to review for determination of their impact on national security under section 721. On August 21, 2009, the Department of Treasury (as chair of CFIUS) informed Harbinger and SkyTerra that CFIUS had determined that the Transaction was not a covered transaction under Section 721. As a result of this determination, the Transaction is not, and will not be, subject to review by CFIUS.

Estimated Fees and Expenses

The estimated fees and expenses* to be paid by SkyTerra in connection with the proposed merger are as follows:

Financial Advisor Fees and Expenses	$	
Legal, Accounting and Other Professional Fees		
Printing and Mailing Costs		
Filing Fees		52,295.25
Exchange Agent Fees		
Miscellaneous		
Total:	$	

* All fees and expenses, other than filing fees, are estimates.

The merger agreement provides that each of SkyTerra, Harbinger and Acquisition Corp. will pay all costs and expenses incurred by it in connection with the merger agreement and the related merger. The estimate for legal fees set forth in the table above does include any amounts attributable to any existing or future litigation challenging the proposed merger. See Proposal One The Merger Litigation Challenging the Merger beginning on page 59. None of these costs and expenses will reduce the $5.00 per share merger consideration to be received by holders of Capital Stock or the consideration to be received by holders of SkyTerra options, restricted stock or MSV phantom units.

Litigation Challenging the Merger

Four stockholder lawsuits, each styled as a class action, have been filed in the Delaware Court of Chancery naming as defendants Harbinger, SkyTerra and SkyTerra s board of directors (collectively, the Defendants). These lawsuits challenge the merger, and generally allege that the merger is the result of an unfair process and that the terms of the merger are unfair and coercive to SkyTerra stockholders. As such, the complaints allege that the Defendants breached their fiduciary duties to SkyTerra stockholders.

Esposito v. Good, et al.

On September 30, 2009, the first lawsuit was filed, and is captioned Esposito v. Good, et al. The Esposito complaint generally alleges that the Defendants breached their fiduciary duties to SkyTerra stockholders in connection with the merger. In particular, the Esposito complaint alleges, among other things, that:

(i) Harbinger is a controlling stockholder and is exercising its power to enter into the merger on terms that are unfair to SkyTerra s public stockholders and do not reflect the fair value of SkyTerra s Capital Stock;

(ii) the merger is the product of a flawed sales process and is being consummated at an unfair price; and

(iii) the outcome of the merger is subject to Harbinger s will because the merger agreement is not conditioned on a majority of the minority stockholder vote.

The plaintiffs in this lawsuit seek, among other things, to enjoin the merger or, to the extent the merger is consummated, rescind it or grant the class rescissory damages. The plaintiffs also seek to direct Defendants to account for damages sustained by the plaintiffs as a result of the alleged breaches of fiduciary duties. Plaintiffs further seek the costs of the action, including reasonable attorneys fees and such other relief as the court deems just and proper.

Catalano v. SkyTerra Communications, Inc., et al.

The second suit filed in the Delaware Court of Chancery is entitled Catalano v. SkyTerra Communications, Inc., et al. and was filed on October 2, 2009. The Catalano complaint generally alleges that the Defendants breached their fiduciary duties by agreeing to the merger at a price that is unfair and inadequate.

In addition to the allegations in the Esposito complaint, the Catalano complaint alleges, among other things, that:

(i) Harbinger has proprietary corporate information concerning SkyTerra s future financial prospects and therefore the degree of knowledge and economic power between Harbinger and SkyTerra s other stockholders is unequal;

(ii) Harbinger breached its fiduciary duties by placing its own interests above the interests of other SkyTerra stockholders including by offering grossly inadequate value for SkyTerra s shares;

(iii) SkyTerra s board of directors is materially conflicted and beholden to Harbinger and is placing their own interests above the other stockholders;

(iv) SkyTerra s board of directors failed to properly value SkyTerra, failed to adequately solicit other potential acquirors or alternative transactions, and failed to protect against purported numerous conflicts of interest resulting from the directors own interrelationships or connection with the merger;

(v) the terms of the merger were not reached after an auction process or a market check and were arrived at without a full and thorough investigation by the SkyTerra board of directors of strategic alternatives; and

(vi) the merger is financially unfair because the intrinsic value of SkyTerra s stock is materially in excess of $5.00 per share, giving due consideration to the prospects for growth and profitability of SkyTerra.

The plaintiff in this lawsuit seeks, among other things, to enjoin the merger or, to the extent the merger is consummated, rescind the merger or grant the class rescissory damages. The plaintiff also seeks to direct Defendants to account for the damages sustained by the plaintiffs as a result of the alleged wrongs. Plaintiff further seeks the costs of the action, including reasonable attorneys fees and such other relief as the court deems just and proper.

Grill v. SkyTerra Communications, Inc., et al.

The third suit filed in the Delaware Court of Chancery is entitled Grill v. SkyTerra Communications, Inc., et al. and was filed on October 7, 2009. The Grill complaint generally alleges that the merger is unfair to SkyTerra s minority stockholders. As such, the Grill complaint alleges that the Defendants breached their fiduciary duties in connection with the merger. The complaint further generally alleges that Harbinger, SkyTerra and SkyTerra s board of directors aided and abetted the alleged breaches of fiduciary duty.

In addition to the allegations raised in the Esposito and Catalano complaints, the Grill complaint alleges that:

(i) SkyTerra s board of directors took steps to avoid competitive bidding, to cap the value of SkyTerra s Capital Stock, and to give the Defendants an unfair advantage by, among other things, failing to adequately solicit other potential acquirors or alternative transactions; and

(ii) the merger will deny SkyTerra stockholders their right to share proportionately and equitably in SkyTerra s valuable assets and businesses.

The plaintiff in this lawsuit seeks, among other things, to enjoin the merger or, to the extent the merger is consummated, rescind the merger or grant the class rescissory damages. The plaintiff also seeks to direct Defendants to account for damages sustained by the plaintiffs as a result of the alleged wrongs. Plaintiff further seeks the costs of the action, including reasonable attorneys fees and such other relief as the court deems just and proper.

Jauhar v. SkyTerra Communications, Inc., et al.

A fourth suit was filed in the Delaware Court of Chancery on October 13, 2009, and is captioned Jauhar v. SkyTerra Communications, Inc., et al. Like the other complaints discussed above, the Jauhar complaint generally alleges that the merger is the result of an unfair process and that the terms of the merger are unfair to SkyTerra s stockholders. As such, the Jauhar complaint alleges that the Defendants breached their fiduciary duties to SkyTerra stockholders. The complaint further seeks to compel an annual meeting of stockholders to elect directors of SkyTerra.

In addition to the allegations raised in the Esposito, Catalano and Grill complaints, the Jauhar complaint alleges, among other things, that:

(i) since April 2008, Harbinger has engaged in a series of self interested transactions to further its plan to combine its satellite-related investments in SkyTerra and Inmarsat;

(ii) the terms of the MCSA with Harbinger favor Harbinger;

(iii) pursuant to the MCSA, SkyTerra was obligated to pay Harbinger s costs of trying to acquire Inmarsat;

(iv) SkyTerra agreed to let Harbinger use SkyTerra as its acquisition vehicle for Inmarsat at SkyTerra s expense;

(v) Harbinger is seeking to extinguish the other SkyTerra stockholders ability to share in the value created by a potential combination between SkyTerra and Inmarsat;

(vi) Harbinger designated three of the six directors on the SkyTerra board, including the chair of the special committee, and used its control over those individuals to cause them to vote in favor of the merger;

(vii) the SkyTerra directors were conflicted because Harbinger caused SkyTerra to provide them significant compensation for serving on the board of directors;

(viii) the SPA and MCSA effectively precluded SkyTerra from pursuing alternatives that were not on Harbinger s agenda;

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(ix) a fiduciary out provision in the merger agreement is illusory due to Harbinger s ownership of shares, notes and warrants;

(x) Harbinger has timed the merger to take advantage of SkyTerra s current stock price;

(xi) Harbinger took advantage of SkyTerra s depressed stock price to purchase approximately 1,734,698 shares of Common Stock through open market purchases, even though SkyTerra had the resources to make such purchases;

(xii) despite changes in the financial and debt markets that made financing for Harbinger s plan to combine SkyTerra and Inmarsat problematic, Harbinger forced SkyTerra to stick to the plan to consolidate its holdings in the two companies;

(xiii) when Harbinger and SkyTerra requested that the FCC process the applications proposing a transfer of control of SkyTerra Sub to Harbinger, Harbinger s true but undisclosed purpose was to get FCC approval of the SkyTerra transfer of control so Harbinger could take SkyTerra private while its stock was depressed;

(xiv) given Harbinger s domination of SkyTerra and desire to use SkyTerra to consolidate its investment in Inmarsat, SkyTerra had no meaningful strategic alternatives to the merger;

(xv) SkyTerra has not disclosed the compensation received by the non employee directors of SkyTerra for serving on the boards of directors of SkyTerra affiliates;

(xvi) the merger consideration is unfair because it does not reflect the value of SkyTerra s L band spectrum and other assets because the merger is timed to eliminate the minority stockholders before the value of those assets are realized;

(xvii) the merger consideration does not reflect the fair value of SkyTerra s 100% ownership of SkyTerra L.P., 46.4% interest in SkyTerra (Canada) and 11% interest in TerreStar Networks;

(xviii) the merger consideration is unfair because Harbinger s significant interest in SkyTerra adversely affects the trading price of SkyTerra s stock;

(xix) given Harbinger s relationship with SkyTerra, the special committee could not negotiate merger terms unfavorable to Harbinger without jeopardizing SkyTerra s financial future;

(xx) the special committee contracted away SkyTerra s ability to pursue alternatives to the merger when it approved the MCSA and amendments thereto;

(xxi) SkyTerra s board of directors acquiesced to the inclusion of a force the vote provision and other provisions that guarantee Harbinger can use its voting power to ensure stockholder approval of the merger; and

(xxii) Defendants have not disclosed which SkyTerra directors will continue to serve following the merger.

The plaintiff in this lawsuit seeks, among other things, to enjoin the merger. The plaintiff also seeks the costs of the action, including reasonable attorneys fees and such other relief as the court deems just and proper. The Plaintiff also seeks an order compelling SkyTerra to schedule and hold an annual shareholders meeting to elect directors. As SkyTerra has scheduled and is holding its annual stockholders meeting, SkyTerra believes the Jauhar complaint is mooted as to the annual stockholders meeting.

The plaintiff in this lawsuit also stated that Mr. Cecin was apparently negotiating his future employment with RCN while he was supposedly negotiating the merger with Harbinger. During the period leading up to September 28, 2009, Mr. Cecin engaged in negotiations with respect to an employment agreement with RCN Corp. (on whose board of directors Mr. Cecin has served since April 1, 2009). On September 28, 2009, Mr. Cecin was appointed Executive Vice President and Chief Operating Officer of RCN and entered into a three year 23 page employment agreement with RCN. Pursuant to the Form 13F filed with the SEC on August 15, 2009, Harbinger does not own any equity interests in RCN.

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With respect to the allegations set forth in the foregoing clause (vii), you are referred to page 23 of the Form 10 K/A, filed with the SEC on May 11, 2009, attached to this proxy statement as Appendix F and is incorporated herein by reference, which discusses the compensation received by SkyTerra s directors.

General

On October 16, 2009, plaintiffs Esposito and Ostensoe, Catalano and Grill moved to consolidate the class actions and to have their counsel appointed Co Lead Counsel. On October 16, 2009, plaintiff Jauhar also moved to consolidate the putative class actions and to have her counsel appointed Co Lead Counsel. On October 22, 2009, plaintiffs Esposito and Ostensoe, Catalano and Grill opposed plaintiff Jauhar s motion to consolidate the putative class actions and to be appointed Co Lead Counsel. On October 23, 2009, plaintiff Jauhar filed a reply to plaintiffs Esposito and Ostensoe, Catalano and Grill s opposition to her motion to consolidate the putative class actions and to appoint her counsel as Co Lead Counsel. On October 28, 2009, the Delaware Court of Chancery entered an Order (i) consolidating all four putative class actions under the caption In re SkyTerra Communications, Inc. Shareholder Litigation, Consolidated C.A. No. 4987 CC, (ii) designating plaintiff Jauhar s complaint as the operative complaint in the consolidated action and (iii) appointing plaintiff Jauhar s counsel as Co Lead Counsel.

In order to resolve the litigation and avoid further cost and delay, SkyTerra, Harbinger and the individual defendants, without admitting any wrongdoing, entered into a Memorandum of Understanding, dated November 18, 2009 for the settlement of the litigation. The terms of the Memorandum of Understanding are that (i) the preliminary proxy would include certain disclosures requested by Co Lead Counsel, (ii) the merger agreement would be amended to include a non waivable majority of the minority stockholder vote requirement and (iii) SkyTerra will convene a meeting of stockholders for the purpose of electing directors in the event that the merger is not consummated on or before March 31, 2010. In connection therewith, the preliminary proxy filed on November 18, 2009, as amended on January 8, 2010, contained certain disclosures requested by Co-Lead Counsel and the merger agreement has since been amended to include a non-waivable majority of the minority stockholder vote requirement. Based on the Memorandum of Understanding, the parties contemplate entering into a settlement agreement that will be presented to the Delaware Court of Chancery for approval after notice to the class. Co Lead Counsel will make an application to the Delaware Court of Chancery for an award of attorney s fees in an amount not to exceed in the aggregate $1,350,000 and SkyTerra (or the surviving corporation) have agreed to pay such amount to the extent approved by the Delaware Court of Chancery. It is anticipated that once the parties execute a stipulation, all parties will present the settlement to the Delaware Court of Chancery and cooperate in seeking dismissal of the litigation. Such dismissal, including the request by Co Lead Counsel for attorneys fees, will be subject to notice to the class and court approval.

Anticipated Accounting Treatment of the Merger

SkyTerra, as surviving corporation, will account for the merger as a business combination using the purchase method of accounting for financial accounting purposes, whereby the estimated purchase price would be allocated to the assets and liabilities of SkyTerra based on their relative fair values following FASB Accounting Standards Codification Topic 805, Business Combinations.

Material U.S. Federal Income Tax Consequences

General

The following is a discussion of the material U.S. federal income tax consequences of the merger to a holder of Capital Stock that exchanges its Capital Stock for cash pursuant to the merger. This summary is based on the provisions of the Internal Revenue Code, which we refer to as the Code, applicable current and proposed U.S. Treasury Regulations, judicial authority, and administrative rulings and practice, all of which are subject to change, possibly on a retroactive basis.

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This discussion assumes that you hold your shares of Capital Stock as a capital asset within the meaning of Section 1221 of the Code. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to you in light of your particular circumstances, or that may apply to you if you are a holder that owns, or is treated as owning under constructive ownership rules of the Code, our stock after the merger, or is subject to special treatment under the U.S. federal income tax laws, including, for example, partnerships and other pass through entities, insurance companies, dealers in securities or foreign currencies, traders in securities who elect to apply a mark to market method of tax accounting, tax exempt organizations, financial institutions, mutual funds, U.S. expatriates and former long term residents of the United States, stockholders who hold shares of Capital Stock as part of a hedge, straddle, constructive sale or conversion transaction, or stockholders who acquired their shares of Capital Stock through the exercise of employee stock options or other compensation arrangements. In addition, the discussion does not address any tax considerations under state, local or foreign laws or U.S. federal laws that may apply to you other than those pertaining to the U.S. federal income tax. You should consult your tax advisor to determine the particular tax consequences to you, including the application and effect of any state, local or foreign income and other tax laws, of the receipt of cash in exchange for Capital Stock pursuant to the merger.

For purposes of this discussion, we use the term U.S. holder to mean a beneficial owner of a share of Capital Stock that is, for U.S. federal income tax purposes,

- a citizen or resident alien individual of the United States,
- a corporation (or an entity treated as a corporation) organized under the law of the United States, any State thereof or the District of Columbia,
- a trust (1) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) that has in effect a valid election under applicable Treasury regulations to be treated as a U.S. person, or
- an estate the income of which is subject to U.S. federal income tax without regard to its source.

For purposes of this discussion, a non U.S. holder is a beneficial owner of a share of Capital Stock that is not a U.S. holder.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) exchanges Capital Stock for cash pursuant to the merger, the U.S. federal income tax consequences to the partners of such partnership will depend on the activities of the partnership and the status of the partners. Persons owning Capital Stock through a partnership should consult their tax advisors about the consequences to them of the exchange of Capital Stock for cash pursuant to the merger.

U.S. holders. The exchange by a U.S. holder of Capital Stock for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. holder generally will recognize gain or loss in an amount equal to the difference between the cash received by the U.S. holder for the Capital Stock pursuant to the merger and the U.S. holder s adjusted tax basis in the Capital Stock surrendered in exchange therefor. Such gain or loss will be capital gain or loss and will be long term capital gain or loss if the U.S. holder s holding period for its Capital Stock exceeds one year at the time of the merger.

U.S. Holders that acquired different blocks of Capital Stock at different times or different prices must determine their adjusted tax basis and holding period separately with respect to each block of Capital Stock .

Non U.S. holders. A Non U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the exchange of Capital Stock for cash pursuant to the merger unless:

- the gain is effectively connected with a trade or business conducted by the Non U.S. holder in the United States and, if certain income tax treaties apply, is attributable to a permanent establishment or fixed base of the Non U.S. holder in the United States; or

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the Non U.S. holder is an individual and is present in the United States for 183 or more days during the taxable year of the merger and certain other requirements are met.

Information Reporting and Backup Withholding

Proceeds from the exchange of Capital Stock for cash pursuant to the merger that are paid to a U.S. holder (other than certain exempt recipients, such as corporations) generally are subject to information reporting and, if the U.S. holder fails to provide a valid taxpayer identification number and comply with certain certification procedures or otherwise establish an exemption, to backup withholding at the applicable rate (currently 28%). A non U.S. holder may also be subject to information reporting and backup withholding at the applicable rate with respect to proceeds from the exchange of shares for cash pursuant to the merger if the non U.S. holder fails to furnish the required certifications or otherwise establish an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be credited against the holder s U.S. federal income tax liability, if any, and may entitle you to a refund from the U.S. Internal Revenue Service if certain required information is furnished to the U.S. Internal Revenue Service in a timely manner. Holders should consult their tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding under current U.S. Treasury Regulations.

Rights of Appraisal

The following discussion is not a complete statement of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262, which is attached to this proxy statement as Appendix D. The following summary does not constitute legal or other advice, nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262.

Under Section 262, holders of shares of Capital Stock who do not vote in favor of the adoption of the merger agreement and who otherwise follow the procedures set forth in Section 262 will be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, as determined by the Court, together with interest, if any, to be paid upon the amount determined to be the fair value.

Under Section 262, where a merger agreement is to be submitted for adoption at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in the notice a copy of Section 262. This proxy statement shall constitute such notice, and the full text of Section 262 is attached to this proxy statement as Appendix D.

ANY HOLDER OF CAPITAL STOCK WHO WISHES TO EXERCISE APPRAISAL RIGHTS, OR WHO WISHES TO PRESERVE SUCH HOLDER S RIGHT TO DO SO, SHOULD REVIEW THE FOLLOWING DISCUSSION AND APPENDIX D CAREFULLY BECAUSE FAILURE TO TIMELY AND PROPERLY COMPLY WITH THE PROCEDURES SPECIFIED WILL RESULT IN THE LOSS OF APPRAISAL RIGHTS. MOREOVER, BECAUSE OF THE COMPLEXITY OF THE PROCEDURES FOR EXERCISING THE RIGHT TO SEEK APPRAISAL OF SHARES OF CAPITAL STOCK, SKYTERRA BELIEVES THAT IF A STOCKHOLDER CONSIDERS EXERCISING SUCH RIGHTS, SUCH STOCKHOLDER SHOULD SEEK THE ADVICE OF LEGAL COUNSEL.

Filing Written Demand. Any holder of Capital Stock wishing to exercise appraisal rights must deliver to SkyTerra, before the vote on the adoption of the merger agreement at the annual meeting at which the proposal to adopt the merger agreement will be submitted to the stockholders, a written demand for the appraisal of the stockholder s shares, and that stockholder must not vote in favor of the adoption of the merger agreement. A holder of Capital Stock wishing to exercise appraisal rights must hold of record the shares on the date the written

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demand for appraisal is made and must continue to hold the shares of record through the effective date of the merger, since appraisal rights will be lost if the shares are transferred prior to the effective date of the merger. The holder must not vote in favor of the adoption of the merger agreement. A proxy that is submitted and does not contain voting instructions will, unless revoked, be voted in favor of the adoption of the merger agreement, and it will constitute a waiver of the stockholder s right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must submit a proxy containing instructions to vote against the adoption of the merger agreement or abstain from voting on the adoption of the merger agreement. Neither voting against the adoption of the merger agreement, nor abstaining from voting or failing to vote on the proposal to adopt the merger agreement, will in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote on the adoption of the merger agreement. The demand must reasonably inform SkyTerra of the identity of the holder as well as the intention of the holder to demand an appraisal of the fair value of the shares held by the holder. A stockholder s failure to make the written demand prior to the taking of the vote on the adoption of the merger agreement at the annual meeting of stockholders will constitute a waiver of appraisal rights.

Only a holder of record of shares of Capital Stock is entitled to demand an appraisal of the shares registered in that holder s name. A demand for appraisal in respect of shares of Capital Stock should be executed by or on behalf of the holder of record, fully and correctly, as the holder s name appears on the holder s stock certificates, should specify the holder s name and mailing address and the number of shares registered in the holder s name and must state that the person intends thereby to demand appraisal of the holder s shares in connection with the merger. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand should be made in that capacity, and if the shares are owned of record by more than one person, as in a joint tenancy and tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose that, in executing the demand, the agent is acting as agent for the record owner or owners. If the shares are held in street name by a broker, bank or nominee, the broker, bank or nominee may exercise appraisal rights with respect to the shares held for one or more beneficial owners while not exercising the rights with respect to the shares held for other beneficial owners; in such case, however, the written demand should set forth the number of shares as to which appraisal is sought and where no number of shares is expressly mentioned the demand will be presumed to cover all shares of Capital Stock held in the name of the record owner. Stockholders who hold their shares in brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their brokers to determine the appropriate procedures for the making of a demand for appraisal by such a nominee.

All written demands for appraisal pursuant to Section 262 should be sent or delivered to SkyTerra at:

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191

Attn: Secretary

At any time within 60 days after the effective date of the merger, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the consideration offered pursuant to the merger agreement by delivering to SkyTerra, as the surviving corporation, a written withdrawal of the demand for appraisal. However, any such attempt to withdraw the demand made more than 60 days after the effective date of the merger will require written approval of SkyTerra, as the surviving corporation. No appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Court deems just; provided, however, that any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the merger consideration offered pursuant to the merger agreement within 60

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days after the effective date of the merger. If SkyTerra, as the surviving corporation, does not approve a request to withdraw a demand for appraisal when that approval is required, or, except with respect to any stockholder who withdraws such stockholder s right to appraisal in accordance with the proviso in the immediately preceding sentence, if the Delaware Court of Chancery does not approve the dismissal of an appraisal proceeding, the stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be less than, equal to or more than the consideration being offered pursuant to the merger agreement.

Notice by the Surviving Corporation. Within ten days after the effective date of the merger, SkyTerra as the surviving corporation must notify each holder of Capital Stock who has made a written demand for appraisal pursuant to Section 262, and who has not voted in favor of the adoption of the merger agreement, that the merger has become effective.

Filing a Petition for Appraisal. Within 120 days after the effective date of the merger, but not thereafter, SkyTerra as the surviving corporation or any holder of Capital Stock who has complied with Section 262 and is entitled to appraisal rights under Section 262 may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares held by all dissenting holders. SkyTerra as the surviving corporation is under no obligation to and has no present intention to file a petition and holders should not assume that SkyTerra as the surviving corporation will file a petition. Accordingly, it is the obligation of the holders of Capital Stock to initiate all necessary action to perfect their appraisal rights in respect of shares of Capital Stock within the time prescribed in Section 262. Within 120 days after the effective date of the merger, any holder of Capital Stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from SkyTerra as the surviving corporation a statement setting forth the aggregate number of shares not voted in favor of the adoption of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The statement must be mailed within ten days after a written request therefor has been received by SkyTerra as the surviving corporation or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later. Notwithstanding the foregoing, a person who is the beneficial owner of shares of Capital Stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition or request from SkyTerra as the surviving corporation the statement described in this paragraph.

If a petition for an appraisal is timely filed by a holder of shares of Capital Stock and a copy thereof is served upon SkyTerra as the surviving corporation, SkyTerra as the surviving corporation will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to the stockholders as required by the court, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery may require the stockholders who demanded payment for their shares to submit their stock certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceeding; and if any stockholder fails to comply with the direction, the Delaware Court of Chancery may dismiss the proceedings as to the stockholder.

Determination of Fair Value. After the Delaware Court of Chancery determines the holders of Capital Stock entitled to appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding, the Court shall determine the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment.

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In determining fair value, the Delaware Court of Chancery will take into account all relevant factors. In Weinberger v. UOP, Inc., the Supreme Court of Delaware discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that fair price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the merger that throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In Cede & Co. v. Technicolor, Inc., the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In Weinberger, the Supreme Court of Delaware also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the merger and not the product of speculation, may be considered.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as so determined could be more than, the same as or less than the consideration they would receive pursuant to the merger if they did not seek appraisal of their shares and that an investment banking opinion as to fairness from a financial point of view is not necessarily an opinion as to fair value under Section 262. Although SkyTerra believes that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the merger consideration. Neither the Harbinger Parties nor SkyTerra anticipate offering more than the applicable merger consideration to any stockholder of SkyTerra exercising appraisal rights, and reserve the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of Capital Stock is less than the applicable merger consideration. The Delaware courts have stated that the methods which are generally considered acceptable in the financial community and otherwise admissible in court may be considered in the appraisal proceedings. In addition, the Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenting stockholder s exclusive remedy.

If a petition for appraisal is not timely filed, then the right to an appraisal will cease. The costs of the action (which do not include attorneys fees or the fees and expenses of experts) may be determined by the Court and taxed upon the parties as the Court deems equitable under the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by a stockholder in connection with an appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts utilized in the appraisal proceeding, to be charged pro rata against the value of all the shares entitled to be appraised.

If any stockholder who demands appraisal of shares of Capital Stock under Section 262 fails to perfect, successfully withdraws or loses such holder s right to appraisal, the stockholder s shares of Capital Stock will be deemed to have been converted at the effective date of the merger into the right to receive the merger consideration pursuant to the merger agreement. A stockholder will fail to perfect, or effectively lose, the holder s right to appraisal if no petition for appraisal is filed within 120 days after the effective date of the merger. In addition, as indicated above, a stockholder may withdraw his, her or its demand for appraisal in accordance with Section 262 and accept the merger consideration offered pursuant to the merger agreement.

Failure to comply strictly with all of the procedures set forth in Section 262 of the General Corporation Law of the State of Delaware will result in the loss of a stockholder s statutory appraisal rights. Consequently, any stockholder wishing to exercise appraisal rights is urged to consult legal counsel before attempting to exercise those rights.

THE MERGER AGREEMENT

The following describes the material terms of the merger agreement. Complete copies of the merger agreement and the First Amendment are attached to this proxy statement as Appendix A and Appendix B, respectively, are incorporated herein by reference. This description of the merger agreement is qualified in its entirety by reference to the attached merger agreement and the First Amendment. We urge you to, and you should, read the entire merger agreement carefully.

The Merger

Sol Private Corp., a Delaware corporation and a wholly owned indirect subsidiary of Harbinger, which we refer to as Acquisition Corp., will merge with and into SkyTerra. SkyTerra will survive the merger and the separate corporate existence of Acquisition Corp. will cease.

Effective Time of the Merger

The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware or at a later time as specified in the certificate of merger. The effective time of the merger will take place on a date that is not later than the third business day after certain of the conditions contained in the merger agreement have been satisfied or at such other time as the Harbinger Parties and SkyTerra agree. For further discussion on the conditions to the merger, see The Merger Agreement Conditions to Consummation of the Merger beginning on page 77.

Treatment of Stock and Equity Awards

SkyTerra Capital Stock

At the effective time of the merger, each share of Capital Stock that is issued and outstanding immediately prior to the effective time, other than excluded shares, will be converted into the right to receive $5.00 in cash, without interest, which amount we refer to as the merger consideration, and will then automatically be canceled and will cease to exist.

Shares of Capital Stock held by Harbinger or its affiliates will be automatically canceled at the time the merger becomes effective and will cease to exist. Shares of Capital Stock owned by subsidiaries of SkyTerra immediately prior to the effective time of the merger will remain outstanding thereafter, with appropriate adjustment to the number thereof to preserve such subsidiary s percentage ownership of SkyTerra.

SkyTerra Options

In accordance with the terms of the merger agreement, immediately prior to the effective time, each option to purchase Common Stock (whether or not vested or exercisable) will be canceled in exchange for a right to receive from the surviving corporation, promptly following the effective time, an amount in cash equal to the excess, if any, of $5.00 over the per share exercise price of the option; provided that with respect to those options granted under the Mobile Satellite Ventures LP 2001 Unit Incentive Plan that are outstanding as of immediately prior to the effective time but were not previously exchanged pursuant to the option exchange offer made by SkyTerra pursuant to that Registration Statement on Form S 4, Registration No. 333 144093, such options shall as of immediately prior to the effective time be deemed to have been exchanged for options to purchase shares of Common Stock in accordance with the terms of such option exchange offer; provided, further, that any option, the vesting of which is contingent on the achievement of performance goals, will be canceled immediately prior to the effective time and replaced with cash based awards to be determined by SkyTerra s Compensation Committee, subject to the approval (which approval shall not be unreasonably withheld) of Harbinger.

SkyTerra Restricted Stock / MSV Phantom Units

Each outstanding share of restricted stock (that was not performance based) previously issued by SkyTerra which is outstanding as of the effective time will be canceled in exchange for the right to receive, from the

surviving corporation, a per share amount in cash equal to the merger consideration. Each outstanding MSV phantom unit which is outstanding as of the effective time will be canceled and be deemed to have been exchanged for 2.82 shares of Common Stock immediately prior to the effective time. Each holder, including SkyTerra s directors and officers, receiving shares of Common Stock in connection with the exchange and cancellation of the phantom units will be entitled to receive $5.00 per share of such Common Stock.

Acquisition Corp. Stock

At the time the merger becomes effective, each share of common stock of Acquisition Corp. that is issued and outstanding immediately prior to the effective time will be converted into one share of common stock of the surviving corporation.

Appraisal Rights

Shares of Common Stock and Non Voting Common Stock that are held by a stockholder who has perfected a demand for appraisal rights pursuant to Section 262 of the DGCL will not be converted into the right to receive the merger consideration, unless and until the dissenting holder effectively withdraws his or her request for or loses his or her right to appraisal under the DGCL. Each such dissenting stockholder will be entitled to receive only the payment provided by Section 262 of the DGCL with respect to shares owned by such dissenting stockholder. See Proposal One The Merger Rights to Appraisal beginning on page 65 for a description of the procedures that you must follow if you desire to exercise your appraisal rights under Delaware law.

Exchange Procedures

Prior to the effective time of the merger, Harbinger will appoint a bank or trust company to act as an exchange agent for the payment of the merger consideration. At or prior to the effective time, Harbinger will deposit or cause to be deposited with the exchange agent the funds sufficient to pay the aggregate merger consideration to the stockholders (other than Harbinger or its affiliates).

Promptly after the effective time of the merger, the exchange agent will mail to each holder of record of a certificate or certificates representing outstanding shares of Capital Stock immediately prior to the effective time of the merger, whose shares were converted into the right to receive merger consideration, a letter of transmittal and instructions on how to surrender the certificates representing such Capital Stock in exchange for the merger consideration.

Upon your surrender to the exchange agent, in accordance with the exchange agent s instructions, of a certificate or certificates formerly representing shares of Capital Stock, you will be entitled to the corresponding merger consideration.

Please do not send in your stock certificates until you receive the letter of transmittal and instructions from the exchange agent. Do not return your stock certificates with the enclosed proxy card. If your shares of Capital Stock are held through a broker, your broker will surrender your shares for cancellation. After you mail the letter of transmittal, duly executed and completed in accordance with its instructions, and your stock certificates to the exchange agent, the exchange agent will mail your check to you. The stock certificates you surrender will be canceled.

After the completion of the merger, there will be no further transfers of Capital Stock, and stock certificates presented for transfer after the completion of the merger will be canceled and exchanged for the merger consideration. If merger consideration is to be paid to a name other than that in which the certificate for the Capital Stock surrendered for exchange is registered, the certificate surrendered must be properly endorsed or otherwise in proper form for transfer and any transfer or other taxes must be paid by the person requesting the payment or that person must establish to the exchange agent s satisfaction that such tax has been paid or is not payable.

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Any portion of the merger consideration deposited with the exchange agent that remains undistributed to holders of Capital Stock six months after the effective time of the merger will be delivered to the surviving corporation. Former holders of Capital Stock who have not complied with the above described exchange and payment procedures will thereafter only look to the surviving corporation for payment of the merger consideration. None of the Harbinger Parties, the surviving corporation, the exchange agent or any other person will be liable to any former holder of Capital Stock for any cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

If your certificate or certificates formerly representing shares of Capital Stock are lost, stolen or destroyed, the exchange agent will issue the merger consideration deliverable in exchange for such lost, stolen or destroyed certificate upon making an affidavit of that fact and, if required by the surviving corporation, posting a bond as indemnity against any claim with respect to the certificates and entering into an indemnity agreement to indemnify the surviving corporation against any claim with respect to the certificates.

Representations and Warranties

The merger agreement contains representations and warranties made by SkyTerra to the Harbinger Parties, and representations and warranties made by the Harbinger Parties to SkyTerra, and may be subject to important limitations and qualifications agreed to by the parties in connection with negotiating the terms of the merger agreement, including being qualified by confidential disclosures exchanged between the parties in connection with the execution of the merger agreement. In addition, certain representations and warranties were made as of a specified date, may be subject to contractual standards of materiality different from those generally applicable to public disclosures to stockholders, or may have been used for the purpose of allocating risk among the parties rather than establishing matters of fact. Investors are not third-party beneficiaries under the merger agreement and should not rely on the representations and warranties or any descriptions thereof as characterizations of the actual state of facts or condition of SkyTerra, Harbinger, Acquisition Corp. or any of their respective subsidiaries or affiliates.

SkyTerra s representations and warranties relate to among other things:

- its organization and qualification;
- its capitalization;
- its subsidiaries;
- its corporate power and authority;
- the receipt by the special committee of a financial opinion from Morgan Stanley;
- the special committee s recommendation of the merger and adoption of the merger agreement to holders of Capital Stock;
- the stockholder votes necessary to approve and adopt the merger;
- the required consents and approvals of governmental entities in connection with the transactions contemplated by the merger agreement;
- governmental filings required to be made by it in connection with the merger;

the absence of undisclosed broker s or finder s fees or other material liabilities;

its SEC filings, financial statements, and compliance with the Sarbanes Oxley Act of 2002;

its compliance with laws and court orders;

accuracy of the information supplied by or on behalf of SkyTerra for inclusion in this proxy statement and Schedule 13E 3;

litigation and claims;

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- its employee benefit plans and arrangements;
- its tax matters; and
- its contracts.

Many of the representations and warranties made by SkyTerra are qualified by a materiality standard or a standard of material adverse effect. As used in the merger agreement, an event, fact, violation, breach, inaccuracy, circumstance or other matter will be deemed to have a material adverse effect on a party if such event, fact, violation, breach, inaccuracy, circumstance or other matter had or would reasonably be expected to have a material adverse effect on the business, financial condition or FCC licenses of the party (taken as a whole with its subsidiaries), other than any event or condition resulting from: (A) general economic, business or satellite telecommunications industry conditions that do not disproportionately affect a party compared to other industry participants; (B) the taking of any action required by the merger agreement or from the announcement or pendency of the merger (provided that this clause does not apply with respect to certain of SkyTerra s representations and warranties); or (C) a decline in a party s stock price (it being agreed that the facts and circumstances giving rise to such decline may be taken into account in determining whether a material adverse effect has occurred).

The Harbinger Parties representations and warranties relate to, among other things:

- their organization and qualification;
- their corporate power and authority;
- the required consents and approvals of governmental entities in connection with the transactions contemplated by the merger agreement;
- governmental filings required to be made by it in connection with the merger;
- their ability to fund the aggregate merger consideration;
- absence of undisclosed broker s or finder s fees; and
- accuracy of the information supplied by or on behalf of the Harbinger Parties for inclusion in this proxy statement and Schedule 13E 3.

Many of the representations and warranties made by the Harbinger Parties are qualified by a materiality standard or a standard of material adverse effect.

The representations and warranties in the merger agreement will expire upon the effective time of the merger.

Conduct of Business Pending the Merger

Prior to the effective time of the merger, (i) SkyTerra and certain of its subsidiaries have agreed to (and to cause their subsidiaries to and, to the extent within SkyTerra s control, cause SkyTerra s Canadian joint venture to) conduct their business in the ordinary and usual course of business, consistent with past practice and (ii) except as and to the extent prohibited by certain provisions of the indentures governing the 14% Senior Secured Notes due 2013, the 16.5% Senior Unsecured Notes due 2013, and the 18% Senior Unsecured Notes due 2013 issued, in each case, by

SkyTerra LP, SkyTerra and certain of its subsidiaries have agreed not to (and to cause their subsidiaries not to and, to the extent within SkyTerra s control, cause the Canadian joint venture not to) take any of the following actions, subject to limited exceptions:

- declare, set aside or pay any dividends on or make any other distribution in respect of any of its capital stock;
- split, combine or reclassify any of its capital stock or other equity interests or issue or authorize any other securities in respect of shares of its capital stock or other equity interests or repurchase, redeem or otherwise acquire any shares of its capital stock or other equity interests;

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issue, deliver, pledge, encumber, sell or authorize the issuance, delivery, pledge, encumbrance or sale of, or purchase any shares of its capital stock or other equity interests or securities convertible into, or rights, warrants or options to acquire, any such shares of capital stock or other equity interests or other convertible securities, authorize or propose any change in its equity capitalization, or amend any of the financial or other economic terms of such securities or the financial or other economic terms of any agreement to which SkyTerra or certain of its subsidiaries is a party relating to such securities;

amend its certificate of incorporation, by laws or other organizational documents in any manner;

merge or consolidate with any other person, or acquire any assets or capital stock of any other person, other than acquisitions of assets in the ordinary course of business consistent with past practice;

incur any indebtedness for money borrowed or guarantee any such indebtedness of another person;

make or authorize any capital, operating or cash expenditures, other than capital, operating and cash expenditures that are in the aggregate no greater than (i) $108 million in the aggregate for the period September 1, 2009 through December 31, 2009, (ii) $137 million in the aggregate for the period September 1, 2009 through January 31, 2010, (iii) $158 million in the aggregate for the period September 1, 2009 through February 28, 2010 and (iv) $170 million in the aggregate for the period September 1, 2009 through March 31, 2010; provided, that, if the merger is not consummated prior to April 1, 2010, these provisions will cease to apply;

except as may be required by changes in applicable law or GAAP, change any method, practice or principle of accounting;

enter into any new employment agreements with, or increase the compensation of, any officer (vice president or above) or director of SkyTerra and certain of its subsidiaries, or otherwise amend in any material respect any existing agreements with any such person or use its discretion to amend any employee benefit plan or accelerate the vesting or any payment under any employee benefit plan;

enter into any transaction with any officer (vice president or above) or director of SkyTerra and certain of its subsidiaries;

settle or otherwise compromise any material litigation, arbitration or other judicial or administrative dispute or proceeding relating to SkyTerra or certain of its subsidiaries or the merger;

sell, transfer, lease, mortgage, encumber or otherwise dispose of or subject to any lien any of its properties or assets to any person, except in the ordinary course of business consistent with past practice or dispositions of obsolete or worthless assets;

make an investment in, or loan to, any person, except certain subsidiaries of SkyTerra;

enter into, terminate or amend any contract that is material to SkyTerra and its subsidiaries, other than in the ordinary course of business consistent with past practice, enter into or extend the term or scope of any contract that restricts SkyTerra or certain of its subsidiaries and affiliates from engaging in any line of business or in any geographic area, enter into any contract that would be breached by, or require the consent of any third party in order to continue in full force following consummation of the merger, or release any person from, or modify or waive any provision of, any confidentiality, standstill or similar agreement;

issue any broadly distributed communication of a general nature to employees or customers without the prior approval of Harbinger, except for communications in the ordinary course of business that do not relate to the merger;

surrender, or permit a materially adverse modification of, revocation of, forfeiture of, or failure to renew under regular terms (or cause the FCC to institute any proceedings for the revocation, suspension, or materially adverse modification of) any of the licenses that are material to the business of SkyTerra and its subsidiaries and affiliates; or fail to comply in all material respects with all requirements and conditions of such licenses;

make or change any material election concerning taxes or tax returns, file any material amended tax return, enter into any material closing agreement with respect to taxes, settle any material tax claim or assessment or surrender any right to claim a material refund of taxes or obtain any tax ruling;

file any registration statement under the Securities Act of 1933, other than a certain registration statement with the Harbinger Parties;

take any actions to (i) terminate, amend or otherwise modify the Cooperation Agreement, or (ii) declare a Triggering Investment (as defined in the Cooperation Agreement) under the Cooperation Agreement;

disclose any confidential or proprietary information, except pursuant to a customary confidentiality agreement or as required by applicable law; or

enter into any agreement to, or make any commitment to, take any of the foregoing actions.

Stockholder Meeting; Proxy Statement

SkyTerra has agreed to call and hold a meeting of its stockholders for the purpose of voting upon the adoption of the merger agreement. SkyTerra has agreed to hold such meeting as promptly as practicable (but in no event later than 30 days) after the mailing of the proxy statement to the stockholders of SkyTerra and the clearance of this proxy statement by the SEC. SkyTerra has agreed to retain a proxy solicitor acceptable to Harbinger in connection with the solicitation of the vote of holders of Common Stock at any such meeting of its stockholders.

In the event that a majority of the outstanding Eligible Shares are not present, in person or by proxy, at such meeting, then SkyTerra shall adjourn the such meeting for a reasonable amount of time for SkyTerra to seek to cause such majority to be present, in person or by proxy, at any such adjournment.

SkyTerra has agreed to recommend to its unaffiliated stockholders the adoption of the merger agreement and that such recommendation and a copy of the opinion of its financial advisor be included in this proxy statement and the Schedule 13E 3. Neither the SkyTerra board of directors nor any committee thereof (including the special committee) will, except as described in the first paragraph under Merger Agreement Change in Recommendation beginning on page 74 of this proxy statement, withdraw, qualify or modify its approval or recommendation of the adoption of the merger agreement in a manner adverse to Harbinger. For further discussion on the vote required to adopt the merger agreement, see The Annual Meeting Required Vote beginning on page 17.

Harbinger s Agreement to Vote

The Harbinger Parties have agreed to vote the Common Stock owned by the Harbinger Parties in favor of adoption of the merger agreement.

Change in Recommendation

At any time prior to the adoption of the merger agreement by the SkyTerra stockholders, the SkyTerra board of directors or special committee may withdraw, qualify or modify its recommendation to SkyTerra s stockholders to adopt the merger agreement in a manner adverse to Harbinger, but only in the following two cases:

following receipt of a superior proposal; provided, that, neither the board of directors nor the special committee may withdraw, qualify or modify its recommendation to SkyTerra s stockholders to adopt the merger agreement in a manner adverse to Harbinger unless (1) SkyTerra notifies Harbinger of SkyTerra s intent to enter into a definitive agreement implementing such superior proposal, attaching the most current version of such agreement (including any amendments, supplements or modifications) to such notice and (2) during the five business day period commencing upon SkyTerra s delivery to Harbinger of its notice of superior proposal, SkyTerra (a) offers to negotiate with (and, if accepted,

negotiate in good faith with) Harbinger in making adjustments to the terms and conditions of the merger agreement and (b) the special committee determines in good faith (after consultation with its financial advisors and legal counsel), after the end of such five business day period, and after considering the results of such negotiations and the revised proposal made by Harbinger, if any, that the superior proposal giving rise to such notice of superior proposal continues to be a superior proposal (which we refer to as a termination recommendation); or

following the occurrence of an intervening event;

but in each case, only if the special committee determines in good faith that withdrawing, qualifying or modifying its approval or recommendation of the adoption of the merger agreement is necessary in order for the special committee to comply with its fiduciary obligations to the unaffiliated stockholders under applicable law. Nothing in the merger agreement obligates Harbinger or any of its affiliates in any way to vote in favor of a superior proposal.

An acquisition proposal means a bona fide, unsolicited, proposal from any person (whether or not in writing) which is not withdrawn relating to any (i) direct or indirect acquisition of all of the shares of capital stock owned by the stockholders (other than Harbinger and its affiliates), (ii) direct or indirect acquisition of all of the shares of outstanding capital stock or ownership interests of any of SkyTerra or certain of its subsidiaries, (iii) direct or indirect acquisition of all or substantially all of the assets of any of SkyTerra or certain of its subsidiaries, or (iv) merger, consolidation, share exchange, business combination or similar transaction involving any of SkyTerra or certain of its subsidiaries.

A superior proposal means a bona fide, written, unsolicited and un withdrawn offer by a third party to acquire, for consideration consisting entirely of cash and securities having a readily ascertainable value, (i) not less than all of the shares of capital stock of SkyTerra beneficially owned (within the meaning of the Exchange Act of 1934) by the unaffiliated stockholders (which acquisition may be pursuant to a merger or tender offer) or (ii) all or substantially all of the assets of SkyTerra and certain of its subsidiaries on a consolidated basis, which offer, in each case under clauses (i) and (ii), is not subject to contingencies relating to financing, due diligence or negotiation of transaction documentation and is otherwise on terms and conditions which the special committee determines in good faith to be more favorable to the unaffiliated stockholders from a financial point of view than the merger, taking into account at the time of determination (A) the ability of the person making such offer to reasonably promptly consummate the transactions contemplated by such offer (based upon, among other things, the expectation of obtaining required regulatory and other approvals and such person s ability to obtain financing) and (B) any changes to the terms of the merger agreement that as of that time had been proposed by Harbinger.

An intervening event means a material event, change, development, effect, occurrence or state of facts, other than an acquisition proposal, that was not known or reasonably foreseeable to the board of directors or the special committee on the date of the merger agreement, and becomes known to the board of directors or the special committee before the vote of the stockholders; provided, that, in no event will the receipt, existence or terms of an acquisition proposal or any inquiry related thereto constitute an intervening event.

Indemnification; Directors and Officers Insurance

Under the merger agreement, Harbinger has agreed to cause the surviving corporation in the merger to indemnify to the fullest extent permitted by law, SkyTerra s existing Amended and Restated Certificate of Incorporation or its By Laws, or existing indemnification agreement with such directors and officers in effect on the date of the merger agreement, SkyTerra s current and former directors and officers for acts or omissions in their capacity as an officer or director occurring on or before the effective time in each case, for a period of six years from and after the effective time and the expiration of the applicable statute of limitations, subject to certain conditions.

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In addition, the surviving corporation will obtain insurance policies or tail insurance coverage with a claims period of at least six years from the effective time with respect to directors and officers liability insurance that provides coverage for events occurring on or before the effective time (including reimbursement of director and officer legal expenses). The terms of the policies will be no less favorable than the existing policy of SkyTerra, unless the cost of the policies would exceed an agreed to threshold, in which case the coverage will be the greatest amount available for an amount not exceeding such threshold.

Reasonable Best Efforts

The Harbinger Parties and SkyTerra agree to:

- use their reasonable best efforts to take, or cause to be taken, and to do, or cause to be done, all actions necessary, proper or advisable under applicable laws and regulations or required to be taken by any governmental entity or otherwise to make the merger and other transactions contemplated by the merger agreement effective as promptly as practicable;
- obtain from any governmental entity any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained or made by the Harbinger Parties or SkyTerra in connection with the authorization, execution or delivery of the merger agreement and the merger; and
- as promptly as practicable, make all necessary filings, and thereafter make any other required submissions, with respect to the merger agreement and the merger required under the Exchange Act of 1934, and any other applicable federal or state securities laws, and any other applicable law; provided that the parties will cooperate with each other in connection with the making of all such filings.

The parties will use reasonable best efforts to furnish to each other all information required for any application or other filing to be made pursuant to the rules and regulations of any applicable law (including all information required to be included in the proxy statement and the Schedule 13E 3) in connection with the merger. In case at any time after the effective time, any further action is necessary or desirable to carry out the purposes of the merger agreement, the proper officers and directors of the parties will take all such necessary or desirable action.

Notwithstanding these or any other provisions of the merger agreement, SkyTerra will not, without Harbinger s prior written consent, commit to any divestiture transaction or agree to any restriction on its business, and nothing in this provision will require Harbinger to offer, accept or agree to (A) dispose or hold separate any part of its or SkyTerra s businesses, operations, assets or product lines (or a combination of Harbinger s and SkyTerra s respective businesses, operations, assets or product lines), (B) not compete in any geographic area or line of business, and/or (C) restrict the manner in which, or whether, Harbinger, SkyTerra or the surviving corporation may carry on business in any part of the world.

Amendment to Existing SPA

The parties agree (and shall cause its subsidiaries to agree) that, unless the merger agreement has been terminated in accordance with its terms or the merger has been consummated, in each case, on or prior to January 4, 2010, that the SPA is amended such that the Fourth Closing Date (as such term is defined in such SPA) is extended until the day that is ten (10) business days following the termination of the merger agreement in accordance with its terms.

Additional Covenants and Agreements

The merger agreement contains additional covenants and agreements among the parties relating to, among other things:

- Harbinger s ability to inspect SkyTerra s and certain of its subsidiaries records and financial data;
- a requirement that each party notify the other of certain matters;

a requirement that each party consult with the other prior to the issuance of any press release or making any other public disclosure regarding the merger agreement or the transactions contemplated thereby;

participating in the defense of any stockholder litigation relating to the merger agreement or the transactions contemplated thereby;

payment of 2009 annual bonuses to SkyTerra individuals;

a requirement that SkyTerra retain a proxy solicitor acceptable to the Harbinger Parties in connection with the vote of the holders of Common Stock at the annual meeting;

a requirement that SkyTerra, subject to certain restrictions, shall use its best efforts to have Inmarsat agree to (i) accept cash in lieu of issuances of Common Stock under the Cooperation Agreement and (ii) extend the date that a Triggering Investment (as defined in the Cooperation Agreement) is consummated and identified under the Cooperation Agreement to a date subsequent to the Closing Date; and

other obligations related to the effective time of the merger.

Conditions to Consummation of the Merger

The obligations of the parties to the merger agreement are subject to the fulfillment or waiver of various conditions described in this section.

Conditions to the Obligations of the Harbinger Parties and SkyTerra

Each of the Harbinger Parties and SkyTerra are obligated to complete the merger only if each of the following conditions is satisfied or waived on or prior to the closing date of the merger:

Absence of Actions or Claims. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger is in effect (each party agreeing to use its reasonable efforts to have any restraining order, injunction or other order or legal restraint or prohibition lifted) nor is any proceeding brought by an administrative agency or commission or other governmental authority or instrumentality seeking any of the foregoing be pending; and there is no action taken, or any statute, rule, regulation or order (whether temporary, preliminary or permanent) enacted, entered or enforced, which makes the consummation of the merger illegal or prevents or prohibits the merger;

Stockholder Approval. The merger agreement must be adopted by the requisite vote of stockholders of SkyTerra in accordance with applicable law;

Governmental Consents. Other than the filing of the certificate of merger, all material consents, approvals and authorizations of and filings with governmental entities required for the consummation of the merger (including all FCC approvals required to consummate the merger, which must be in full force and effect) have been obtained or effected; and

Required Minority Vote. A majority of the outstanding Eligible Shares must be present, in person or by proxy, and be voted at the annual meeting and a majority of the Eligible Shares so present and voted shall have voted in favor of the adoption of the merger agreement.

Conditions to the Obligations of SkyTerra

SkyTerra is obligated to complete the merger only if each of the following conditions is satisfied or waived on or prior to the closing date of the merger:

Representations and Warranties. The representations and warranties of the Harbinger Parties contained in the merger agreement are true and correct in all material respects (other than representations and warranties that are qualified as to materiality or material adverse effect, which representations and

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warranties shall be true and correct in all respects except for de minimis inaccuracies) at and as of the closing date of the merger as though made at and as of the closing date of the merger (except to the extent that such representations and warranties speak as of a specific date, in which case such representations and warranties are true and correct as of such date).

Performance of Obligations of the Harbinger Parties. The performance or compliance, in all material respects, by the Harbinger Parties of their respective undertakings and agreements in the merger agreement at or prior to the closing date of the merger.

Closing Certificate. The delivery by the Harbinger Parties to SkyTerra of a certificate with respect to the satisfaction of the conditions relating to the Harbinger Parties representations, warranties, covenants and agreements.

Conditions to the Obligations of the Harbinger Parties.

The Harbinger Parties will be obligated to complete the merger only if each of the following conditions is satisfied or waived on or prior to the closing date of the merger:

Representations and Warranties. The representations and warranties of SkyTerra contained in the merger agreement are true and correct in all material respects (other than representations and warranties that are qualified as to materiality or material adverse effect or certain other specific representations and warranties, which representations and warranties are true and correct in all respects except for de minimis inaccuracies) at and as of the closing date of the merger as though made at and as of the closing date of the merger (except to the extent that such representations and warranties speak as of a specific date, in which case such representations and warranties are true and correct as of such date).

Performance of Obligations of SkyTerra. The performance or compliance, in all material respects, by SkyTerra of its undertakings and agreements in the merger agreement at or prior to the closing date of the merger.

Closing Certificate. The delivery by SkyTerra to the Harbinger Parties of a certificate with respect to the satisfaction of the conditions relating to SkyTerra s representations, warranties, covenants and agreements.

No Material Adverse Effect. There will not have occurred, since September 23, 2009, a material adverse effect with respect to SkyTerra or certain of its subsidiaries.

Appraisal Rights. Appraisal rights have not been exercised and notice of the intention to exercise such rights has not been given in accordance with the provisions of Section 262(d) of the DGCL by SkyTerra stockholders with respect to, in the aggregate, more than seven and one half percent (7.5%) of the outstanding shares of Capital Stock as of immediately prior to the effective time, determined on a fully diluted basis.

FCC Consent. The FCC approvals required to consummate the merger will not be subject to any conditions that are materially adverse to the Harbinger Parties.

Termination of the Merger Agreement

The merger agreement may be terminated for any reason by the mutual written consent of Harbinger and SkyTerra. Either Harbinger or SkyTerra may terminate the merger agreement at any time:

if the merger is not consummated by March 31, 2010; provided, however, that if Harbinger determines that additional time is necessary to forestall any action to restrain, enjoin or prohibit the merger by any governmental entity, or obtain any material consent, approval, authorizations or FCC Consent required for consummation of the merger, then Harbinger may extend the termination date to a date not beyond June 30, 2010;

- prior to the effective time of the merger, if an administrative agency or commission or other governmental entity issues a final nonappealable injunction, order, decree, judgment or ruling permanently enjoining or otherwise prohibiting the merger; or

- if, at the annual meeting or any adjournment thereof at which the merger agreement has been voted upon, the SkyTerra stockholders fail to approve the merger agreement by the requisite vote of stockholders of SkyTerra in accordance with applicable law or the Eligible Shares fail to approve this Agreement by the Required Minority Vote; except that a right to terminate pursuant this section may not be exercised by either Harbinger or SkyTerra if the reason for failing to obtain either such vote is the failure of the applicable quorum to be present at the annual meeting or any adjournment thereof and may not be exercised by Harbinger if the reason for failing to obtain the requisite vote of stockholders of SkyTerra in accordance with applicable law is due to a breach by the Harbinger Parties of its agreement to vote all of its agreement to vote all of its shares of Common Stock in favor of the adoption of the merger agreement.

In addition, Harbinger may terminate the merger agreement:

- if the special committee withdraws, qualifies or modifies its recommendation to SkyTerra stockholders;

- under specific circumstances relating to a breach of any representation, warranty, covenant or agreement made by SkyTerra in the merger agreement which renders certain conditions to the consummation of the merger incapable of being satisfied; or

- if appraisal rights are exercised and notice of intention to exercise such rights have been given in accordance with the provisions of Section 262(d) of the DGCL by SkyTerra stockholders with respect to, in the aggregate, more than seven and one half percent (7.5%) of the outstanding shares of SkyTerra capital stock, determined on a fully diluted basis.

In addition, SkyTerra (at the direction of the special committee) may terminate the merger agreement:

- if the special committee has made a termination recommendation, after acting in accordance with the procedures set forth in the merger agreement with respect thereto; or

- under specific circumstances relating to a breach of any representation, warranty, covenant or agreement made by Harbinger in the merger agreement which renders certain conditions to the consummation of the merger incapable of being satisfied.

In the event of termination of the merger agreement and the abandonment of the merger, the merger agreement will become null and void with no liability to any person on the part of any party (or of any of its affiliates or subsidiaries). However, (i) except as otherwise provided in the merger agreement, no such termination will relieve any party of any liability or obligation to the other party with respect to any breach of the merger agreement prior to such termination and (ii) the agreements of SkyTerra and the Harbinger Parties with respect to governing law, allocation of expenses, the no vote termination fee and the effect of termination and abandonment sections of the merger agreement will survive the termination of the merger agreement. Subject to agreements contained in Section 4.11 of the merger agreement regarding the tolling of the Fourth Closing Date (as defined in the SPA), the termination of the merger agreement will have no effect on certain other agreements by and among Harbinger and SkyTerra.

No Vote Termination Fee

In the event that the merger agreement is terminated (i) by Harbinger in the situation where the merger agreement has not been voted upon because the applicable quorum for the Required Minority Vote was not present at the annual meeting or any adjournment thereof and the merger has not been consummated prior to March 31, 2010 (or an extension thereof) or (ii) by either Harbinger or SkyTerra under circumstances in which the stockholders of the Company fail to adopt the Merger Agreement by the Required Minority Vote, then, in

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either case, the Company shall pay to the Harbinger Parties, as promptly as practicable (but in any event within three business days), an amount equal to the $2,000,000; provided that the no vote termination fee shall not be due and payable pursuant to clause (i) of this paragraph if the reason for failing to obtain the requisite vote of stockholders of SkyTerra in accordance with applicable law is due to a breach by the Harbinger Parties of its agreement to vote all of its shares of Common Stock in favor of the adoption of the merger agreement.

Amendment and Waiver

Any provision of the merger agreement may be amended or waived prior to the effective time, but only in a writing signed by each party to the merger agreement in the case of an amendment and signed by each party against whom the waiver is to be effective in the case of a waiver. However, after the adoption of the merger agreement by the stockholders, no provision of the merger agreement may be amended which under applicable law requires the approval of SkyTerra s stockholders without first obtaining such approval. Pursuant to the Memorandum of Understanding, the Required Minority Vote provision may not be waived, amended or modified.

Expenses

Each party has agreed to bear all costs and expenses incurred by it in connection with the merger agreement.

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PROPOSAL TWO ELECTION OF DIRECTORS

SkyTerra s Bylaws provide that SkyTerra shall have not less than one nor more than fifteen directors, with the exact number of directors to be determined by the SkyTerra board of directors. There are currently six members on SkyTerra s board of directors. The SkyTerra board of directors proposes the election of six directors of SkyTerra. Each director elected will hold office until the earliest of (a) the closing of the merger, (b) the 2010 annual meeting of stockholders, or when his successor is duly elected and qualified, or (c) his earlier death, resignation or removal. Upon completion of the merger, the individuals serving as SkyTerra directors immediately prior to the completion of the merger will be replaced by the board of directors of Acquisition Corp.

Biographical information concerning each of the nominees, as of January 29, 2010, is set forth below.

Name	Served as Director Since	Age	Principal Business Experience for the Past Five Years
Alexander H. Good	2008	60	Mr. Good has been the Company s Chief Executive Officer and President since December 2006. Mr. Good was elected to the Board of Directors of the Company on April 9, 2008 and became the Chairman of the Board of Directors on April 24, 2008. Mr. Good has served as SkyTerra LP s Chief Executive Officer, President and Vice Chairman of the Board since April 2004. In 2002 and 2003, prior to joining SkyTerra LP, Mr. Good served as the Executive Chairman of Affinity Internet and Executive Chairman of Nexverse Networks, Inc., now Veraz Networks, Inc., and also served as a director of NextLevel Communications, Inc. Mr. Good was Chairman and CEO of @Link Networks, Inc. from 1999 to 2001. Mr. Good was Executive Vice President of Bell Atlantic Corporation (now Verizon) from 1997 to 1999. He served as Senior Vice President of Corporate Development of Bell Atlantic Corporation from 1995 to 1997 and was Chairman and CEO of Bell Atlantic International from 1994 to 1997. Mr. Good served as Senior Vice President of Mobile Technologies Communications, Inc. and CEO of MTEL International from 1990 to 1994.
Jose A. Cecin, Jr.	2008	46	Mr. Cecin has served as a director of SkyTerra since April 2008. Mr. Cecin is currently the Executive Vice President and Chief Operating Officer of RCN Corporation, a competitive broadband services provider. From 2003 to 2008, Mr. Cecin was a Managing Director of BB&T Capital Markets, the investment banking division of BB&T Corporation, where he was the Group Head of the firm s Communications Investment Banking practice. In 1999, he co founded Cambrian Communications, a facilities based telecommunications service provider, where he served as Chief Operating Officer. Mr. Cecin was also a founder of Wave International, a financier and builder of telecommunications infrastructure in emerging markets, where from 1996 to 1999 he helped acquire, fund and build out competitive telecommunications infrastructure in Venezuela s 5 largest cities. Mr. Cecin also previously served as Managing Director of Corporate Development at Bell Atlantic Corporation (now Verizon). He also previously served as an officer in the United States Army s 25th Infantry Division. Mr. Cecin serves on the board of directors of RCN Corporation, and is chairman of the board of Arbinet Corporation. Mr. Cecin earned a B.S. degree in Electrical Engineering from the United States Military Academy at West Point and an M.B.A. from Stanford University. Mr. Cecin serves on our Audit Committee, Compensation Committee and Special Committee.

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Name	Served as Director Since	Age	Principal Business Experience for the Past Five Years
Jeffrey M. Killeen	1998	56	Mr. Killeen has been a member of the Board of Directors of the Company since October 1998. Since January 1, 2002, Mr. Killeen has been Chairman and Chief Executive Officer of Globalspec, Inc., an information services company. Mr. Killeen was the Chief Executive Officer of Forbes.com from August 1999 to March 2001. Prior to that, from January 1998 to March 1999, Mr. Killeen was the Chief Operating Officer of barnesandnoble.com. Before joining barnesandnoble.com, Mr. Killeen served as President and Chief Executive Officer of Pacific Bell Interactive Media from August 1994 to January 1998. Mr. Killeen serves on the board of directors of drugstore.com, Inc. Mr. Killeen serves on our Audit Committee and Special Committee.
Paul S. Latchford, Jr.	2008	55	Mr. Latchford has served as a director of the Company since April 2008. Mr. Latchford is Co Founder, President and Chief Executive Officer of Spencer Trask Media & Communications Group LLC. Prior to joining Spencer Trask in June 1999, Mr. Latchford served as Principal Vice President for Global Business Development in Bechtel Group, Inc. from February 1997 to June 1999. Beginning in the early 1990 s Mr. Latchford held several regional business development positions in Bell Atlantic International, Inc. and was appointed Vice President of Business Development for the Asia Pacific Region in 1994. Mr. Latchford serves on our Compensation Committee.
William F. Stasior	2000	69	Mr. Stasior has been a member of the Board of Directors of the Company since April 2000. Mr. Stasior was the Chairman and Chief Executive Officer of Booz Allen & Hamilton Inc., a management and technology consulting firm, from 1991 to 1999. Since October 1999, Mr. Stasior has been the Senior Chairman of Booz Allen. Mr. Stasior also serves on the boards of directors of OPNET Technologies, Inc., a software company that specializes in enhancing network performance for enterprises and service providers, and Vanu, Inc., a leading developer of software defined radio technology. Mr. Stasior serves on our Audit Committee and Special Committee.
Michael D. Weiner	2005	57	Mr. Weiner has been a member of the Board of Directors of the Company since June 2005. Mr. Weiner has been Chief Legal Officer and General Counsel of Ares Management since September 2006. Previously, Mr. Weiner was employed with Apollo Management, L.P., a leading private investment management firm and served as general counsel of the Apollo organization from 1992 to September 2006. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius specializing in securities law, public and private financings, and corporate and commercial transactions. Mr. Weiner also serves on the board of directors of Hughes Communications, Inc.

THE SKYTERRA BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ELECTION AS DIRECTOR ALL OF THE NOMINEES SET FORTH ABOVE.

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PROPOSAL THREE ADJOURNMENT OF THE ANNUAL MEETING

Adjournment of the Annual Meeting

Although it is not currently expected, the annual meeting may be adjourned to solicit additional proxies if there are not sufficient votes to adopt the merger agreement. In that event, SkyTerra may ask its stockholders to vote upon the proposals to elect directors to the SkyTerra board of directors and consider the adjournment of the annual meeting to solicit additional proxies, but not the proposal to adopt the merger agreement.

In this proposal, SkyTerra is asking you to authorize the holder of any proxy solicited by the SkyTerra board of directors to vote in favor of granting discretionary authority to the proxies to adjourn the annual meeting for any purpose, including soliciting additional proxies. If SkyTerra stockholders approve the adjournment proposal, SkyTerra could adjourn the annual meeting and any adjourned session of the annual meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously returned properly executed proxies or authorized a proxy by telephone or via the Internet. Additionally, SkyTerra may seek to adjourn the annual meeting if a quorum is not present at the annual meeting.

Vote Required and Recommendation of the Board of Directors

Approval of the proposal to adjourn the annual meeting, if necessary, for any reason, including to solicit additional proxies requires the affirmative vote of the holders of a majority of the shares of Common Stock represented in person or by proxy at the Annual Meeting. No proxy that is specifically marked AGAINST adoption of the merger agreement will be voted in favor of the adjournment proposal, unless it is specifically marked FOR the proposal to adjourn the annual meeting.

THE SKYTERRA BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO ADJOURN THE ANNUAL MEETING, IF NECESSARY, FOR ANY PURPOSE, INCLUDING TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO ADOPT THE MERGER AGREEMENT.

PROPOSAL FOUR RATIFY THE APPOINTMENT OF ERNST & YOUNG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF SKYTERRA FOR

THE YEAR ENDED DECEMBER 31, 2009

SkyTerra s board of directors unanimously appointed Ernst & Young LLP (Ernst & Young) to serve as its independent registered public accounting firm. The board of directors of SkyTerra recommends to the stockholders the ratification of the appointment of Ernst & Young as independent registered public accounting firm for SkyTerra for the year ended December 31, 2009. If the stockholders do not ratify the appointment, the board of directors may reconsider its recommendation.

A representative of Ernst & Young is expected to be available at the annual meeting to respond to appropriate questions and will be given the opportunity to make a statement if he or she so desires.

Vote Required

The affirmative vote of the holders of a majority of the total number of the votes of Common Stock represented and entitled to vote at the annual meeting is required to approve this proposal.

Audit Fees

Aggregate fees for professional services rendered to SkyTerra by Ernst & Young for work performed during the fiscal years ended December 31, 2008 and December 31, 2007 are summarized in the table below.

	2008	2007
Audit Fees (1)	$ 963,500	$ 973,000
Audit Related Fees (2)	$ 2,000	$ 2,000
Tax Fees (3)	$ 313,435	$ 418,000
All Other Fees (4)		$ 15,000
	$ 1,278,935	$ 1,408,000

(1) Audit fees consisted of fees billed or expected to be billed for professional services rendered for the audit of the Company s consolidated annual financial statements included in the Company s Form 10 K, the reviews of the Company s consolidated financial statements included in the Company s Form 10 Q, services related to Sarbanes Oxley Act compliance or any other services rendered to comply with generally accepted auditing standards and include consents in connection with SEC filings.
(2) Audit related fees consisted of fees for an online accounting research tool.
(3) Tax fees consisted of tax compliance, tax advice and tax consulting services.
(4) Other fees consisted of fees billed for agreed upon procedures performed in connection with Canadian regulatory requirements.

Pursuant to a pre approval policy, the Audit Committee approved all of the audit and non audit services for the years ended December 31, 2008 and 2007.

Recommendation Of The Board Of Directors

THE SKYTERRA BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL THE PROPOSAL TO RATIFY THE APPOINTMENT OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY.

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MARKET PRICE AND DIVIDEND INFORMATION

Market Prices for SkyTerra Common Stock and Related Stockholder Matters

SkyTerra s Common Stock has been traded on the Over the Counter Bulletin Board under the symbol SKYT.OB since January 30, 2003. The following table sets forth for the periods indicated the range of high and low closing prices per share of Common Stock, as reported by the Nasdaq website:

	High ($)	Low ($)
2010		
First Quarter (through 1/28/2010)	4.89	4.87
2009		
First Quarter	4.55	1.01
Second Quarter	3.50	2.25
Third Quarter	4.85	2.80
Fourth Quarter	4.90	4.82
2008		
First Quarter	7.80	6.00
Second Quarter	8.75	6.50
Third Quarter	6.25	3.67
Fourth Quarter	3.35	1.37
2007		
First Quarter	11.30	8.20
Second Quarter	9.00	7.70
Third Quarter	9.05	6.80
Fourth Quarter	7.25	4.35

The closing sale price of our Common Stock on the Over the Counter Bulletin Board on September 22, 2009, which was the last trading day before we announced the Merger, was $3.40 per share, compared to which the merger consideration represents a premium of approximately 47%.

On [ ], 2010, the last trading day before the date of this proxy statement, the closing price for SkyTerra s Common Stock on the Over the Counter Bulletin Board was $[ ] per share. You are encouraged to, and should, obtain current market quotations for SkyTerra s Common Stock in connection with voting your shares.

As of the record date, SkyTerra had 393 stockholders of record. This number was derived from SkyTerra s stockholder records, and does not include beneficial owners of SkyTerra s Capital Stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries. Holders of SkyTerra s Capital Stock are entitled to share ratably in dividends, if and when declared by SkyTerra s board of directors.

SkyTerra has not paid a cash dividend on its Capital Stock for the years ended December 31, 2009, 2008 and 2007, and it is unlikely that SkyTerra will pay any cash dividends on its Capital Stock for the foreseeable future. SkyTerra currently intends to retain future earnings, if any, to fund the development and growth of the business.

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SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth selected historical consolidated financial data for SkyTerra as of and for each of the last five fiscal years.

The selected historical data set forth below has been derived from and should be read in conjunction with our consolidated financial statements, accompanying notes and other financial information included in SkyTerra s annual report on Form 10-K for the fiscal year ended December 31, 2008, as amended, and SkyTerra s quarterly report on Form 10-Q for the quarter ended September 30, 2009, which are attached hereto as Appendices E and G, respectively, and are incorporated herein by reference.

On September 26, 2006, SkyTerra completed the 2006 SkyTerra LP Exchange Transactions (as described more fully in the Form 10 K for the period ended December 31, 2008, attached hereto as Appendix E) that resulted in SkyTerra owning the majority of SkyTerra LP. This transaction has been accounted for as a reverse acquisition with SkyTerra LP being treated as the accounting acquirer of SkyTerra. As such, SkyTerra s historical financial statements prior to September 25, 2006 are the historical financial statements of SkyTerra LP. The consolidated financial statements of SkyTerra LP have been retroactively restated to reflect the recapitalization of SkyTerra LP with the 39.6 million shares of Capital Stock issued to SkyTerra LP equity holders in the 2006 SkyTerra LP Exchange Transactions.

	Nine Months ended September 30, 2009	2008	2007	2006	2005	2004
Consolidated statements of operations data:						
Total revenues	$ 26,382	$ 34,485	$ 34,083	$ 34,854	$ 29,974	$ 29,597
Total operating expense	123,350	138,992	106,174	77,113	69,127	56,352
Operating loss	(96,968)	(104,507)	(72,091)	(42,259)	(39,153)	(26,755)
Net loss attributable to SkyTerra	(152,001)	(204,935)	(123,556)	(57,100)	(40,955)	(33,455)
Net loss attributable to SkyTerra per common share	(1.42)	(1.93)	(1.24)	(1.24)	(1.03)	(1.06)
Consolidated balance sheet data:						
Total assets	1,783,221	1,360,702	1,295,035	767,047	216,784	246,223
Senior secured discount notes, net	699,036	629,759	552,719	483,410		
16.5% senior unsecured notes (related party), net	163,066	147,119				
18% senior unsecured notes (related party), net	377,835					
Vendor notes payable	114,649	60,940	50,765			
Notes payable other		372	1,282	470	696	902
Long term deferred revenue, net of current portion	14,679	12,383	16,333	20,971	23,243	20,690
Stockholders equity (deficit)	$ 360,064	$ 471,353	$ 616,218	($ 119,943)	$ 181,260	$ 212,964

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RATIO OF EARNINGS TO FIXED CHARGES

(amounts in thousands)

	Nine Months ended September 30, 2009	2008	2007	2006	2005	2004
Ratio of Earnings to Fixed Charges						
Amount by Which Earnings are Insufficient to Cover Fixed Charges	$ 180,915	$ 282,517	$ 160,393	$ 68,097	$ 32,126	$ 31,516

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BOOK VALUE PER SHARE

At September 30, 2009, SkyTerra had a consolidated net book value of $360.1 million ($3.31 per share) and reported a net loss of $37.7 million for the three months ended September 30, 2009. The $3.31 per share consolidated net book value is substantially below the $5.00 per share cash merger consideration. Based upon their respective aggregate share ownerships, Harbinger and its affiliates had an indirect 48% interest in that net book value and net loss and holders of SkyTerra Capital Stock other than Harbinger and its affiliates owned the remaining indirect 52% interest in the net book value and net loss. Following the consummation of the merger, Harbinger and its affiliates will have an indirect 100% ownership interest in the surviving corporation s net book value and net income or loss and the other current stockholders of SkyTerra will have no direct or indirect interest in that net book value and net income or loss.

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SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

On the record date, January 21, 2010, there were 48,978,253 outstanding and issued shares of Common Stock (and 59,958,499 outstanding and issued shares of Non-Voting Common Stock). The following table shows the amount of Capital Stock beneficially owned as of January 29, 2010 by (i) each of the directors, (ii) each of the current executive officers, (iii) all of the directors and executive officers as a group and (iv) each person known by SkyTerra to beneficially own more than 5% of SkyTerra outstanding Capital Stock. Unless otherwise provided, the address of each holder named below is c/o SkyTerra Communications, Inc., 10802 Parkridge Boulevard, Reston VA 20191.

Name and Address	Position	Number of Shares of Voting Common Stock Beneficially Owned (1)	Percentage of Class of Voting Common Stock	Number of Shares of Non-Voting Common Stock Beneficially Owned	Percentage of Class of Non-Voting Common Stock	Percentage of Total Equity
Alexander H. Good	Chief Executive Officer and President, Director	2,627,600(2)	5.2%		*	2.4%
Scott Macleod	Executive Vice President, Chief Financial Officer and Treasurer	1,191,566(3)	2.4%		*	1.1%
Randy S. Segal	Former Senior Vice President, General Counsel and Secretary	423,000(4)	*		*	*
Andrew Caplan	Chief Network Officer, SkyTerra LP	425,000(5)	*		*	*
Gary Epstein	Executive Vice President, Law and Regulation	200,000(6)	*		*	*
Marc Montagner	Executive Vice President, Strategy Development and Distribution, SkyTerra LP	200,000(7)	*		*	*
James A. Wiseman	Vice President and Corporate Controller	37,600(8)	*		*	*
Jose A. Cecin, Jr.	Director	6,667(9)	*		*	*
Paul S. Latchford, Jr.	Director	6,667(10)	*		*	*
Jeffrey M. Killeen	Director	129,167(11)	*			*
William F. Stasior	Director	114,167(12)	*			*
Michael D. Weiner	Director	31,667(13)	*			*
Harbinger Holdings, LLC and its affiliates (14) 450 Park Avenue, 30th Floor New York, NY 10022		60,233,321	69.3%	29,946,362	49.9%	61.4%

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Name and Address	Position	Number of Shares of Voting Common Stock Beneficially Owned (1)	Percentage of Class of Voting Common Stock	Number of Shares of Non-Voting Common Stock Beneficially Owned	Percentage of Class of Non-Voting Common Stock	Percentage of Total Equity
BCE Inc. 1000 rue de La Gauchetiere Ouest Bureau 3700 Montreal, Quebec H3B 4Y7 Canada				22,105,400	36.9%	20.3%
Columbia Capital III, LLC 201 North Union Street Suite 300 Alexandria, VA 22314		5,623,165	11.5%			5.2%
Wells Fargo Bank, National Association				7,906,737	13.2%	7.3%
Solus Alternative Asset Management funds (15)		4,750,000	9.7%			4.4%
All executive officers and directors as a group (12 persons)		5,393,101	10.3%			4.8%

* Represents beneficial ownership of less than 1%.

(1) Beneficial ownership has been determined pursuant to Rule 13d 3 under the Exchange Act.

(2) Consists of 935,600 shares of restricted stock subject to vesting and options to purchase an additional 1,692,000 shares of common stock that are currently exercisable. Mr. Good holds no unvested options to purchase shares of common stock.

(3) Consists of 557,066 shares of restricted stock subject to vesting and options to purchase an additional 634,500 shares of common stock that are currently exercisable. Mr. Macleod holds no unvested options to purchase shares of common stock.

(4) Consists of options to purchase 423,000 shares of common stock held by Ms. Segal. Ms. Segal holds no unvested options to purchase shares of common stock.

(5) Consists of 125,000 shares of restricted stock subject to vesting and options to purchase 300,000 shares of common stock that are currently exercisable. Mr. Caplan holds no unvested options to purchase shares of common stock.

(6) Consists of 100,000 shares of restricted stock subject to vesting and options to purchase an additional 600,000 shares of common stock held by Mr. Epstein, of which 100,000 are currently exercisable.

(7) Consists of 100,000 shares of restricted stock subject to vesting and options to purchase an additional 600,000 shares of common stock held by Mr. Montagner, of which 100,000 are currently exercisable.

(8) Consists of options to purchase 56,400 shares of common stock held by Mr. Wiseman, of which 37,600 are currently exercisable.

(9) Consists of options to purchase 20,000 shares of common stock held by Mr. Cecin, of which 6,667 are currently exercisable.

(10) Consists of options to purchase 20,000 shares of common stock held by Mr. Latchford, of which 6,667 are currently exercisable.

(11) Consists of 80,000 shares of stock and options to purchase 62,500 shares of common stock held by Mr. Killeen, of which 49,167 are currently exercisable.

(12) Consists of 55,000 shares of stock, and options to purchase 72,500 shares of common stock held by Mr. Stasior, of which 59,167 are currently exercisable.

(13) Consists of options to purchase 45,000 shares of common stock held by Mr. Weiner, of which 31,667 are currently exercisable.

(14) Represents beneficial ownership by (a) Philip A. Falcone of 60,233,321 shares of voting common stock and 29,946,362 shares of non-voting common stock, (b) Harbinger Capital Partners Master Fund I, Ltd. of 41,126,457 shares of voting common stock and 5,556,898 shares of non-voting common stock, (c) Harbinger Capital Partners LLC of 41,126,457 shares of voting common stock and 5,556,898 shares of non-voting common stock, (d) Harbinger Capital Partners Special Situations Fund, L.P. of 18,089,908 shares of voting common stock and 9,982,121 shares of non-voting common stock, (e) Harbinger Capital Partners Special Situations GP, LLC of 18,089,908 shares of voting common stock and 9,982,121 shares of non-voting common stock and (f) Harbinger Capital Partners Fund I, L.P. of 1,016,956 shares of voting common stock and 14,407,343 shares of non-voting common stock.

The direct and indirect beneficial ownership of shares of Capital Stock has been previously disclosed in public filings made with the SEC by the Harbinger Filing Persons (other than Acquisition Corp.) and certain of their affiliates (the Harbinger Filers). For purposes of clarification, when the ownership and voting percentage of the Harbinger Filers are calculated using guidelines promulgated by the FCC, the ownership and voting percentages are calculated on a non-fully diluted basis (i.e., only those shares which have been issued and are outstanding are included) and include only those shares actually held by the Harbinger Filers in the calculation (i.e., the

calculation excludes those dilutive securities which are subject to the exercise of warrants, options or other equity awards, and those which are being held in escrow pending receipt of the FCC Consent). Using this basis of calculation, the Harbinger Filers hold 46% of the voting interest in SkyTerra s Common Stock and 48% of the outstanding Capital Stock of SkyTerra. As discussed under Proposal One The Merger Regulatory Requirements beginning on page 58, the FCC Consent authorizing a transfer of control of SkyTerra s FCC licenses to Harbinger pursuant to the merger agreement is required prior to the consummation of the merger.

For purposes of presentation on the foregoing table entitled Security Ownership of Management and Certain Beneficial Owners, as well as on the Schedule 13 D filed October 16, 2009 by the Harbinger Filers, the ownership and voting percentages of the Harbinger Filers are calculated using guidelines for determining beneficial ownership set forth by the SEC. Calculations made on this basis include all securities owned by the Harbinger Filers (both in the money and out of the money dilutive securities) and all securities acquirable by the Harbinger Filers within 60 days (of which there are none), but exclude all dilutive securities held by third parties other than the Harbinger Filers (i.e. any and all shares issuable upon the exercise of warrants, options or other equity awards held by third parties) and any shares which are being held in escrow pending receipt of the FCC Consent. This calculation further assumes that, in the event that the Harbinger Filers have the option to elect whether to have shares issued as Common Stock or Non Voting Common Stock upon the exercise of the dilutive securities it currently holds, all shares which could be issuable upon the Harbinger Filers proper exercise of such dilutive securities would be issued to the Harbinger Filers as shares of Common Stock. Using this basis of calculation, the Harbinger Filers own 69.4% of the voting interest in SkyTerra s Common Stock.

(15) Includes SOLA LTD (address c/o Solus Alternative Asset Management LP, 430 Park Ave., 9th Floor, New York, New York 10022) and Solus Core Opportunities Fund Ltd (address c/o Solus Core Opportunities Fund Ltd).

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DIRECTORS AND EXECUTIVE OFFICERS OF HARBINGER AND ACQUISITION CORP.

Set forth below are the names, the present principal occupations or employment and the name, principal business and address of any corporation or other organization in which such occupation or employment is conducted, and the five year employment history of each of the current directors and executive officers of Master Fund, Special Fund, Acquisition Corp. and certain of their affiliates.

Master Fund

Martin J. Byrne, Director of Master Fund. Mr. Byrne is a Senior Trust and Company Manager for International Management Services, George Town, Grand Cayman KY1 1102, Cayman Islands, since 1999. Mr. Byrne is a resident of the Cayman Islands.

Ian Goodall, Director of Master Fund. Mr. Goodall is a Director and Company Secretary for International Management Services, George Town, Grand Cayman KY1 1102, Cayman Islands, since 1999. Mr. Goodall is a resident of the Cayman Islands.

Harbinger Capital Partners LLC (Harbinger LLC) is the investment manager of Master Fund. Harbinger Holdings, LLC (Harbinger Holdings) is the managing member of Harbinger LLC.

Special Fund

Harbinger Capital Partners Special Situations GP, LLC (Harbinger GP) is the general partner of Special Fund. Harbinger Holdings is the managing member of Harbinger GP.

Harbinger GP

Harbinger Holdings is the managing member of Harbinger GP, a Delaware limited liability company. The officers of Harbinger GP are set forth below.

Harbinger LLC

Harbinger Holdings is the managing member of Harbinger LLC, a Delaware limited liability company. The officers of Harbinger LLC are set forth below.

Harbinger Holdings

Philip A. Falcone is the managing member of Harbinger Holdings, a Delaware limited liability company.

Acquisition Corp.

Peter A. Jenson is the sole director of Acquisition Corp.

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Name	**Titles**	**Employment History**
Philip A. Falcone	President of Acquisition Corp. Senior Managing Director, Chief Executive Officer, Chief Investment Officer, President and Treasurer of Harbinger GP and Harbinger LLC.	Chief Investment Officer, Chief Executive Officer and Senior Managing Director of Harbinger Capital Partners, which he co founded in 2001.
Peter A. Jenson	Director, Vice President, Secretary and Treasurer of Acquisition Corp. Vice President of Harbinger GP Vice President and Secretary of Harbinger LLC.	Managing Director and Chief Operating Officer of Harbinger Capital Partners since 2009. Prior to joining Harbinger Capital Partners, Mr. Jenson was a Managing Director at Citadel Investment Group, 131 South Dearborn Street, Chicago, Illinois 60603 between 2005 and 2009, and Chief Financial Officer at Constellation Commodity Group, 111 Market Street, Suite 500, Baltimore, Maryland 21202 between 2002 and 2005.
Lawrence M. Clark, Jr.	Vice President of Acquisition Corp., Harbinger GP and Harbinger LLC.	Managing Director of Harbinger Capital Partners, where he has been employed since 2002.
Ian Estus	Vice President of Acquisition Corp., Harbinger GP and Harbinger LLC.	Managing Director of Harbinger Capital Partners, where he has been employed since 2002.

During the past five years, none of the persons described above has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws or a finding of any violation of federal or state securities laws. Each person identified above is a United States citizen, unless otherwise noted.

The business address and telephone number for each of Special Fund, Acquisition Corp., Harbinger GP, Harbinger LLC, Harbinger Holdings and Philip A. Falcone is 450 Park Avenue, 30th Floor, New York, New York 10022, (212) 339-5100.

The business address and telephone number for Master Fund is c/o International Fund Services Limited, Third Floor, Bishop s Square, Redmond s Hill, Dublin 2, Ireland, (212) 521-6972.

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CERTAIN PURCHASES AND SALES OF SKYTERRA CAPITAL STOCK

There have been no transactions in SkyTerra Capital Stock during the past 60 days by SkyTerra or any Harbinger Filing Person or their directors or executive officers, or by any pension, profit sharing or similar plan of SkyTerra or any Harbinger Filing Person.

Shares of Common Stock were issued by SkyTerra on April 13, 2009, following the vesting of shares of restricted stock held by each of Mr. Good and Mr. Macleod through net exercise, which reduced the number of shares of Common Stock issuable to each holder by the equivalent of the withholding tax amount paid by SkyTerra. In the case of Mr. Good, 135,600 shares of Common Stock were issued and 64,400 shares were withheld by SkyTerra. In the case of Mr. Macleod, 90,400 shares of Common Stock were issued and 42,934 shares were withheld by SkyTerra.

The following table shows purchases of SkyTerra Capital Stock during the past two years effected by any Harbinger Filing Person, showing the number of shares of SkyTerra Capital Stock purchased by each, the range of prices paid for those shares and the average price paid per quarter for the past two years.

Name of Filer	Quarter Ended 3/31/2008 Amount of Shares Purchased	Range of Prices Paid	Average Purchase Price
Harbinger Capital Partners Fund I, L.P. (1)	15,340,303	$ 5.50 7.40	$ 5.61

Name of Filer	Quarter Ended 6/30/2008 Amount of Shares Purchased	Range of Prices Paid	Average Purchase Price
Master Fund (2)	8,511,817	$10.00	$10.00
Special Fund (3)	7,886,312	$10.00	$10.00

Name of Filer	Quarter Ended 9/30/2008 Amount of Shares Purchased	Range of Prices Paid	Average Purchase Price
Master Fund (4)	12,573,854	$4.15	$4.15
Special Fund (5)	11,052,220	$4.15	$4.15

Name of Filer	Quarter Ended 12/31/2008 Amount of Shares Purchased	Range of Prices Paid	Average Purchase Price

Name of Filer	Quarter Ended 3/31/2009 Amount of Shares Purchased	Range of Prices Paid	Average Purchase Price
Special Fund (6)	425,519	$ 1.43 4.69	$ 2.57
Master Fund (7)	1,209,189	$ 1.43 4.69	$ 2.57

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Name of Filer	Quarter Ended 6/30/2009 Amount of Shares Purchased	Range of Prices Paid	Average Purchase Price

Name of Filer	Quarter Ended 9/30/2009 Amount of Shares Purchased	Range of Prices Paid	Average Purchase Price

Name of Filer	Quarter Ended 12/31/2009 Amount of Shares Purchased	Range of Prices Paid	Average Purchase Price

(1) Entity is a feeder fund for the Master Fund.
(2) 332,119 of the shares of Capital Stock purchased were placed in escrow pending FCC Consent.
(3) 110,706 of the shares of Capital Stock purchased were placed in escrow pending FCC Consent.
(4) 5,271,158 of the shares of Capital Stock purchased were placed in escrow pending FCC Consent.
(5) 2,635,573 of the shares of Capital Stock purchased were placed in escrow pending FCC Consent.
(6) 425,519 of the shares of Capital Stock purchased were placed in escrow pending FCC Consent.
(7) 1,209,189 of the shares of Capital Stock purchased were placed in escrow pending FCC Consent.

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OTHER MATTERS

The board of directors does not know of any matters to be presented for action at the annual meeting other than as set forth in this proxy statement. If other matters that SkyTerra does not know about a reasonable time before the mailing of this proxy statement do properly come before the annual meeting, or any adjournments or postponements thereof, it is the intention of the persons named in the proxy to vote on such matters in their sole discretion. If SkyTerra becomes aware, a reasonable time before the mailing of this proxy statement, of any other business to be presented at the annual meeting, the persons named in the proxy will not exercise their discretionary authority to vote on such matters.

STOCKHOLDER PROPOSALS

If the merger is completed, SkyTerra shares will no longer be publicly traded and SkyTerra will no longer hold annual meetings of its stockholders. If the merger is not completed, SkyTerra s stockholders will continue to be entitled to attend and participate in SkyTerra s stockholders meetings. If the merger is not completed, SkyTerra will inform its stockholders, by press release or other means determined reasonable by SkyTerra, of the date by which stockholder proposals must be received by SkyTerra for inclusion in the proxy materials relating to the annual meeting, which proposals must comply with the rules and regulations of the SEC then in effect.

WHERE YOU CAN FIND MORE INFORMATION

SkyTerra files annual, quarterly and current reports, proxy statements and other documents with the SEC under the Exchange Act. SkyTerra s SEC filings made electronically through the SEC s EDGAR system are available to the public at the SEC s website at http://www.sec.gov. You may also read and copy any document SkyTerra files with the SEC at the SEC s public reference room located at 450 Fifth Street, NW, Washington, DC 20549, and at the following Regional Office of the SEC: The Woolworth Building, 233 Broadway, New York, New York 10279. Please call the SEC at (800) SEC 0330 for further information on the operation of the public reference rooms. SkyTerra stockholders can also find this information in the Investor Relations section of SkyTerra s website, http://www.skyterra.com.

Because the merger is a going-private transaction, SkyTerra, Harbinger and Acquisition Corp. have filed with the SEC a Transaction Statement on Schedule 13E 3 with respect to the proposed merger. The Schedule 13E 3, including any amendments and exhibits filed or incorporated by reference as a part of it, is available for inspection as set forth above. The Schedule 13E 3 will be amended to report promptly any material changes in the information set forth in the most recent Schedule 13E 3 filed with the SEC.

We also attach to this proxy statement, SkyTerra s annual report on Form 10-K, as amended, for its year ended December 31, 2008, and SkyTerra s quarterly report on Form 10-Q, for its period ended September 30, 2009 as Appendices E and G, respectively. Because the merger is a going-private transaction, disclosure made in connection with the merger is not entitled to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (PSLRA) and any reference to any claim of reliance on the PSLRA contained in this proxy statement, including in either of Appendix E or G, attached hereto, is excluded.

Harbinger and Acquisition Corp. have supplied all information in this proxy statement related to Harbinger and Acquisition Corp. SkyTerra has not independently verified any of the information relating to Harbinger and Acquisition Corp. You should rely only on the information contained in this proxy statement, or to which SkyTerra has referred you, to vote your shares at the annual meeting. We have not authorized anyone to provide you with information that is different. This proxy statement is dated [ ], 2010. You should not assume that the information contained in this proxy statement is accurate as of any date other than that date, and the mailing of this proxy statement to stockholders does not create a solicitation of a proxy in any jurisdiction where, or to or

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from any person to whom, it is unlawful to make such a proxy solicitation in such jurisdiction. Notwithstanding the foregoing, in the event of any material change in any of the information previously disclosed, SkyTerra will, where relevant and if required by applicable law, (1) update such information through a supplement to this proxy statement and (2) amend the Transaction Statement on Schedule 13E 3 filed in connection with the merger, in each case, to the extent necessary.

Documents incorporated by reference in this proxy statement are available from us without charge, excluding all exhibits (unless we have specifically incorporated by reference an exhibit in this proxy statement). You may obtain documents incorporated by reference by requesting them in writing or by telephone as follows:

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191

Attention: Secretary

Telephone: (703) 390 2700

If you would like to request documents from us, please do so by [ ], 2010 in order to ensure timely receipt before the annual meeting. You should be sure to include your complete name and address in your request. If you request any incorporated documents, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

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Appendix A

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

by and among

HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD,

HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.,

SOL PRIVATE CORP.,

and

SKYTERRA COMMUNICATIONS, INC.

Dated as of September 23, 2009

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of September 23, 2009 (this Agreement), by and among Harbinger Capital Partners Master Fund I. Ltd, an exempted company organized under the laws of the Cayman Islands (Master Fund), Harbinger Capital Partners Special Situations Fund, L.P., a Delaware limited partnership (Special Fund , and together with Master Fund, H), Sol Private Corp., a Delaware corporation and an indirect wholly owned subsidiary of H (Acquisition Corp.), and SkyTerra Communications, Inc., a Delaware corporation (the Company). Certain capitalized terms used in this Agreement are defined in Section 7.1.

RECITALS:

A. H collectively owns the shares of Common Stock, par value $0.01 per share, of the Company (Common Stock), and the shares of Non-Voting Common Stock, par value $0.01 per share, of the Company (Non-Voting Common Stock , and, together with Common Stock, Capital Stock) as reported on the Schedule 13D/A filed by H on August 21, 2009.

B. H desires to acquire all of the shares of Capital Stock not owned by it, directly or indirectly, and to provide for the payment of $5.00 per share in cash for all such shares of Capital Stock, by means of a merger of Acquisition Corp. with and into the Company in accordance with Section 251 of the Delaware General Corporation Law (the DGCL), upon the terms and subject to the conditions of this Agreement (the Merger).

C. The respective Boards of Directors of the Company, H and Acquisition Corp. have (and in the case of the Company, upon the recommendation of a special committee of its Board of Directors (the Special Committee)) approved this Agreement and declared it advisable and in the best interests of their respective companies and stockholders to consummate the Merger on the terms and subject to the conditions set forth herein.

D. In consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, the Parties hereby agree as follows:

ARTICLE I

THE MERGER

Section 1.1. The Merger. At the Effective Time, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the DGCL, Acquisition Corp. will be merged with and into the Company, the separate existence of Acquisition Corp. will cease, and the Company will continue as the surviving corporation (the Surviving Corporation). The Merger will have the effects as provided by the DGCL and other applicable law.

Section 1.2. Effective Time. As soon as practicable on the Closing Date, Acquisition Corp. and the Company will file with the Secretary of State of the State of Delaware a certificate of merger (the Certificate of Merger) executed in accordance with the relevant provisions of the DGCL. The Merger will become effective at such time as the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware, or at such other time as is permissible in accordance with the DGCL and as the Parties may agree, as specified in the Certificate of Merger (the time the Merger becomes effective, the Effective Time).

Section 1.3. Closing. Unless this Agreement shall have been terminated in accordance with Section 6.1, the closing of the Merger (the Closing) will take place at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 at 10:00 a.m. (eastern standard time) on a date to be mutually agreed to by

the Parties, which date shall be no later than the third business day after the satisfaction of the conditions (other than conditions that by their nature are to be satisfied at the Closing but subject to such conditions) provided in Article V, or at such other time and place as the Parties may agree to in writing (the Closing Date).

Section 1.4. Certificate of Incorporation; By-laws; Directors and Officers. At the Effective Time:

(a) except as required by Section 4.8(a), the Amended and Restated Certificate of Incorporation of the Surviving Corporation shall be amended in the Merger to be the same as the certificate of incorporation of Acquisition Corp. as in effect immediately prior to the Effective Time (except that the name of the Surviving Corporation shall be SkyTerra Communications, Inc.) and, until thereafter amended in accordance with its terms and as provided by the DGCL, shall be the Amended and Restated Certificate of Incorporation of the Surviving Corporation;

(b) except as required by Section 4.8(a), the By-laws of Acquisition Corp. as in effect immediately prior to the Effective Time shall be the By-laws of the Surviving Corporation following the Merger (except that the name of the Surviving Corporation shall be SkyTerra Communications, Inc.), until thereafter amended as provided in the DGCL or in the Certificate of Incorporation or By-laws of the Surviving Corporation;

(c) the directors of Acquisition Corp. immediately prior to the Effective Time shall be the directors of the Surviving Corporation following the Merger until the earlier of (i) their death, resignation or removal or (ii) such time as their respective successors are duly elected or appointed as provided in the Certificate of Incorporation or By-laws of the Surviving Corporation; and

(d) the officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation until the earlier of (i) their death, resignation or removal or (ii) such time as their respective successors are duly appointed as provided in the Certificate of Incorporation or By-laws of the Surviving Corporation.

Section 1.5. Effect of Merger on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of Acquisition Corp., the Company or the holders of any shares of capital stock of the Company:

(a) each share of common stock, par value $0.001 per share, of Acquisition Corp. that is issued and outstanding immediately prior to the Effective Time shall be converted into and become one share of common stock, par value $0.01 per share, of the Surviving Corporation;

(b) subject to Section 1.5(c) and Section 1.6:

(i) each share of Capital Stock that is issued and outstanding immediately prior to the Effective Time (other than shares of Capital Stock held by H and its Affiliates or by any Company Subsidiary (as defined below)) will be converted into the right to receive $5.00 in cash, without interest (the Merger Consideration), and, when so converted, will automatically be canceled and will cease to exist;

(ii) each share of Capital Stock that is issued and outstanding immediately prior to the Effective Time and held by H or its Affiliates will automatically be canceled and will cease to exist; and

(iii) each holder of a certificate representing any such shares of Capital Stock will cease to have any rights with respect to such shares of Capital Stock to the extent such certificate represents such shares of Capital Stock, except for the right to receive the

Merger Consideration payable in respect of the shares of Capital Stock formerly represented by such certificate upon surrender of such certificate in accordance with Section 1.9; and

(c) each share of Capital Stock that is owned immediately prior to the Effective Time by any Company Subsidiary will remain outstanding thereafter, with appropriate adjustment to the number thereof to preserve the Company Subsidiary s percentage ownership of the Company.

Section 1.6. Dissenting Shares.

(a) Notwithstanding anything in this Agreement to the contrary, shares of Capital Stock outstanding immediately prior to the Effective Time and held by a holder who has demanded and perfected such holder s right to appraisal of such shares in accordance with Section 262 of the DGCL (the Dissenting Shares) will not be converted into or represent the right to receive the Merger Consideration, but their holder will instead be entitled to such rights as are afforded under the DGCL with respect to Dissenting Shares, unless such holder fails to perfect or withdraws or otherwise loses its right to appraisal.

(b) If any holder of shares of Capital Stock who demands appraisal of such holder s shares pursuant to the DGCL fails to perfect or withdraws or otherwise loses such holder s right to appraisal, at the later of the Effective Time or upon the occurrence of such event, such holder s Dissenting Shares will be converted into and will represent the right to receive the Merger Consideration, without interest, in accordance with Section 1.5(b).

(c) The Company shall give H:

(i) prompt notice of any written demand for appraisal or payment of the fair value of any shares of Capital Stock, withdrawals or attempted withdrawals of such demands, and any other instruments served pursuant to the DGCL received by the Company; and

(ii) the opportunity to direct all negotiations and proceedings with respect to demands for appraisal under the DGCL.

(d) The Company shall not, except with the prior written consent of H, voluntarily make any payment with respect to any demands for appraisals of Capital Stock, offer to settle or settle any such demands or approve any withdrawal of any such demands.

Section 1.7. Stock Options. Immediately prior to the Effective Time, each option to purchase shares of Common Stock granted under any stock option plan or purchase plan, program or similar arrangement or any individual employment agreement, including, without limitation, the Company s 1998 Long-Term Incentive Plan, 2006 Equity and Incentive Plan and the Mobile Satellite Ventures LP 2001 Unit Incentive Plan (the MSV Plan ; which shall include for these purposes those options issued under the MSV Plan that were exchanged for Company stock options in the option exchange offer made by the Company pursuant to that Registration Statement on Form S-4, Registration No. 333-144093 (such offer, the Option Exchange Offer)) (such plans, agreements, programs or similar arrangements, collectively, the Stock Plans) that is outstanding immediately prior to the Effective Time (each, an Option) shall, whether vested or not vested, be converted into and become the right to receive from the Surviving Corporation, promptly following the Effective Time, an amount in cash equal to the product obtained by multiplying (A) the excess, if any, of the Merger Consideration payable for each share of Common Stock over the per share exercise price of each such Option, by (B) the number of shares of Common Stock for which such Option was exercisable immediately prior to the Effective Time, and when so converted, will automatically be cancelled and retired and will cease to exist; provided that with respect to those options granted under the MSV Plan that are outstanding as of immediately prior to the Effective Time but were not exchanged pursuant to the Option Exchange Offer, such options shall as of immediately prior to the Effective Time be deemed to have been exchanged for options to purchase shares of Common Stock in accordance with the terms of the Option Exchange Offer; and provided further, that Options the vesting of which is contingent on the achievement of performance goals will be cancelled immediately prior to the Effective Time and replaced with cash-based awards to be determined by the Company s Compensation Committee, subject to H s approval (which approval shall not be unreasonably withheld).

Section 1.8. Restricted Stock. Immediately prior to the Effective Time, each share of restricted Common Stock previously issued by the Company pursuant to any of the Stock Plans which is then outstanding, other than the grants of restricted Common Stock set forth on Schedule 1.8, shall be converted into the right to receive from the Surviving Corporation, promptly following the Effective Time, an amount in cash equal to the Merger

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Consideration as provided in Section 1.5(b) and, when so converted, will automatically be cancelled and will cease to exist; provided, that with respect to the MSV phantom units referred to in Section 2.2(a) hereof (the MSV Units) that are outstanding as of immediately prior to the Effective Time, each such MSV Unit shall be deemed to have been exchanged for 2.82 shares of Common Stock as of immediately prior to the Effective Time.

Section 1.9. Exchange of Certificates; Payment for Capital Stock.

(a) Exchange Agent. Prior to the Effective Time, H will appoint a bank or trust company reasonably acceptable to the Company to act as exchange agent (the Exchange Agent) for the payment of the Merger Consideration. At or prior to the Effective Time, H will have deposited, or caused to be deposited, with the Exchange Agent, for the benefit of the holders of shares of Capital Stock (other than H and its subsidiaries), the aggregate amount of cash payable under Section 1.5(b) in exchange for outstanding shares of Capital Stock in accordance with this Section 1.9 (the Exchange Fund).

(b) Exchange Procedures.

(i) Promptly after the Effective Time (but no later than five (5) business days after the Effective Date), the Exchange Agent will mail to each holder of record of a certificate or certificates, which represented outstanding shares of Capital Stock immediately prior to the Effective Time, whose shares were converted into the right to receive cash pursuant to Section 1.5(b):

(1) a letter of transmittal (which will be in customary form and reviewed by the Company prior to delivery thereof) specifying that delivery will be effected, and risk of loss and title to the certificates representing such shares of Capital Stock will pass, only upon delivery of the certificates representing such shares of Capital Stock to the Exchange Agent; and

(2) instructions for use in effecting the surrender of the certificates representing such shares of Capital Stock, in exchange for the Merger Consideration.

(ii) Upon surrender to, and acceptance in accordance with Section 1.9(b)(iii) below by, the Exchange Agent of a certificate or certificates formerly representing shares of Capital Stock, the holder will be entitled to the amount of cash into which the number of shares of Capital Stock formerly represented by such certificate or certificates surrendered have been converted under this Agreement.

(iii) The Exchange Agent will accept certificates formerly representing shares of Capital Stock upon compliance with such reasonable terms and conditions as the Exchange Agent may impose to effect an orderly exchange of the certificates in accordance with normal exchange practices.

(iv) After the Effective Time, no further transfers may be made on the records of the Company or its transfer agent of certificates representing shares of Capital Stock and if such certificates are presented to the Company for transfer, they will be canceled against delivery of the Merger Consideration allocable to the shares of Capital Stock represented by such certificate or certificates.

(v) If any Merger Consideration is to be remitted to a name other than that in which the certificate for the Capital Stock surrendered for exchange is registered, no Merger Consideration may be paid in exchange for such certificate unless:

(1) the certificate so surrendered is properly endorsed, with signature guaranteed, or otherwise in proper form for transfer; and

(2) the Person requesting such payment shall pay any transfer or other taxes required by reason of the payment to a Person other than the registered holder of such certificate or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(vi) Until surrendered as contemplated by this Section 1.9 and at any time after the Effective Time, each certificate for shares of Capital Stock (other than Dissenting Shares and shares held by H and

its Affiliates) will be deemed to represent only the right to receive upon such surrender the Merger Consideration allocable to the shares represented by such certificate as contemplated by Section 1.5(b). No interest will be paid or will accrue on any amount payable as Merger Consideration.

(c) No Further Ownership Rights in Capital Stock. The Merger Consideration paid upon the surrender for exchange of certificates formerly representing shares of Capital Stock in accordance with this Section 1.9 will be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Capital Stock formerly represented by such certificates.

(d) Termination of Exchange Fund. The Exchange Agent will deliver to the Surviving Corporation any portion of the Exchange Fund (including any interest and other income received by the Exchange Agent in respect of all such funds) which remains undistributed to the holders of the certificates formerly representing shares of Capital Stock upon expiry of the period of six (6) months following the Effective Time. Any holders of shares of Capital Stock prior to the Merger who have not complied with this Section 1.9 prior to such time, may look only to the Surviving Corporation for payment of their claim for Merger Consideration to which such holders may be entitled.

(e) No Liability. No Party will be liable to any Person in respect of any amount from the Exchange Fund delivered to a public official in accordance with any applicable abandoned property, escheat or similar law.

(f) Lost Certificates. If any certificate or certificates formerly representing shares of Capital Stock is lost, stolen or destroyed, the Exchange Agent will issue the Merger Consideration deliverable in respect of, and in exchange for, such lost, stolen or destroyed certificate, as determined in accordance with this Section 1.9, only upon:

(i) the making of an affidavit of such loss, theft or destruction by the Person claiming such certificate or certificates to be lost, stolen or destroyed; and

(ii) if required by the Surviving Corporation, the posting by such Person of a bond in such reasonable amount as the Surviving Corporation may reasonably require as indemnity against any claim that may be made against it with respect to such certificate; or

(iii) if required by the Surviving Corporation, the entering into an indemnity agreement by such Person reasonably satisfactory to the Surviving Corporation to indemnify the Surviving Corporation against any claim that may be made against it with respect to such certificate.

(g) Withholding Rights. Master Fund, Special Fund and the Surviving Corporation may deduct and withhold, or may instruct the Exchange Agent to deduct and withhold, from the consideration otherwise payable under this Agreement to any holder of shares of Capital Stock such amounts as Master Fund, Special Fund, the Surviving Corporation or the Exchange Agent is required to deduct and withhold under the United States Internal Revenue Code of 1986, as amended, or any similar provision of state, local or foreign tax law with respect to the making of such payment. Any amounts so deducted and withheld by Master Fund, Special Fund, the Surviving Corporation or the Exchange Agent will be treated as having been paid to the holder of the shares of Capital Stock in respect of which such deduction and withholding was made for all purposes.

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ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Company s disclosure letter delivered to the H Parties in connection with this Agreement (the Company Disclosure Letter) or the SEC Documents filed prior to the date of this Agreement (excluding risk factors and forward-looking disclosure), the Company hereby represents and warrants to the H Parties as follows:

Section 2.1. Organization and Qualification.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has all the requisite corporate power and authority to carry on its business as now being conducted and to own, lease, use and operate the properties owned and used by it. SkyTerra LP (LP) is a limited partnership validly existing and in good standing under the laws of Delaware and has all the requisite partnership power and authority to carry on its business as now being conducted and to own, lease, use and operate the properties owned and used by it. SkyTerra Subsidiary LLC (Subsidiary) is a limited liability company validly existing and in good standing under the laws of Delaware and has all the requisite corporate power and authority to carry on its business as now being conducted and to own, lease, use and operate the properties owned and used by it.

(b) Each of the Companies and the Company Subsidiaries and, to the knowledge of the Company, the Canadian Joint Venture, is qualified and in good standing to do business in each jurisdiction in which the nature of its business requires it to be so qualified, except to the extent the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect on any of the Companies.

Section 2.2. Capitalization.

(a) As of the date of this Agreement, the authorized capital stock of the Company consists of (i) 200,000,000 shares of Common Stock; (ii) 125,000,000 shares of Non-Voting Common Stock, par value $.01 per share; and (iii) 10,000,000 shares of Preferred Stock, par value $.01 per share (the Preferred Stock). As of September 22, 2009, there were 48,865,453 shares of Common Stock issued and outstanding and 59,958,499 shares of Non-Voting Common Stock issued and outstanding and no shares of Preferred Stock issued or outstanding. As of September 22, 2009, there were 15,398,337 shares of Common Stock issuable upon the exercise of issued and outstanding Options, 37,853,099 shares of Common Stock reserved for issuance to H upon exchange of Non-Voting Common Stock (Exchange), 22,105,400 shares of Common Stock reserved for issuance upon transfers by BCE (Transfer), and 38,520,040 shares reserved for issuance to H and Boeing Satellite Systems Inc. pursuant to warrants (individually or collectively, Warrants) and 56,400 shares of Common Stock reserved for issuance upon the exchange of 20,000 MSV phantom units. All of the issued and outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and non-assessable. No shares of capital stock of the Company are held in the treasury of the Company as of the date of this Agreement.

(b) Except for Common Stock issuable upon (i) the exercise of outstanding Options (Option Exercise), (ii) an Exchange, (iii) a Transfer or (iv) an exercise of Warrants (a Warrant Exercise), there are no outstanding options, warrants or other rights of any kind issued or granted by the Company to acquire (including preemptive rights) from the Company any additional shares of capital stock of the Company or securities convertible into or exchangeable for, or which otherwise confer on the holder thereof any right to acquire, any such additional shares from the Company, nor is the Company committed to issue any such option, warrant, right or security.

(c) Included in the Company Disclosure Schedule is a correct and complete list, as of September 22, 2009, of all outstanding Options or other rights to purchase or receive shares of capital stock of the Company

granted under the Stock Plans or otherwise, and, for each such Option or other right, the number of shares of capital stock subject thereto, the terms of vesting, the grant and expiration dates and exercise price thereof and the name of the holder thereof.

Section 2.3. Subsidiaries. Except for the entities set forth in Section 2.3 of the Company Disclosure Schedule (the Company Subsidiaries , which term shall exclude the Canadian Joint Venture), the Company does not own, directly or indirectly, any capital stock, voting securities, partnership interests or equity securities of any Person. All the outstanding shares of capital stock of, or partnership interests or other equity interests in LP, Subsidiary, each other Company Subsidiary and the Canadian Joint Venture have been duly authorized and validly issued and are fully paid and nonassessable and are owned directly or indirectly by the Company free and clear of all Liens.

Section 2.4. Authorization.

(a) The Company has all requisite corporate power and authority to enter into this Agreement and, subject to any necessary approval of this Agreement by the stockholders of the Company as provided below in this Section 2.4(a), to carry out its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. The affirmative vote of the holders of a majority of the outstanding shares of Common Stock in favor of the adoption of this Agreement is the only vote or approval of any class of capital stock of the Company necessary to adopt this Agreement and approve the Merger.

(b) The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated by this Agreement have been duly authorized by all requisite corporate action on the part of the Company (other than the approval of this Agreement by the stockholders of the Company and filing of the Certificate of Merger with the Secretary of State of the State of Delaware as required by the DGCL). Upon the recommendation of the Special Committee, the Board of Directors of the Company has in accordance with the requirements of the DGCL unanimously approved and declared advisable this Agreement and has determined that the terms of the Merger are fair to, and in the best interests of, the Company and the Public Stockholders.

(c) This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery of this Agreement by each H Party, constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally or by general equitable principles.

Section 2.5. Consents.

(a) Assuming that the consents, approvals, qualifications, orders, authorizations and filings referred to in Section 2.5(b) have been made or obtained, the execution, delivery and performance by the Company of this Agreement will not (with or without notice or lapse of time) result in any violation of or be in conflict with, or result in a breach of, or constitute a default (or trigger or accelerate loss of rights or benefits or accelerate performance or obligations required) under:

(i) any provision of any of the Companies , any of the Company Subsidiaries or, to the knowledge of the Company, the Canadian Joint Venture s certificates of incorporation or bylaws (or comparable organizational documents);

(ii) any term or provision of any state or federal (domestic or foreign) law, ordinance, rule or regulation to which any of the Companies, the Company Subsidiaries or, to the knowledge of the Company, the Canadian Joint Venture, is subject, except for such violations, breaches or defaults that would not have, together with all such other violations, breaches and defaults, a Material Adverse Effect on any of the Companies or prevent or materially delay the consummation of the transactions contemplated by this Agreement; or

(iii) any Contract or Judgment to which any of the Companies, the Company Subsidiaries or, to the knowledge of the Company, the Canadian Joint Venture, is a party or by which any of the Companies, the Company Subsidiaries or, to the knowledge of the Company, the Canadian Joint Venture, is bound, or result in the creation of any Lien upon any of the properties or assets of any of the Companies, the Company Subsidiaries or, to the knowledge of the Company, the Canadian Joint Venture, except for such violations, breaches, defaults or Liens that would not have, together with all such other violations, breaches, defaults and Liens, a Material Adverse Effect on any of the Companies or prevent or materially delay the consummation of the transactions contemplated by this Agreement.

(b) No consent, approval, qualification, order or authorization of, or filing with, any Governmental Entity is required in connection with the Company s valid execution, delivery or performance of this Agreement, or the consummation of any other transaction contemplated on the part of the Companies under this Agreement, except (1) in connection, or in compliance, with the Securities Act and the Exchange Act, (2) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and appropriate related documents with the relevant authorities of other states in which any of the Companies is qualified to do business, (3) the FCC Consent, (4) the filings required under, and compliance with other applicable requirements of, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), and (5) approvals, qualifications, orders, authorizations, or filings, in each case, the failure to obtain which would not have a Material Adverse Effect on any of the Companies or prevent or materially delay the consummation of the transactions contemplated by this Agreement.

Section 2.6. Opinion of Financial Advisor and Approval by the Special Committee.

(a) On or prior to the date of this Agreement, the Special Committee has (i) approved the terms of this Agreement and the Merger as they relate to the Public Stockholders, (ii) determined that the Merger is fair to and in the best interest of the Company and the Public Stockholders, (iii) recommended that the Board of Directors of the Company approve this Agreement and the Merger, and (iv) together with the rest of the Board of Directors of the Company, resolved to recommend to the Public Stockholders that they approve the adoption of this Agreement.

(b) The Special Committee and the Board of Directors of the Company have received an opinion of Morgan Stanley & Co. Incorporated to the effect that, as of the date of such opinion, the Merger Consideration is fair, from a financial point of view, to the Public Stockholders. A true, complete and signed copy of such opinion will promptly be delivered to H.

Section 2.7. Brokers and Finders. Other than Morgan Stanley & Co. Incorporated, none of the Companies has employed any broker, finder, advisor or intermediary in connection with the transactions contemplated by this Agreement that would be entitled to a broker s, finder s or similar fee or commission in connection with or upon the consummation of the transactions contemplated by this Agreement. The Company has disclosed to H all amounts payable to Morgan Stanley & Co. Incorporated.

Section 2.8. Proxy Statement; Schedule 13E-3.

(a) None of the information to be supplied by any of the Companies for inclusion in the Proxy Statement or the Schedule 13E-3 will, in the case of the Schedule 13E-3, as of the date thereof and the date of any amendment thereto and, in the case of the Proxy Statement, as of the time the Proxy Statement (or any amendment thereof or supplement thereto) is filed with the SEC and at the time the Proxy Statement is mailed to the Company s stockholders, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(b) Each of the Proxy Statement and the Schedule 13E-3 will, as of its first date of use, comply as to form in all material respects with the provisions of the Exchange Act.

Section 2.9. SEC Documents; Financial Statements; Sarbanes-Oxley.

(a) The Company has filed with the SEC all reports, schedules, forms, statements, amendments, supplements and other documents required to be filed with the SEC since January 1, 2007, together with all certifications required pursuant to the Sarbanes-Oxley Act of 2002 (these documents, and together with all information incorporated by reference therein and exhibits thereto, the SEC Documents).

(b) As of the respective dates that they were filed, the SEC Documents complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act, as the case may be. None of the SEC Documents, at the time filed, contained any untrue statement of a material fact or omitted to state any material fact required to be stated in or necessary in order to make the statements in the SEC Documents, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are no outstanding or unresolved comments received from the SEC staff with respect to the SEC Documents. To the knowledge of the Company, none of the SEC Documents is the subject of ongoing SEC formal, informal or voluntary review or investigation.

(c) The financial statements of the Company included in the SEC Documents (i) comply in all material respects with applicable accounting requirements and the applicable published rules and regulations of the SEC, (ii) have been prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by applicable instructions or regulations of the SEC relating to the preparation of quarterly reports on Form 10-Q) applied on a consistent basis during the period involved (except as may be indicated in the notes to the financial statements), and (iii) fairly present in all material respects the consolidated financial position of the Company as of the respective dates and the Company s consolidated results of operations and cash flows for the periods then ended except as otherwise noted therein (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(d) The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) required in order for the Chief Executive Officer and Chief Financial Officer of the Company to engage in the review and evaluation process mandated by Section 302 of the Sarbanes-Oxley Act of 2002. The Company s disclosure controls and procedures are reasonably designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such information is accumulated and communicated to the Company s management as appropriate to allow timely decisions regarding required disclosure. None of the Companies is a party to any off-balance sheet arrangements (as defined in Item 303(c) of Regulation S-K promulgated under the Exchange Act).

Section 2.10. Absence of Certain Changes or Events.

(a) Except as previously disclosed to H in accordance with the terms of the MCSA, since January 1, 2009, the Companies, the Company Subsidiaries and, to the knowledge of the Company, the Canadian Joint Venture, have conducted their respective businesses only in the ordinary course of such businesses.

(b) Since January 1, 2009, there has not been any event, fact, violation, circumstance or other matter that has or have had, or would reasonably be expected to, either individually or in the aggregate, have a Material Adverse Effect on any of the Companies.

Section 2.11. No Undisclosed Material Liabilities. None of the Companies nor any of the Company Subsidiaries and, to the knowledge of the Company, nor the Canadian Joint Venture, has any liabilities of any kind whatsoever (whether accrued, contingent, absolute or otherwise, whether known or unknown) whether or not required, if known, to be reflected, reserved for or disclosed on the consolidated financial statements of the Company prepared in accordance with GAAP or the notes thereto, except liabilities:

(a) reflected, reserved for or disclosed in the Company s audited consolidated balance sheet as of December 31, 2008 included in the SEC Documents filed by the Company and publicly available prior to the date of this Agreement;

(b) incurred after December 31, 2008 in the ordinary course of business consistent with past practice and that, individually in the aggregate, have not had and could not be reasonably be expected to be material to the Companies, taken as a whole; and

(c) incurred under this Agreement or in connection with the transactions contemplated by this Agreement.

Section 2.12. Compliance with Laws and Court Orders. Each of the Companies, the Company Subsidiaries and, to the knowledge of the Company, the Canadian Joint Venture, is in compliance in all material respects with and, to the knowledge of each of the Companies, has not been given notice of any violation of, any applicable law, rule, regulation, judgment, injunction, order or decree of any Governmental Entity applicable to any of the Companies, the Company Subsidiaries or the Canadian Joint Venture, except for such violations as would not reasonably be expected to, either individually or in the aggregate, have a material adverse effect on any of Companies, the Company Subsidiaries or the Canadian Joint Venture. Each of the Companies and the Company Subsidiaries and, to the knowledge of the Company, the Canadian Joint Venture, has all franchises, permits, licenses and any similar authorities (the Permits) reasonably necessary for the conduct of their business as being conducted by them, the absence of which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on any of the Companies. No suspension or cancellation of any of the Permits is pending or, to the knowledge of the Companies, threatened. To the knowledge of the Companies, the Companies, the Company Subsidiaries and the Canadian Joint Venture are not in default in any material respect under any Permits.

Section 2.13. Litigation and Claims. None of the Companies nor the Company Subsidiaries and, to the knowledge of the Company, nor the Canadian Joint Venture, is subject to any continuing order of, or written agreement or memorandum of understanding with, any Governmental Entity or any judgment, order, writ, injunction, decree, or award of any Governmental Entity or any court or arbitrator, and there is no claim, action, suit, litigation, proceeding, or arbitration pending or, to the knowledge of any of the Companies, threatened, except for matters which would not reasonably be expected to, either individually or in the aggregate, have a Material Adverse Effect on any of the Companies.

Section 2.14. Employee Plans. For purposes of this Section 2.14, the term Benefit Plan means each deferred compensation and each bonus or other incentive compensation, stock purchase, stock option and other equity compensation plan, program, agreement or arrangement; each severance or termination pay, medical, surgical, hospitalization, life insurance and other welfare plan, fund or program (within the meaning of section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (ERISA)); each profit-sharing, stock bonus or other pension plan, fund or program (within the meaning of section 3(2) of ERISA); each employment, termination or severance agreement; and each other employee benefit plan, fund, program, agreement or arrangement, in each case, that is sponsored, maintained or contributed to or required to be contributed to by any of the Companies or any of the Company Subsidiaries for the benefit of directors, employees or former employees of any of the Companies or any of the Company Subsidiaries.

(a) Each Benefit Plan has been operated and administered in all material respects in accordance with its terms and applicable law, including but not limited to ERISA and the Internal Revenue Code of 1986, as amended.

(b) No liability under Title IV or section 302 of ERISA has been incurred by any of the Companies or any of the Company Subsidiaries or, to the knowledge of the Company, the Canadian Joint Venture, that has not been satisfied in full.

(c) The consummation of the transactions contemplated by this Agreement will not, either alone or in combination with another event, (i) entitle any current or former employee or officer of any of the Companies or any of the Company Subsidiaries to severance pay, unemployment compensation or any other payment, except as expressly provided in this Agreement, or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such employee or officer.

Section 2.15. Tax Matters. (a) Each of the Company and the Company Subsidiaries and, to the knowledge of the Company, the Canadian Joint Venture, has filed all material Tax Returns required to be filed by it, all such Tax Returns are true and correct in all material respects, and the Company, each of the Company Subsidiaries and, to the knowledge of the Company, the Canadian Joint Venture, has paid all material Taxes due and payable, whether or not shown on such Tax Returns, or has made adequate provision (in accordance with GAAP) for all material Taxes on the latest balance sheet included in the financial statements included in the filed SEC Documents; (b) there is no pending examination, investigation, audit, suit, action, claim or proceeding relating to material Taxes of the Company, any of the Company Subsidiaries or, to the knowledge of the Company, the Canadian Joint Venture, and no written notice thereof has been received by the Company, any of the Company Subsidiaries and, to the knowledge of the Company, the Canadian Joint Venture; (c) neither the Company nor any of the Company Subsidiaries and, to the knowledge of the Company, nor the Canadian Joint Venture, has received written notice of a determination by any Taxing Authority that any material Tax amounts are owed by the Company, any of the Company Subsidiaries or the Canadian Joint Venture, which determination has not been paid, compromised, or otherwise finally disposed of, and, to the knowledge of the Company, no such determination is proposed or threatened; (d) there are no material Liens arising from or related to Taxes on or pending against the Company, any Company Subsidiary or, to the knowledge of the Company, the Canadian Joint Venture or any of their properties, other than statutory liens for Taxes that are not yet due and payable; (e) neither the Company nor any Company Subsidiary and, to the knowledge of the Company, nor the Canadian Joint Venture has constituted either a distributing corporation or a controlled corporation (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying or intended to qualify for tax-free treatment under Section 355(a) of the Code within the two-year period prior to the date of this Agreement; (f) neither the Company nor any of the Company Subsidiaries and, to the knowledge of the Company, nor the Canadian Joint Venture, has participated in any listed transaction within the meaning of Treasury Regulation section 1.6011-4(b)(2); (g) neither the Company nor any of the Company Subsidiaries and, to the knowledge of the Company, nor the Canadian Joint Venture, is a party to or is bound by any Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among the Company and the Company Subsidiaries); and (h) neither the Company nor any of the Company Subsidiaries and, to the knowledge of the Company, nor the Canadian Joint Venture, has ever been a member of a consolidated, combined or unitary Tax group (other than such a group consisting exclusively of the Company and the Company Subsidiaries).

Section 2.16. Contracts.

(a) None of the Companies nor any of the Company Subsidiaries, and to the knowledge of the Company, nor the Canadian Joint Venture, is subject to any non-competition, non-solicitation or similar Contract or restriction.

(b) The Cooperation Agreement dated as of December 20, 2007 by and among LP, SkyTerra (Canada), the Company, and Inmarsat (the Cooperation Agreement), is in full force and effect. Neither the Company, nor any Company Subsidiary, nor SkyTerra (Canada) has declared a Triggering Investment (as defined in the Cooperation Agreement) under the Cooperation Agreement. The Company has provided to H a true, correct and complete copy of the Cooperation Agreement, together with all amendments, modifications or supplements thereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE H PARTIES

Master Fund, Special Fund and Acquisition Corp. (each, a H Party and together, the H Parties) hereby severally and not jointly warrant to the Company as follows:

Section 3.1. Organization and Qualification. Each of Master Fund and Special Fund has been duly organized, and is validly existing and in good standing under the laws of the jurisdiction of its organization.

Acquisition Corp. is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Acquisition Corp. has been incorporated solely for the purpose of merging with and into the Company and taking action incident to the Merger. Except for obligations or liabilities and activities contemplated by this Agreement, Acquisition Corp. has not incurred any obligations or liabilities or engaged in any business activities of any kind prior to the Closing. Acquisition Corp. is and will remain an Affiliate of H prior to the Closing.

Section 3.2. Authorization.

(a) Each H Party has all exempted company or corporate power and authority to enter into this Agreement, to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement.

(b) The execution and delivery of this Agreement by each H Party and the consummation by each H Party of the transactions contemplated by this Agreement have been duly authorized by all exempted company or corporate action on the part of each H Party.

(c) This Agreement has been duly executed and delivered by each H Party and, assuming the due authorization, execution and delivery of this Agreement by the Company, constitutes the valid and binding obligation of each H Party, enforceable against each H Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar laws affecting creditors rights generally or by general equitable principles.

Section 3.3. Consents.

(a) Assuming that the consents, approvals, qualifications, orders, authorizations and filings referred to in Section 3.3(b) have been made or obtained, the execution, delivery and performance by each H Party of this Agreement will not result in any violation of or be in conflict with, or result in a breach of, or constitute a default under:

(i) any term or provision of any state or federal law, ordinance, rule or regulation to which any H Party is subject and which violation, breach or default would have, together with all such other violations, breaches and defaults, a Material Adverse Effect on the H Parties or prevent or materially delay the consummation of the transactions contemplated by this Agreement; or

(ii) the Certificate of Incorporation or By-Laws or other organizational documents of each H Party, as amended and in effect on the date of this Agreement or the Closing Date, or any Contract or Judgment to which any H Party is a party or by which any H Party is bound, or result in the creation of any Lien upon any of the properties or assets of any H Party, which breach or default would have, together with all such other breaches and defaults, a Material Adverse Effect on the H Parties or prevent or materially delay the consummation of the transactions contemplated by this Agreement.

(b) No consent, approval, qualification, order or authorization of, or filing with, any Governmental Entity is required in connection with the valid execution, delivery or performance of this Agreement by any H Party, or the consummation of any other transaction contemplated on the part of any H Party under this Agreement, except (1) in connection, or in compliance, with the Securities Act and the Exchange Act, (2) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, (3) the FCC Consent, (4) the filings required under, and compliance with other applicable requirements of, the HSR Act, and (5) approvals, qualifications, orders, authorizations, or filings, in each case the failure to obtain which would not have a Material Adverse Effect on the H Parties or prevent or materially delay the consummation of the transactions contemplated by this Agreement.

Section 3.4. Financing. H will cause Acquisition Corp. to have funds sufficient to pay the aggregate Merger Consideration at the Effective Time.

Section 3.5. Brokers and Finders. Other than UBS Securities LLC, no H Party has employed any broker, finder, advisor or intermediary in connection with the transactions contemplated by this Agreement that would be entitled to a broker s, finder s, or similar fee or commission in connection with or upon the consummation of the transactions contemplated by this Agreement.

Section 3.6. Proxy Statement; Schedule 13E-3. None of the information to be supplied by a H Party for inclusion in the Proxy Statement or Schedule 13E-3 will, in the case of the Schedule 13E-3, as of the date thereof and the date of any amendment thereto and, in the case of the Proxy Statement, as of the time the Proxy Statement (or any amendment thereof or supplement thereto) is filed with the SEC and at the time the Proxy Statement is mailed to the Company s stockholders, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein with respect to the information provided by a H Party, in light of the circumstances under which they are made, not misleading.

ARTICLE IV

CERTAIN COVENANTS AND AGREEMENTS

Section 4.1. Certain Actions Pending Merger. Prior to the Effective Time, (i) the Companies shall (and shall cause the Company Subsidiaries to and, to the extent within the Company s Control, cause the Canadian Joint Venture to) conduct their respective businesses in the ordinary and usual course of business, consistent with past practice and (ii) except as and to the extent prohibited by the respective Sections 4.13 of the indentures governing the LP s outstanding 14% Senior Secured Notes due 2013, the 16.5% Senior Unsecured Notes due 2013, and the 18% Senior Unsecured Notes due 2013, none of the Companies shall (and shall cause the Company Subsidiaries not to and, to the extent within the Company s Control, cause the Canadian Joint Venture not to) take any of the following actions, except with the prior written consent of H (which in the case of clauses (f), (g), (h), (i), (j), (k)(A), (m), (n), (o), (q), (r), and (t), shall not be unreasonably withheld, such reasonableness to be determined from the perspective of H) or as expressly contemplated or permitted by this Agreement:

(a) declare, set aside or pay any dividends on or make any other distribution in respect of any of its capital stock; provided, however, that this clause (a) shall not apply to (i) any wholly-owned subsidiary of the Company and (ii) the Canadian Joint Venture if such action is pursuant to the terms of any agreement in effect on the date of this Agreement and set forth on Section 4.1(a) of the Company Disclosure Schedule (true and complete copies of which have been delivered to H);

(b) split, combine or reclassify any of its capital stock or other equity interests or issue or authorize or propose the issuance or authorization of any other securities in respect of, in lieu of, or in substitution for shares of its capital stock or other equity interests or repurchase, redeem or otherwise acquire any shares of its capital stock or other equity interests other than pursuant to the terms of any agreement in effect on the date of this Agreement and set forth on Section 4.1(b) of the Company Disclosure Schedule (true and complete copies of which have been delivered to H);

(c) issue, deliver, pledge, encumber or sell, or authorize the issuance, delivery, pledge, encumbrance or sale of, or purchase or propose the purchase of, any shares of its capital stock or other equity interests or securities convertible into, or rights, warrants or options to acquire, any such shares of capital stock or other equity interests or other convertible securities (other than the issuance on Option Exercise, an Exchange, a Transfer or a Warrant Exercise, in each case in accordance with their respective present terms), authorize or propose any change in its equity capitalization, or amend any of the financial or other economic terms of such securities or the financial or other economic terms of any agreement to which any of the Companies is a party relating to such securities, except as set forth on Section 4.1(c) of the Company Disclosure Schedule;

(d) amend its Certificate of Incorporation, By-laws or other organizational documents in any manner;

(e) merge or consolidate with any other Person, or acquire any assets or capital stock of any other Person, other than acquisitions of assets in the ordinary course of business consistent with past practice;

(f) incur any indebtedness for money borrowed or guarantee any such indebtedness of another Person, except as set forth on Section 4.1(f) of the Company Disclosure Schedule;

(g) make or authorize any capital, operating or cash expenditures, other than capital, operating and cash expenditures that are in the aggregate no greater than (i) $108 million in the aggregate for the period September 1, 2009 through December 31, 2009, (ii) $137 million in the aggregate for the period September 1, 2009 through January 31, 2010, (iii) $158 million in the aggregate for the period September 1, 2009 through February 28, 2010 and (iv) $170 million in the aggregate for the period September 1, 2009 through March 31, 2010; provided, that, if the transaction is not consummated prior to April 1, 2010, the provisions of this Section 4.1(g) shall cease to apply; provided, further, that the costs calculated pursuant to this Section 4.1(g) shall not include any employee severance expenses or D&O run-off insurance policy premiums;

(h) except as may be required by changes in applicable law or GAAP, change any method, practice or principle of accounting;

(i) enter into any new employment agreements with, or increase the compensation of, any officer (vice president or above) or director of any of the Companies (including entering into any bonus, severance, change of control, termination, reduction-in-force or consulting agreement or other employee benefits arrangement or agreement pursuant to which such person has the right to any form of compensation from any of the Companies), other than as required by law or by written agreements in effect on or prior to the date of this Agreement and set forth on Section 4.1(i) of the Company Disclosure Schedule (true and complete copies of which have been delivered to H) with such person, or otherwise amend in any material respect any existing agreements with any such person or use its discretion to amend any Company Plan or accelerate the vesting or any payment under any Company Plan;

(j) enter into any transaction with any officer (vice president or above) or director of any of the Companies, other than as provided for in the terms of any agreement in effect on or prior to the date of this Agreement and set forth on Section 4.1(j) of the Company Disclosure Schedule (true and complete copies of which have been delivered to H);

(k) settle or otherwise compromise any material litigation, arbitration or other judicial or administrative dispute or proceeding relating to (A) any of the Companies or (B) the Merger or the transactions contemplated by this Agreement;

(l) sell, transfer, lease, mortgage, encumber or otherwise dispose of or subject to any Lien (including pursuant to a sale-leaseback transaction) any of its properties or assets (including securities of the Company Subsidiaries and the Canadian Joint Venture) to any Person, except (i) in the ordinary course of business consistent with past practice, (ii) pursuant to an agreement in effect on the date of this Agreement and set forth on Section 4.1(l) of the Company Disclosure Schedule (true and complete copies of which have been delivered to H), or (iii) dispositions of obsolete or worthless assets;

(m) make an investment in, or loan to, any Person, except (i) the Companies or wholly-owned subsidiaries of the Companies or (ii) the Canadian Joint Venture pursuant to an agreement in effect on the date of this Agreement and set forth on Section 4.1(m) of the Company Disclosure Schedule (true and complete copies of which have been delivered to H);

(n) (i) enter into, terminate or amend any Contract that is material to the Companies, taken as a whole, other than in the ordinary course of business consistent with past practice, (ii) enter into or extend the term or scope of any Contract that purports to restrict any of the Companies, or any existing or future subsidiary or Affiliate of any of the Companies, from engaging in any line of business or in any geographic area, or (iii) enter into any Contract that would be breached by, or require the consent of any third party in order to

continue in full force following, consummation of the transactions contemplated by this Agreement, or (iv) release any Person from, or modify or waive any provision of, any confidentiality, standstill or similar agreement;

(o) issue any broadly distributed communication of a general nature to employees (including general communications relating to benefits and compensation) or customers without the prior approval of H, except for communications in the ordinary course of business that do not relate to the transactions contemplated by this Agreement or as required by applicable law (provided that H is afforded a reasonable opportunity to review and comment thereon);

(p) (i) surrender, or to permit a materially adverse modification of, revocation of, forfeiture of, or failure to renew under regular terms, any of the licenses that are material to the business of any of the Companies or any of the Company Subsidiaries or their Affiliates, or cause the FCC to institute any proceedings for the revocation, suspension, or materially adverse modification of any such licenses that are material to the business of any of the Companies or any of the Company Subsidiaries; or (ii) fail to comply in all material respects with all requirements and conditions of the licenses of the Companies;

(q) make or change any material election concerning Taxes or Tax Returns, file any material amended Tax Return, enter into any material closing agreement with respect to Taxes, settle any material Tax claim or assessment or surrender any right to claim a material refund of Taxes or obtain any Tax ruling;

(r) file any registration statement under the Securities Act, other than pursuant to the Registration Rights Agreement dated as of July 24, 2008 among the Company, Master Fund, Special Fund, Harbinger Co-Investment Fund, L.P. and Harbinger Capital Partners Fund I, L.P.;

(s) without limiting clause (n), take any actions to (i) terminate, amend or otherwise modify the Cooperation Agreement (except that the Company hereby agrees that it shall as promptly as practicable after the date of this Agreement request (and shall use its best efforts) to have Inmarsat agree to (A) accept cash in lieu of issuances of Common Stock under the Cooperation Agreement and (B) extend the date that a Triggering Investment is consummated and identified under the Cooperation Agreement to a date subsequent to the Closing Date (provided that, without the prior written consent of H, the Company shall not pay or agree to pay any amounts or make any financial or other material accommodations to obtain Inmarsat s agreement thereto)), or (ii) declare a Triggering Investment under the Cooperation Agreement;

(t) disclose any confidential or proprietary information, except (i) pursuant to a customary confidentiality or non-disclosure agreement or (ii) as required by applicable law; provided that the Company uses its best efforts to obtain assurances that confidential treatment will be accorded to such information; or

(u) the entering into any agreement to, or the making of any commitment to, take any of the actions prohibited by this Section 4.1.
Section 4.2. Proxy Statement.

(a) As soon as reasonably practicable after the date of this Agreement (and provided that the H parties shall have provided the information set forth in the fourth sentence of this Section 4.2(a)), the Company will prepare and file with the SEC a proxy statement relating to the Company Stockholders Meeting (together with any amendments thereof or supplements thereto and any other required proxy materials, the Proxy Statement). As soon as reasonably practicable after the date of this Agreement, the Company and H shall jointly prepare and file with the SEC a Rule 13E-3 Transaction Statement on Schedule 13E-3 (together with any amendments thereof or supplements thereto, the Schedule 13E-3) relating to the transactions contemplated by this Agreement. The Company will use its reasonable efforts to respond to any comments of the SEC and to cause the Proxy Statement to be mailed to the Company s stockholders as promptly as practicable; provided, however, that prior to the filing and mailing of the Proxy Statement, the Company will consult with the H Parties and their counsel with respect to the Proxy Statement and shall afford the H Parties reasonable opportunity to review and comment thereon and include all comments reasonably proposed by H. The H Parties will provide the Company with any information for inclusion in the Proxy Statement which may be required under applicable law and which is reasonably requested by the Company. The Company will promptly notify

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the H Parties of the receipt of any comments from the SEC and of any request by the SEC for amendments or supplements to the Proxy Statement or the Schedule 13E-3 or for additional information, and will supply the H Parties with copies of all correspondence (and ability to participate in all communications) between the Company and any of its representatives, on the one hand, and the SEC or members of its staff, on the other hand, with respect to the Proxy Statement, the Schedule 13E-3 or the transactions contemplated hereby. If at any time prior to the Company Stockholders Meeting any event should occur which is required by applicable law to be set forth in an amendment of, or a supplement to, the Proxy Statement or the Schedule 13E-3, the Company will as promptly as reasonably practicable prepare (in the case of the Schedule 13E-3, the Company and H will jointly prepare) and, if appropriate, mail to stockholders such amendment or supplement; provided, however, that prior to such mailing of the Proxy Statement or any amendment thereto, the Company will consult with the H Parties and their counsel with respect to such amendment or supplement and shall afford the H Parties reasonable opportunity to review and comment thereon and include all comments reasonably proposed by H.

(b) Subject to Section 4.3, the Company through the Company s Board of Directors (acting upon the recommendation of the Special Committee) shall recommend to its Public Stockholders the adoption of this Agreement and the transactions contemplated hereby and such recommendation and a copy of the opinion referred to in Section 2.6 shall be included in the Proxy Statement and the Schedule 13E-3.

Section 4.3. Stockholders Meeting.

(a) The Company will call and hold a meeting of the stockholders of the Company for the purpose of voting upon the adoption and approval of this Agreement and the transactions contemplated by this Agreement (such meeting, the Company Stockholders Meeting). The Company Stockholders Meeting will be held (on a date selected by the Company in consultation with the H Parties) as promptly as practicable (but no later than 30 days) after the mailing of the Proxy Statement to the stockholders of the Company subject to any reasonable delay (but not longer than ten days per event) required by the need to supplement or amend the Proxy Statement. Each of Master Fund and Special Fund hereby agree to, and agree to cause Acquisition Corp. to, vote all shares of its Common Stock in favor of the adoption and approval of this Agreement and the transactions contemplated by this Agreement. Neither the Board of Directors of the Company nor any committee thereof (including the Special Committee) shall, except as expressly permitted by this Section 4.3, withdraw, qualify or modify its approval or recommendation of the adoption and approval of this Agreement and the transactions contemplated hereby in a manner adverse to H (an Adverse Company Board Recommendation).

(b) Notwithstanding anything to the contrary contained herein, at any time prior to the adoption of this Agreement by the Required Company Stockholder Vote, the Board of Directors of the Company (acting upon the recommendation of the Special Committee) or the Special Committee may make an Adverse Company Board Recommendation if:

(i) (A) the Company has received after the date of this Agreement an Acquisition Proposal that the Special Committee has determined in good faith (after consultation with its financial advisors and legal counsel) constitutes a Superior Proposal, (B) the Company has notified H in writing that it intends to enter into a definitive agreement implementing such Superior Proposal, attaching the most current version of such agreement (including any amendments, supplements or modifications) to such notice (a Superior Proposal Notice), and (C) during the five (5) business day period commencing upon the Company s delivery to H of its Superior Proposal Notice, (x) the Company shall have offered to negotiate with (and, if accepted, negotiate in good faith with) H in making adjustments to the terms and conditions of this Agreement and (y) the Special Committee shall have determined in good faith (after consultation with its financial advisors and legal counsel), after the end of such five (5) business day period, and after considering the results of such negotiations and the revised proposals made by H, if any, that the Superior Proposal

giving rise to such notice continues to be a Superior Proposal (the Termination Recommendation); provided that any amendment, supplement or modification to the financial terms or other material terms of any Acquisition Proposal shall be deemed a new Acquisition Proposal and the Company may not terminate this Agreement pursuant to Section 6.1(d) unless the Company has complied with the requirements of this Section with respect to such new Acquisition Proposal, including sending a Superior Proposal Notice with respect to such new Acquisition Proposal and offering to negotiate for a five (5) business day period from such new Superior Proposal Notice;

(ii) in response to an Intervening Event (as hereafter defined); but in each case referred to in the foregoing clauses (i) and (ii), only if the Special Committee determines in good faith (after consultation with its outside legal counsel) that the Adverse Company Board Recommendation is necessary in order for the Special Committee to comply with its fiduciary obligations to the Public Stockholders under applicable law. Notwithstanding any Adverse Company Board Recommendation pursuant to clause (ii) above, this Agreement shall be submitted to the stockholders of the Company at the Company Stockholders Meeting for the purpose of adopting this Agreement and the transactions contemplated hereby, and nothing contained herein shall relieve the Company of such obligation.

(c) For purposes of this Agreement,

(i) Superior Proposal means a bona fide, written, unsolicited and un-withdrawn offer by a third-party to acquire, for consideration consisting entirely of cash and securities having a readily ascertainable value, (i) not less than all of the shares of capital stock of the Company beneficially owned (within the meaning of the Exchange Act) by the Public Stockholders (which acquisition may be pursuant to a merger or tender offer) or (ii) all or substantially all of the assets of the Companies on a consolidated basis, which offer, in each case under clauses (i) and (ii), is not subject to contingencies relating to financing, due diligence or negotiation of transaction documentation and is otherwise on terms and conditions which the Special Committee determines in good faith (after consultation with legal and financial advisors of national reputation) to be more favorable to the Public Stockholders from a financial point of view than the Merger, taking into account at the time of determination (A) the ability of the Person making such offer to reasonably promptly consummate the transactions contemplated by such offer (based upon, among other things, the expectation of obtaining required regulatory and other approvals and such Person s ability to obtain financing) and (B) any changes to the terms of this Agreement that as of that time had been proposed by H.

(ii) Intervening Event means a material event, change, development, effect, occurrence or state of facts (an Event) that was not known or reasonably foreseeable to the Board of Directors of the Company or the Special Committee on the date of this Agreement, and becomes known to the Board of Directors of the Company or the Special Committee before the Required Company Stockholder Vote; provided, that in no event shall the receipt, existence of or terms of an Acquisition Proposal or any inquiry relating thereto constitute an Intervening Event.

Section 4.4. Reasonable Best Efforts. Subject to the terms and conditions herein provided, each of the Parties agrees to (i) use its reasonable best efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations or required to be taken by any Governmental Entity or otherwise to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable, (ii) obtain from any Governmental Entity any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained or made by any Party in connection with the authorization, execution and delivery of this Agreement and the consummation of the Merger, and (iii) as promptly as practicable, make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement and the Merger required under (A) the Exchange Act, and any other applicable federal or state securities laws, and (B) any other applicable law; provided that the Parties shall cooperate with

each other in connection with the making of all such filings, including (subject to applicable law) providing copies of all such documents to the non-filing party and its advisors prior to filing and, if requested, to accept all reasonable additions, deletions or changes suggested in connection therewith. The Parties shall use reasonable best efforts to furnish to each other all information required for any application or other filing to be made pursuant to the rules and regulations of any applicable law (including all information required to be included in the Proxy Statement and the Schedule 13E-3) in connection with the transactions contemplated by this Agreement. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each Party to this Agreement shall take all such necessary or desirable action. Notwithstanding the foregoing or any other provision of this Agreement, the Company shall not, without H s prior written consent, commit to any divestiture transaction or agree to any restriction on its business, and nothing in this Section 4.4 shall require H or its Affiliates to offer, accept or agree to (A) dispose or hold separate any part of its or the Company s businesses, operations, assets or product lines (or a combination of H s and the Company s respective businesses, operations, assets or product lines), (B) not compete in any geographic area or line of business, and/or (C) restrict the manner in which, or whether, H, the Company, the Surviving Corporation or any of their Affiliates may carry on business in any part of the world.

Section 4.5. Inspection of Records. From the date of this Agreement to the Effective Time, the Companies shall (i) allow all designated officers, attorneys, financial advisors, accountants and other representatives of H reasonable access at all reasonable times to the personnel, auditors, offices, records and files, correspondence, audits and properties, as well as to all information relating to commitments, Contracts, titles and financial position, or otherwise pertaining to the business and affairs, of the Companies and (ii) make available for inspection by H and its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information as such persons may reasonably request to the extent such information is readily available. No investigation by any Party, whether prior to the execution of this Agreement or pursuant to this Section 4.5, shall affect any representation or warranty in this Agreement of any Party or any condition to the obligations of any Party.

Section 4.6. Notification of Certain Matters. From and after the date of this Agreement until the Effective Time, each Party shall promptly notify the other Parties of:

(a) any change or event, or series of changes or events, having, or which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on it or would be reasonably likely to cause any of the conditions in Article V not to be satisfied or to cause the satisfaction thereof to be materially delayed;

(b) the receipt of any material notice or other material communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated hereby;

(c) the receipt of any material notice or other material communication from any Governmental Entity in connection with the transactions contemplated hereby; and

(d) any actions, suits, claims, investigations or proceedings commenced or, to the knowledge of the Party, threatened against any Party which seeks to prohibit, prevent or materially delay consummation of the transactions contemplated hereby;

in each case, to the extent such event or circumstance is or becomes known to the Party required to give such notice; provided, however, that the delivery of any notice pursuant to this Section 4.6 shall not be deemed to be an amendment of this Agreement and shall not cure any breach of any representation or warranty requiring disclosure of such matter prior to the date of this Agreement.

Section 4.7. Disclosure. None of the Parties or their respective Affiliates will issue any press release or otherwise make any public statement with respect to this Agreement and the transactions contemplated by this Agreement without the prior consent of the other Party (which consent will not be unreasonably withheld), except as may be required by applicable law or stock exchange regulation. The Parties will consult (to the extent

reasonably practicable if disclosure is required by law) with each other before issuing, and provide each other the opportunity to review and comment upon, any such press release or other public statement with respect to this Agreement and the transactions contemplated by this Agreement, whether or not required by law. The Parties shall agree on the text of a joint press release by which the Parties will announce the execution of this Agreement.

Section 4.8. Directors and Officers Indemnification.

(a) The Certificate of Incorporation and the By-laws of the Surviving Corporation will contain the provisions with respect to indemnification, advancement of expenses and limitation of liability of directors and officers set forth in the Company s Amended and Restated Certificate of Incorporation and By-laws on the date of this Agreement. These provisions may not be amended, repealed or otherwise modified for a period of six (6) years following the Effective Time in any manner that would adversely affect the rights under the Amended and Restated Certificate of Incorporation and By-laws of individuals who on or prior to the Effective Time were directors or officers of the Company or served at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise, unless such modification is required by law and then only to the maximum extent required by such applicable law, and except to make changes permitted by applicable law that would enlarge the exculpation, rights of indemnification or advancement of expenses thereunder; provided, however, that if any claims are asserted or made within such six-year period, all rights to indemnification (and to advancement of expenses) hereunder in respect of such claims shall continue, without diminution, until disposition of all such claims.

(b) From the Effective Time through the later of (i) the sixth anniversary of the date on which the Effective Time occurs and (ii) the expiration of any statute of limitations applicable to any claim, action, suit, proceeding or investigation referred to below, the Surviving Corporation shall indemnify and hold harmless each present and former officer and director of the Company, and each person who served at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise, including each person controlling any of the foregoing persons (collectively, the Indemnified Parties and each, an Indemnified Party), against all claims, losses, liabilities, damages, judgments, fines, fees, costs or expenses, including reasonable attorneys fees and disbursements, incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time (including this Agreement and the transactions and actions contemplated hereby), whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent permitted under applicable law and required by the Certificate of Incorporation or By-laws of the Company or indemnification agreements in effect on the date of this Agreement and set forth on Section 4.8(b) of the Company Disclosure Schedule, including provisions relating to advancement of expenses incurred in the defense of any claim, action, suit, proceeding or investigation.

(c) The Surviving Corporation shall provide, for a period of not less than six (6) years after the Effective Time, the Company s current and former directors and officers who are currently covered by the Company s existing director and officer insurance policy with an insurance policy (including by arranging for run-off coverage, if necessary) that provides coverage for events occurring at or prior to the Effective Time (the D&O Insurance) that is no less favorable than the existing policy, or, if substantially equivalent insurance coverage is unavailable, the most advantageous D&O Insurance obtainable for an annual premium equal to the amount set forth on Section 4.8(c) of the Company Disclosure Schedule; provided, however, that the Surviving Corporation shall not be required to pay an annual premium for the D&O Insurance in excess of the amount set forth on Section 4.8(c) of the Company Disclosure Schedule; provided further, however, that in lieu of the foregoing, any of the H Parties shall be permitted to procure tail insurance coverage to cover the Company s current and former directors and officers who are currently covered by the Company s existing director and officer

insurance policy that provides coverage for events occurring at or prior to the Effective Time, which coverage shall be no less favorable than the existing director and officer insurance policy, and the Surviving Corporation shall maintain such coverage for a period of not less than six (6) years after the Effective Time.

(d) This Section 4.8 shall survive the Effective Time, is intended to benefit the Surviving Corporation, the Company s current and former directors and officers who are currently covered by the Company s existing director and officer insurance policy and shall be enforceable by such persons, their heirs, assigns and representatives and are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such person may have by contract or otherwise. In the event the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of the Surviving Corporation, or at H s option, H, shall assume the obligations set forth in this Section 4.8.

Section 4.9. Stockholder Litigation. Each of the Parties shall give the other the reasonable opportunity to participate in the defense of any stockholder litigation against any Party or their respective directors and officers, as applicable, relating to this Agreement and the transactions contemplated hereby.

Section 4.10. Company 2009 Annual Bonuses. If the Closing occurs prior to February 15, 2010, H shall cause the Surviving Corporation to establish a 2009 annual bonus pool (the Bonus Pool), the aggregate amount of which shall be determined in the same manner and based on the same terms and conditions previously authorized by the Compensation Committee of the Company with respect to the Company s 2009 annual bonus program. Following the end of 2009, the Compensation Committee of the Board of Directors of Surviving Corporation shall in its discretion establish the amounts of the individual awards to be paid from the Bonus Pool to each plan participant who is employed by the Company or a Company Subsidiary (or, if applicable, Surviving Corporation or one of its subsidiaries) as of the earlier of (a) the Closing Date and (b) December 31, 2009, provided that prior to the date such 2009 annual bonus is paid, such individual s employment with the Surviving Corporation and its Subsidiaries has not been terminated for Cause (as defined in the Company s 2006 Equity and Incentive Plan) or due to the individual s voluntary termination of employment, and shall cause the Surviving Corporation to pay such awards no later than March 15, 2010. The sum of such individual amounts shall be at least equal to the amount of the Bonus Pool; provided, however, that the Bonus Pool shall be reduced by the target bonus amount attributable to any plan participant (i) whose employment with the Companies or the Company Subsidiaries is terminated for Cause (as defined in the Company s 2006 Equity and Incentive Plan) or (ii) who voluntarily terminates employment with the Companies or the Company Subsidiaries, in either case, prior to December 31, 2009.

Section 4.11. Other Obligations. Unless this Agreement shall have been terminated in accordance with Section 6.1 or the Closing shall have occurred, in each case, on or prior to January 4, 2010, each of the parties agrees (and shall cause its subsidiaries to agree) that the Fourth Closing Date (as defined in the SPA) shall be automatically extended until the day that is ten business days immediately following termination of this Agreement in accordance with Section 6.1.

ARTICLE V

CONDITIONS PRECEDENT

Section 5.1. Conditions to each Party s Obligation to Effect the Merger. The respective obligation of each Party to effect the Merger is subject to the satisfaction on or prior to the Closing Date of each of the following conditions (any of which may be waived by the Parties in writing, in whole or in part, to the extent permitted by applicable law):

(a) No Injunctions or Restraints; Illegality. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger shall be in effect (each Party agreeing to use its reasonable efforts (as set forth in Section 4.4 hereof) to have any restraining order, injunction or other order or legal restraint or prohibition lifted) nor shall any proceeding brought by an administrative agency or commission or other governmental authority or instrumentality seeking any of the foregoing be pending; and there shall not be any action taken, or any statute, rule, regulation or order (whether temporary, preliminary or permanent) enacted, entered or enforced, which makes the consummation of the Merger illegal or prevents or prohibits the Merger.

(b) Approval of Stockholders. The adoption of this Agreement shall have been approved by the requisite vote of the stockholders of the Company in accordance with the DGCL (the Required Company Stockholder Vote).

(c) Consents. Other than the filing of the Certificate of Merger, all material consents, approvals and authorizations of and filings with Governmental Entities required for the consummation of the Merger (including the FCC Consent, which shall be in full force and effect) must have been obtained or effected.

Section 5.2. Conditions to the Obligation of the Company to Effect the Merger. The obligation of the Company to effect the Merger is further subject to the satisfaction or waiver of each of the following conditions prior to or at the Closing Date:

(a) Representations and Warranties. The representations and warranties of each H Party contained in this Agreement shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Material Adverse Effect, which representations and warranties shall be true and correct in all respects except for de minimis inaccuracies) at and as of the Closing Date as though made at and as of the Closing Date (except to the extent that such representations and warranties speak as of a specific date, in which case such representations and warranties shall be true and correct as of such date).

(b) Agreements. Each H Party shall have performed and complied in all material respects with all its undertakings and agreements required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

(c) Certificate. The Company shall have received a certificate of a senior executive officer of each of Master Fund and Special Fund, dated the Closing Date, certifying that the conditions specified in Section 5.2(a) and Section 5.2(b) have been fulfilled.

Section 5.3. Conditions to the Obligation of the H Parties to Effect the Merger. The obligation of the H Parties to effect the Merger is further subject to the satisfaction or waiver of each of the following conditions prior to or at the Closing Date:

(a) Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects (other than representations and warranties that are qualified as to materiality or Material Adverse Effect or set forth in Sections 2.2(a), 2.2(b) or 2.10(b), which representations and warranties shall be true and correct in all respects except for de

minimis inaccuracies) at and as of the Closing Date as though made at and as of the Closing Date (except to the extent that such representations and warranties speak as of a specific date, in which case such representations and warranties shall be true and correct as of such date).

(b) Agreements. The Company must have performed and complied in all material respects with all of its undertakings and agreements required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

(c) Certificate. Master Fund and Special Fund shall have received a certificate of a senior executive officer of the Company, dated the Closing Date, certifying that the conditions specified in Section 5.3(a) and Section 5.3(b) have been fulfilled.

(d) Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Material Adverse Effect with respect to any of the Companies.

(e) Dissenting Stockholders. Appraisal rights shall not have been exercised and notice of the intention to exercise such rights shall not have been given in accordance with the provisions of Section 262(d) of the DGCL by Company stockholders with respect to, in the aggregate, more than seven and one-half percent (7.5%) of the outstanding shares of Capital Stock as of immediately prior to the Effective Time determined on a Fully-Diluted Basis.

(f) FCC Consent. The FCC Consent shall not be subject to any conditions that are materially adverse to the H Parties.

ARTICLE VI

TERMINATION, AMENDMENT AND WAIVER

Section 6.1. Termination. This Agreement may be terminated and the Merger may be abandoned as follows:

(a) at any time prior to adoption of this Agreement by the Required Company Stockholder Vote, by the mutual written consent of Master Fund, Special Fund and the Company;

(b) by either H or the Company, in each case by written notice to the other, if:

(i) at any time prior to adoption of this Agreement by the Required Company Stockholder Vote, the Merger has not been consummated on or prior to the Outside Date; provided that the right to terminate this Agreement under this Section 6.1(b)(i) will not be available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Merger to occur on or prior to such date; or

(ii) at any time prior to the Effective Date, an administrative agency or commission or other governmental authority or instrumentality shall have issued a final nonappealable injunction, order, decree, judgment or ruling, permanently enjoining or otherwise prohibiting the Merger;

(c) at any time prior to adoption of this Agreement by the Required Company Stockholder Vote, by H upon written notice to the Company:

(i) if there has occurred an Adverse Company Board Recommendation; or

(ii) upon a breach of any representation, warranty, covenant or agreement on the part of the Company set forth in this Agreement such that (if such breach occurred or was continuing as of the Closing Date) the conditions set forth in Section 5.3(a) or Section 5.3(b) would be incapable of fulfillment and which breach is incapable of being cured, or is not cured, within 15 days following receipt of written notice of such breach; or

(iii) if appraisal rights are exercised and notice of the intention to exercise such rights have been given in accordance with the provisions of Section 262(d) of the DGCL by Company stockholders with respect to, in the aggregate, more than seven and one-half percent (7.5%) of the outstanding shares

of Capital Stock determined on a Fully-Diluted Basis ; provided that such right to terminate pursuant to this Section 6.1(c)(iii) may not be exercised on or after the sixteenth business day following the Company Stockholders Meeting; or

(d) at any time prior to adoption of this Agreement by the Required Company Stockholder Vote, by the Special Committee upon written notice to H:

(i) if there has occurred a Termination Recommendation; provided that, prior to such termination the Special Committee shall have given H no less than five (5) business days notice; or

(ii) upon a breach of any representation, warranty, covenant or agreement on the part of a H Party set forth in this Agreement such that (if such breach occurred or was continuing as of the Closing Date) the conditions set forth in Section 5.2(a) or Section 5.2(b) would be incapable of fulfillment and which breach is incapable of being cured, or is not cured, within 15 days following receipt of written notice of such breach.

Section 6.2. Effect of Termination. If this Agreement is terminated as provided in Section 6.1, this Agreement will become null and void (except that the provisions of Sections 6.2, 7.3 and 7.4 will survive any termination of this Agreement), and there will be no liability on the part of any Party or any of their Affiliates; provided that nothing in this Agreement will relieve any party from any liability or obligation with respect to any breach of this Agreement prior to such termination. Subject to Section 4.11, the termination of this Agreement shall have no effect on the MCSA, the SPA, or the Confidentiality Agreement dated as of April 10, 2008, as amended, among Master Fund, Special Fund and the Company.

Section 6.3. Amendment. This Agreement may be amended only by an agreement in writing executed by all of the Parties. After the approval of the adoption of this Agreement by the stockholders of the Company, no amendment requiring approval of the stockholders of the Company and Acquisition Corp. shall be made without first obtaining such approval.

Section 6.4. Waiver. At any time prior to the Effective Time, whether before or after the satisfaction of the condition set forth in Section 5.1(b), any of the Parties may:

(a) extend the time for the performance of any of the obligations or other acts of any of the other Party or Parties, as the case may be; or

(b) waive compliance with any of the agreements of the other Party or Parties, as the case may be, or fulfillment of any conditions to its own obligations under this Agreement.

Any agreement on the part of a Party to any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such Party by a duly authorized officer.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Definitions. In this Agreement, unless the context otherwise provides, the following terms have the following meanings:

Adverse Company Board Recommendation has the meaning specified in Section 4.3(a).

Affiliates means, with respect to any Person, (i) any other Person that directly or indirectly Controls, is Controlled by or is under common Control with, such Person, or (ii) any director, officer, partner or member of management of such Person.

Acquisition Corp. has the meaning specified in the introductory paragraph of this Agreement.

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Acquisition Proposal means a bona fide, unsolicited, proposal from any Person (whether or not in writing) which is not withdrawn relating to any (i) direct or indirect acquisition of all of the shares of Capital Stock owned by the Public Stockholders, (ii) direct or indirect acquisition of all of the shares of outstanding capital stock or ownership interests of any of the Companies, (iii) direct or indirect acquisition of all or substantially all of the assets of any of the Companies, or (iv) merger, consolidation, share exchange, business combination or similar transaction involving any of the Companies.

Application means FCC approval for the transfer of control of Subsidiary from XXX to H, pursuant to IB Docket No. 08-184, Public Notice, DA 09-996, 24 FCC Red 5226 (2009), including without limitation the petition for Declatory Ruling under Section 310(b)(4) attached to such application.

Bonus Pool has the meaning specified in Section 4.10.

Canadian Joint Venture means, collectively, SkyTerra Holdings (Canada) Inc., an Ontario corporation, and SkyTerra (Canada).

Capital Stock has the meaning specified in Recital A.

Certificate of Merger has the meaning specified in Section 1.2.

Closing has the meaning specified in Section 1.3.

Closing Date has the meaning specified in Section 1.3.

Code means the US Internal Revenue Code of 1986, as amended.

Common Stock has the meaning specified in Recital A.

Companies means the Company, LP and Subsidiary.

Company has the meaning specified in the introductory paragraph of this Agreement.

Company Disclosure Letter has the meaning specified in Article II.

Company Plan means any employee benefit plan (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended), and any severance, change in control or employment plan, program or agreement, and vacation, incentive, bonus, stock option, stock purchase, and restricted stock plan, program or policy and any other employee benefit plan, agreement, program or other arrangement sponsored or maintained by any of the Companies, in which present or former employees thereof participate or any of the Companies has any present or future liability.

Company Stockholders Meeting has the meaning set forth in Section 4.3(a).

Company Subsidiaries has the meaning specified in Section 2.3.

Contract means any contract, license, lease, commitment, arrangement, purchase or sale order, undertaking, understanding or other agreement, whether written or oral.

Control means the power to direct or cause the direction of management or policies of a Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

Cooperation Agreement has the meaning specified in Section 2.16(b).

DGCL has the meaning specified in Recital B.

D&O Insurance has the meaning specified in Section 4.8(c).

Dissenting Shares has the meaning specified in Section 1.6(a).

Effective Time has the meaning specified in Section 1.2.

Exchange has the meaning specified in Section 2.2(a).

Exchange Act means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated under such Act from time to time.

Exchange Agent has the meaning specified in Section 1.8(a).

Exchange Fund has the meaning specified in Section 1.8(a).

FCC means Federal Communications Commissions.

FCC Consent means all FCC approvals required to consummate the Merger.

Fully-Diluted Basis means, as of a date of determination, the number of shares of Capital Stock then issued and outstanding *plus* (without duplication) all shares of Capital Stock which the Company may be required to issue as of such date pursuant to options and warrants then outstanding which are vested, exercisable and in-the-money .

GAAP means accounting principles and practices generally accepted from time to time in the United States.

Governmental Entity means a court, legislature or other agency or instrumentality or political subdivision of any United States or foreign federal, national, multi-national, state, provincial or local government.

H has the meaning specified in the introductory paragraph of this Agreement.

H Party and H Parties has the meaning specified in Article III.

HSR Act has the meaning specified in Section 2.5(b).

Indemnified Party has the meaning specified in Section 4.8(b).

Inmarsat means Inmarsat Global Limited, a company incorporated under the laws of England and Wales.

Intervening Event has the meaning specified in Section 4.3(c)(ii).

Judgment means any judgment, order, award, writ, injunction or decree of any Governmental Entity or arbitrator.

Lien means any mortgage, pledge, lien, charge, restriction, claim or encumbrance of any nature whatsoever (other than Liens for or with respect to taxes that are not yet due and payable or delinquent), including any restriction on use, transfer, voting or other exercise of any attributes of ownership.

LP has the meaning specified in Section 2.1(a).

Material Adverse Effect : An event, fact, violation, breach, inaccuracy, circumstance or other matter will be deemed to have a Material Adverse Effect on a Party if such event, fact, violation, breach, inaccuracy, circumstance or other matter had or would reasonably be expected to have a material adverse effect on the business, financial condition or FCC licenses of the Party (taken as a whole with its subsidiaries), other than any event or condition resulting from: (A) general economic, business or satellite telecommunications industry conditions that do not disproportionately affect a Party compared to other industry participants; (B) the taking of any action required by this Agreement or from the announcement or pendency of the Merger (provided that this clause shall not apply with respect to the representations and warranties in Sections 2.5 and 2.11); or (C) a decline in a Party s stock price (it being agreed that the facts and circumstances giving rise to such decline may be taken into account in determining whether a Material Adverse Effect has occurred).

MCSA means the Master Contribution and Support Agreement, dated July 24, 2008, by and between Master Fund, Special Fund, Harbinger Capital Partners Fund I, L.P., Harbinger Co-Investment Fund, L.P., the Company, LP, and Subsidiary.

Merger has the meaning specified in Recital B.

Merger Consideration has the meaning specified in Section 1.5(b)(i).

Non-Voting Common Stock has the meaning specified in Recital A.

Option has the meaning specified in Section 1.7.

Option Exercise has the meaning specified in Section 2.2(b).

Outside Date means March 31, 2010; provided that if the only condition or conditions set forth in Article V remaining to be satisfied (other than conditions that by their nature would only be satisfied at the Closing) on March 31, 2010 is one or more of the conditions set forth in Section 5.1(a), 5.1(c) and 5.3(f), then the H Parties may, by written notice to the Company, extend the Outside Date by up to June 30, 2010.

Party means each of Master Fund, Special Fund, Acquisition Corp. and the Company, and any other Person that may become a party to this Agreement from time to time, and Parties means all of the foregoing.

Permits has the meaning specified in Section 2.12.

Person means any individual, corporation, joint venture, partnership, limited liability company, trust, unincorporated organization, Governmental Entity or other entity.

Preferred Stock has the meaning specified in Section 2.2(a).

Proxy Statement has the meaning specified in Section 4.2(a).

Public Stockholders means all of the holders of shares of Capital Stock, excluding H and its Affiliates.

Required Company Stockholder Vote has the meaning specified in Section 5.1(b).

Schedule 13E-3 has the meaning specified in Section 4.2(a).

Securities Act means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated under such Act from time to time.

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SEC means the Securities and Exchange Commission, and any successor or replacement entity.

SEC Documents has the meaning specified in Section 2.8(a).

SkyTerra (Canada) means SkyTerra (Canada) Inc., an Ontario corporation.

SPA means the Securities Purchase Agreement, dated July 24, 2008, by and among LP, SkyTerra Finance Co., a Delaware corporation, the Company, Master Fund and Special Fund.

Special Committee has the meaning specified in Recital C.

Subsidiary has the meaning specified in Section 2.1(a).

Superior Proposal has the meaning specified in Section 4.3(c)(i).

Surviving Corporation has the meaning specified in Section 1.1.

Tax means all federal, state, local and foreign income, profits, franchise, gross receipts, environmental, customs duties, capital stock, severances, stamp, payroll, sales, employment, unemployment, disability, use, property, withholding, excise, production, value added, occupancy, license, estimated, real property, personal property, windfall profits or other taxes, duties, fees or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions.

Tax Return means all returns and reports (including elections, declarations, disclosures, schedules, estimates and information returns) supplied or required to be supplied to a Tax authority relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Termination Recommendation has the meaning specified in Section 4.3(b)(i).

Transfer has the meaning specified in Section 2.2(a).

Warrants has the meaning specified in Section 2.2(a).

Warrant Exercise has the meaning specified in Section 2.2(b).

Section 7.2. Non-survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered under this Agreement will survive the Effective Time, and none of the H Parties and the Company, their respective Affiliates and any of the officers, directors, employees or stockholders of any of the foregoing, will have any liability whatsoever with respect to any such representation or warranty after such time. This Section 7.2 will not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

Section 7.3. Expenses. Except as contemplated by this Agreement, all costs and expenses incurred in connection with the Agreement and the consummation of the transactions contemplated by this Agreement will be the obligation of the Party incurring such expenses.

Section 7.4. Applicable Law; Jurisdiction. This Agreement will be governed by the laws of the State of Delaware without regard to the conflicts of law principles thereof. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in the Chancery Court of the State of Delaware, and the parties hereto hereby irrevocably submit to the exclusive jurisdiction of such courts (and, in the case of appeals, appropriate appellate courts therefrom) in any such action or proceeding and irrevocably waive the defense of an

inconvenient forum to the maintenance of any such action or proceeding. The consents to jurisdiction set forth in this paragraph shall not constitute general consents to service of process in the State of Delaware and shall have no effect for any purpose except as provided in this paragraph and shall not be deemed to confer rights on any Person other than the parties hereto. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law. EACH PARTY FURTHER HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL OR EQUITABLE ACTION (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) AND ANY OBJECTION THAT SUCH PARTY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN THE AFOREMENTIONED COURTS.

Section 7.5. Notices. All notices and other communications under this Agreement must be in writing and will be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States, return receipt requested upon receipt, five business days after being so sent; (b) if sent by reputable overnight air courier, two business days after being so sent; (c) if sent by telecopy transmission, with a copy mailed on the same day in the manner provided in clause (a) or (b) above, when transmitted and receipt is confirmed by telephone; or (d) if otherwise actually personally delivered, when delivered, and shall be sent or delivered as follows:

If to the Company, to:

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191

Attention: General Counsel

Fax: (703) 390-6113

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP

Four Times Square

New York, NY 10036

Attention: Thomas H. Kennedy, Esq.

Gregory A. Fernicola, Esq.

Fax: (917) 777-2526

If to any H Party, to:

Harbinger Capital Partners LLC

450 Park Avenue, 30th Floor

New York, NY 10022

Attention: General Counsel

Fax: (212) 898-1309

with a copy to:

Weil, Gotshal & Manges LLP

767 Fifth Avenue

New York, NY 10153

Attention: Joseph J. Basile, Esq.

Raymond O. Gietz, Esq.

Fax: (212) 310-8007

Such names and addresses may be changed by such notice.

Section 7.6. Entire Agreement. This Agreement (including the documents and instruments referred to in this Agreement) contains the entire understanding of the Parties with respect to the subject matter hereof, and supersedes and cancels all prior agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, respecting such subject matter, provided that the terms of the MCSA and the SPA and the instruments issued in connection therewith (including the warrants and securities) shall remain in full force and effect. H for itself and on behalf of its Affiliates hereby waives any conflict with, violation of, or default under any existing agreement with any of the Companies (including the MCSA and the SPA) that would otherwise have occurred by reason of the execution, performance or delivery of this Agreement or the taking or non-taking of any action required by this Agreement.

Section 7.7. Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned by any Party (whether by operation of law or otherwise) without the prior written consent of the other Party or Parties, as the case may be; provided, however each of Master Fund and Special Fund may assign its rights under this Agreement without such prior written consent to any of its Affiliates; provided, further, that any such assignment shall not relieve the H Parties of their obligations hereunder.

Section 7.8. Headings References. The article, section and paragraph headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

Section 7.9. Construction.

(a) The Parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(b) As used in this Agreement, the words include and including, and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words without limitation.

(c) Except as otherwise indicated, all references in this Agreement to Section, Sections, Article or Recital are intended to refer to the Section, Sections, Article or Recital, as the case may be, of this Agreement.

Section 7.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which will be considered one and the same agreement.

Section 7.11. No Third Party Beneficiaries. Except as provided in Section 4.8, nothing in this Agreement, express or implied, is intended to confer upon any Person not a party to this Agreement any rights or remedies under or by reason of this Agreement.

Section 7.12. Actions of the Company. The H Parties agree that any action, approval, authorization, waiver or consent taken, given or made by the Company (including the Board of Directors of the Company) in respect of this Agreement or the Merger, prior to the Effective Date, shall not be effective unless such action, approval, authorization, waiver or consent shall have received the prior approval of the Special Committee. The H Parties agree that, until the earlier of the Effective Time and termination of this Agreement, the H Parties shall not vote their shares of Common Stock to (a) remove the current members of the Board of Directors of the Company from the Board of Directors of the Company or (b) amend the by-laws of the Company to increase the number of directors comprising the Board of Directors of the Company.

Section 7.13. Severability; Enforcement. Any term or provision of this Agreement that is held invalid or unenforceable in any jurisdiction by a court of competent jurisdiction will, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms

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and provisions of this Agreement or affecting the validity or unenforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be held unenforceable by a court of competent jurisdiction, such provision shall be interpreted to be only so broad as is enforceable.

Section 7.14. Several Obligations. Notwithstanding anything in this Agreement to the contrary, each of Master Fund and Special Fund shall only have obligations and liabilities under or in relation to breach of this Agreement on a several basis and not jointly and in no event shall Master Fund be obligated for more than 68.81% or Special Fund for more than 31.19%, of the aggregate obligations or liabilities of the H Parties under or in connection with this Agreement.

[remainder of this page left intentionally blank]

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IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD

By: Harbinger Capital Partners LLC, as investment manager

By: /s/ Peter Jenson
Name: **Peter Jenson**
Title: **Vice President**

HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.

By: Harbinger Capital Partners Special Situations GP, LLC, as general partner

By: /s/ Peter Jenson
Name: **Peter Jenson**
Title: **Vice President**

SOL PRIVATE CORP.

By: /s/ Peter Jenson
Name: **Peter Jenson**
Title: **Vice President**

SKYTERRA COMMUNICATIONS, INC.

By: /s/ Alexander H. Good
Name: **Alexander H. Good**
Title: **Chairman, CEO and President**

Appendix B

FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER

FIRST AMENDMENT, dated November 18, 2009 (First Amendment) to that certain Agreement and Plan of Merger (the Merger Agreement) dated as of September 23, 2009 by and among Harbinger Capital Partners Master Fund I, Ltd., an exempted company organized under the laws of the Cayman Islands (Master Fund), Harbinger Capital Partners Special Situations Fund, L.P., a Delaware limited partnership (Special Fund , and together with Master Fund, H), Sol Private Corp., a Delaware corporation and an indirect wholly owned subsidiary of H (Acquisition Corp.), and SkyTerra Communications, Inc., a Delaware corporation, (the Company). Capitalized terms used but not defined herein shall have the meanings set forth in the Merger Agreement.

WHEREAS, the parties desire to amend the Merger Agreement to condition the consummation of the Merger upon receipt of the Required Minority Vote (as defined hereinafter) from the Eligible Shares (as defined hereinafter);

WHEREAS, the parties desire to amend the termination provisions of the Merger Agreement;

WHEREAS, in accordance with Section 6.3 of the Merger Agreement, the Merger Agreement may only be amended by an agreement in writing executed by (a) the Company, (b) Master Fund, (c) Special Fund and (d) Acquisition Corp.; and

WHEREAS, the respective Boards of Directors of the Company, H and the Acquisition Corp. have (and in the case of the Company, upon the recommendation of the Special Committee) approved this First Amendment;

NOW THEREFORE, in consideration of the premises of this First Amendment and the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. **Amendment to Section 4.2.** Section 4.2 of the Merger Agreement is hereby amended by adding the following Section 4.2(c):
(c) Proxy Solicitation. As soon as reasonably practicable after the date of the First Amendment, the Company shall retain a proxy solicitor acceptable to H in connection with the solicitation of the vote of stockholders of the Company at the Company Stockholders Meeting.

2. **Amendment to Section 4.3.** Section 4.3 of the Merger Agreement is hereby amended by adding the following Section 4.3(d):
(d) Adjournment or Postponement. In the event that a majority of the outstanding Eligible Shares are not present, in person or by proxy, at the Company Stockholders Meeting, then the Company shall adjourn the Company Stockholders Meeting for a reasonable amount of time for the Company to seek to cause such majority to be present, in person or by proxy, at any such adjournment.

3. **Amendment to Section 5.1.** Section 5.1 of the Merger Agreement is hereby amended by adding the following Section 5.1(d):
(d) Required Minority Vote. A majority of the outstanding Eligible Shares shall be present, in person or by proxy, and be voted at the Company Stockholders Meeting, and a majority of the Eligible Shares so present and voted shall have voted in favor of the adoption of the Merger Agreement (the Required Minority Vote).

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4. **Amendment to Section 6.1.** Section 6.1 of the Merger Agreement is hereby amended and restated in its entirety to read as follows:
Section 6.1. Termination. This Agreement may be terminated and the Merger may be abandoned as follows:

(a) by the mutual written consent of H and the Company;

(b) by either H or the Company, in each case by written notice to the other, if:

(i) the Merger has not been consummated on or prior to the Outside Date; provided that the right to terminate this Agreement under this Section 6.1(b)(i) will not be available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Merger to occur on or prior to such date;

(ii) at any time prior to the Effective Time, an administrative agency or commission or other governmental authority or instrumentality shall have issued a final nonappealable injunction, order, decree, judgment or ruling, permanently enjoining or otherwise prohibiting the Merger; or

(iii) at the Company Stockholders Meeting or any adjournment thereof at which the Merger Agreement has been voted upon, the Company stockholders fail to adopt this Agreement by the Required Company Stockholder Vote or the Eligible Shares fail to adopt this Agreement by the Required Minority Vote; provided that such right to terminate pursuant to this Section 6.1(b)(iii) may not be exercised by H or the Company if the reason for failing to obtain either such vote is the failure of the applicable quorum to be present at the Company Stockholders Meeting or any adjournment thereof and may not be exercised by H if the reason for failing to obtain the Required Stockholder Vote is due to a breach by H of its obligations under the third sentence of Section 4.3(a);

(c) by H upon written notice to the Company:

(i) if there has occurred an Adverse Company Board Recommendation; or

(ii) upon a breach of any representation, warranty, covenant or agreement on the part of the Company set forth in this Agreement such that (if such breach occurred or was continuing as of the Closing Date) the conditions set forth in Section 5.3(a) or Section 5.3(b) would be incapable of fulfillment and which breach is incapable of being cured, or is not cured, within 15 days following receipt of written notice of such breach; or

(iii) if appraisal rights are exercised and notice of the intention to exercise such rights have been given in accordance with the provisions of Section 262(d) of the DGCL by Company stockholders with respect to, in the aggregate, more than seven and one-half percent (7.5%) of the outstanding shares of Capital Stock determined on a Fully-Diluted Basis; provided that such right to terminate pursuant to this Section 6.1(c)(iii) may not be exercised on or after the sixteenth business day following the Company Stockholders Meeting; or

(d) by the Special Committee upon written notice to H:

(i)

if there has occurred a Termination Recommendation; provided that, prior to such termination the Special Committee shall have given H no less than five (5) business days notice; or

(ii) upon a breach of any representation, warranty, covenant or agreement on the part of a H Party set forth in this Agreement such that (if such breach occurred or was continuing as of the Closing Date) the conditions set forth in Section 5.2(a) or Section 5.2(b) would be incapable of fulfillment and which breach is incapable of being cured, or is not cured, within 15 days following receipt of written notice of such breach.

5. **Amendment to Section 6.2.** The first sentence of Section 6.2 of the Merger Agreement is hereby amended and restated to read as follows:

If this Agreement is terminated as provided in Section 6.1, this Agreement will become null and void (except that the provisions of Sections 6.2, 6.5, 7.3 and 7.4 will survive any termination of this Agreement), and there will be no liability on the part of any Party or any of their Affiliates; provided that (a) the Company may have liability as provided in Section 6.5 and (b) nothing in this Agreement will relieve any party from any liability or obligation with respect to any breach of this Agreement prior to such termination.

6. **Amendment to Article VI.** Article VI of the Merger Agreement is hereby amended by adding the following Section 6.5:

Section 6.5 Payment of No Vote Termination Fee. In the event that the Merger Agreement is terminated: (i) by H pursuant to Section 6.1(b)(i) in the situation where this Agreement has not been voted upon because the applicable quorum was not present at the Company Stockholders Meeting or any adjournment thereof; or (ii) by either H or the Company pursuant to Section 6.1(b)(iii) under circumstances in which the stockholders of the Company fail to adopt the Merger Agreement by the Required Minority Vote, then, in either case, the Company shall pay to the H Parties, as promptly as practicable (but in any event within three Business Days), an amount equal to the No Vote Termination Fee; provided that the No Vote Termination Fee shall not be due and payable pursuant to clause (i) of this paragraph if the reason for failing to obtain the Required Company Stockholder Vote was due to a breach by H of its obligations under the third sentence of Section 4.3(a).

7. **Amendment to Section 7.1.** Section 7.1 of the Merger Agreement is hereby amended by adding the following definitions to Section 7.1:

Eligible Shares means all shares of Voting Common Stock excluding Escrowed Shares and any shares of Common Stock held by the H Parties, any director or officer of the Company or any of their respective Affiliates.

Escrowed Shares means any securities of the Company which are Pledged Property (as defined in Item 4 of the Schedule 13D/A filed on September 17, 2008 by H) or Wells Fargo Escrowed Shares (as defined in Item 4 of the Schedule 13D/A filed on April 9, 2008 by H).

No Vote Termination Fee means an amount equal to $2,000,000.

Required Minority Vote has the meaning specified in Section 5.1(d).

8. **Amendment to Section 7.6.** Section 7.6 of the Merger Agreement is hereby amended and restated in its entirety to read as follows:

Section 7.6 Entire Agreement. This Agreement and the First Amendment (including the documents and instruments referred to in this Agreement and the First Amendment) contains the entire understanding of the Parties with respect to the subject matter hereof, and supersedes and cancels all prior agreements, negotiations, correspondence, undertakings and communications of the Parties, oral or written, respecting such subject matter, provided that the terms of the MCSA and the SPA and the instruments issued in connection therewith (including the warrants and securities) shall remain in full force and effect. H for itself and on behalf of its Affiliates hereby waives any conflict with, violation of, or default under any existing agreement with any of the Companies (including the MCSA and the SPA) that would otherwise have occurred by reason of the execution, performance or delivery of this Agreement and the First Amendment or the taking or non-taking of any action required by this Agreement and the First Amendment.

9. **Company Disclosure Schedule Supplement.** Section 4.8(b) of the Company Disclosure Schedule shall be deemed to include the items contained on the Company Disclosure Schedule Supplement attached hereto.

10. **No Other Changes.** Except as expressly provided herein, the Merger Agreement is not amended, modified or otherwise affected by this First Amendment.

11. **Effectiveness.** This First Amendment shall be effective as of the date hereof.

12. **Governing Law.** This First Amendment will be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

13. **Counterparts.** This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties have caused this First Amendment to be executed as of the date first written above.

Very truly yours,

SKYTERRA COMMUNICATIONS, INC.

By: /s/ Alexander H. Good
Name: **Alexander H. Good**
Title: **Chairman, CEO and President**

AGREED TO AND ACCEPTED

AS OF THE DATE WRITTEN ABOVE:

HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD.

By: Harbinger Capital Partners LLC, as investment manager

By: /s/ Peter Jenson
Name: **Peter Jenson**
Title: **Vice President**

HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P.

By: Harbinger Capital Partners Special

Situations GP, LLC, as general partner

By: /s/ Peter Jenson
Name: **Peter Jenson**
Title: **Vice President**

SOL PRIVATE CORP.

By: /s/ Peter Jenson
Name: **Peter Jenson**
Title: **Director**

[Signature Page to First Amendment]

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Company Disclosure Schedule Supplement

Section 4.8(b)

The list of Officers and Directors of the Company with Indemnification Agreements with the Company is as follows:

Alexander Good

Scott Macleod

Gary Epstein

Marc Montagner

Randy Segal

Elizabeth Creary

James Wiseman

Jose Cecin

Jeffrey Killeen

Paul Latchford

William Stasior

Michael Weiner

Gary Parsons

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Appendix C

September 22, 2009

Special Committee of the Board of Directors

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191-4334

Members of the Special Committee of the Board:

We understand that SkyTerra Communications, Inc (SkyTerra or the Company), Harbinger Capital Partners Master Fund I. Ltd., (Master Fund) and Harbinger Capital Partners Special Situations Fund, L.P., (Special Fund and, together with Master Fund, Harbinger or the Buyer) and Sol Private Corp., a wholly-owned subsidiary of the Buyer (Acquisition Sub), have entered into an Agreement and Plan of Merger, substantially in the form of the draft dated September 22, 2009 (the Merger Agreement), which provides, among other things, for the merger (the Merger) of the Acquisition Sub with and into the Company. Pursuant to the Merger, the Company will become a wholly owned subsidiary of the Buyer, and each outstanding share of common stock, par value $0.01 per share (the Company Voting Common Stock), and each outstanding share of common non-voting stock, par value $0.01 per share (the Company Non-Voting Stock and, together with the Company Voting Common Stock, the Company Common Stock), other than shares held in treasury or held by the Buyer, any affiliate of the Buyer or by any subsidiary of the Company or as to which dissenters rights have been perfected, will be converted into the right to receive $5.00 per share in cash. The terms and conditions of the Merger are more fully set forth in the Merger Agreement. It is understood that affiliates of the Buyer currently beneficially own approximately 66% of the Company s equity interests, held in the form of Company Voting Stock and Company Non-Voting Stock, and approximately 49% of the outstanding shares of the Company Voting Common Stock.

You have asked for our opinion as to whether the consideration to be received by the holders of the Company s Common Stock pursuant to the Merger Agreement is fair from a financial point of view to such holders of the Company Common Stock (other than the Buyer and its affiliates).

For purposes of the opinion set forth herein, we have:

1) Reviewed certain publicly available financial statements and other business and financial information of the Company;

2) Reviewed certain internal financial statements and other financial and operating data concerning the Company;

3) Reviewed certain financial projections prepared by the management of the Company, including cash and liquidity forecasts;

4) Discussed the past and current operations and financial condition and the prospects of the Company with senior executives of the Company;

5) Reviewed the reported prices and trading activity for the Company Common Stock;

6) Discussed with management of the Company the history of strategic discussions held between the management of the Company and third parties regarding potential equity investments in the Company, and potential equity investments in the Company in connection with a transaction involving Inmarsat plc (Inmarsat) pursuant to the MCSA;

7) Compared the financial performance of the Company and the prices and trading activity of the Company Common Stock with that of certain other publicly-traded companies comparable with the Company, and their securities;

8) Reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

9) Reviewed the Merger Agreement, and certain related documents; and

10) Reviewed such other information and considered such other factors as we have deemed appropriate.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to us by the Company, and formed a substantial basis for this opinion. With respect to the financial projections (including cash and liquidity forecasts) we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of the Company of the future financial performance of the Company. We have also relied upon, without independent verification, the assessment by the management of the Company of (i) the validity of, and risks associated with, the Company s existing and future technologies, intellectual property, products, services and business models; and (ii) the history of strategic discussions held between the management of the Company and third parties regarding potential equity investments in the Company, and potential equity investments in the Company in connection with a transaction involving Inmarsat pursuant to the MCSA. In addition, we have assumed that the Merger will be consummated in accordance with the terms set forth in the Merger Agreement without any waiver, amendment or delay of any terms or conditions. Morgan Stanley has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed Merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed Merger. We are not legal, tax, or regulatory advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of the Company and its legal, tax, or regulatory advisors with respect to legal, tax, or regulatory matters. We express no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company s officers, directors or employees, or any class of such persons, relative to the consideration to received by the holders of shares of the Company Common Stock in the transaction. We have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion.

Our opinion does not address the relative merits of the Merger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction, involving the Company, nor did we negotiate with any party with respect to the possible acquisition, business combination or other extraordinary transaction involving the Company.

We have acted as financial advisor to the Special Committee of the Board of Directors of the Company in connection with this transaction and will receive a fee for our services, a substantial portion of which is contingent upon the rendering of this financial opinion. In the two years prior to the date hereof, we have provided financial advisory and financing services for the Company and have received fees in connection with such services. Morgan Stanley may also seek to provide such services to the Buyer and the Company in the future and expects to receive fees for the rendering of these services.

Please note that Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Our securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of the Buyer, the Company, or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument.

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This opinion has been approved by a committee of Morgan Stanley investment banking and other professionals in accordance with our customary practice. This opinion is for the information of the Special Committee of the Board of Directors and may not be used for any other purpose without our prior written consent, except that a copy of this opinion may be included in its entirety in any filing the Company is required to make with the Securities and Exchange Commission in connection with this transaction if such inclusion is required by applicable law. In addition, this opinion does not in any manner address the prices at which the Company Common Stock will trade following consummation of the Merger and Morgan Stanley expresses no opinion or recommendation as to how the shareholders of the Company should vote at the shareholders meeting to be held in connection with the Merger.

Based on and subject to the foregoing, we are of the opinion on the date hereof that the consideration to be received by the holders of the Company Common Stock pursuant to the Merger Agreement is fair from a financial point of view to such holders of the Company Common Stock other than the Buyer and its affiliates.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

By: /s/ JAMES C. MURRAY
James C. Murray

Managing Director

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Appendix D

§ 262. Appraisal rights.

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder s shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word stockholder means a holder of record of stock in a stock corporation and also a member of record of a nonstock corporation; the words stock and share mean and include what is ordinarily meant by those words and also membership or membership interest of a member of a nonstock corporation; and the words depository receipt mean a receipt or other instrument issued by a depository representing an interest in one or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title), § 252, § 254, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in § 251(f) of this title.

(2) Notwithstanding paragraph (1) of this subsection, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a. and b. of this paragraph; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a., b. and c. of this paragraph.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 253 of this title is not owned by the parent corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of

incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for notice of such meeting with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) hereof that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section. Each stockholder electing to demand the appraisal of such stockholder s shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder s shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder s shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228 or § 253 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder s shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder s shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice is sent more than 20 days following the sending of the first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder s shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) of this section hereof and who is

otherwise entitled to appraisal rights, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) of this section hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after such stockholder s written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) of this section hereof, whichever is later. Notwithstanding subsection (a) of this section, a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition or request from the corporation the statement described in this subsection.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After the Court determines the stockholders entitled to an appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder s certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court s decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney s fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder s demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just; provided, however that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the merger or consolidation within 60 days after the effective date of the merger or consolidation, as set forth in subsection (e) of this section.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation. (8 Del. C. 1953, § 262; 56 Del. Laws, c. 50; 56 Del. Laws, c. 186, § 24; 57 Del. Laws, c. 148, §§ 27-29; 59 Del. Laws, c. 106, § 12; 60 Del. Laws, c. 371, §§ 3-12; 63 Del. Laws, c. 25, § 14; 63 Del. Laws, c. 152, §§ 1, 2; 64 Del. Laws, c. 112, §§ 46-54; 66 Del. Laws, c. 136, §§ 30-32; 66 Del. Laws, c. 352, § 9; 67 Del. Laws, c. 376, §§ 19, 20; 68 Del. Laws, c. 337, §§ 3, 4; 69 Del. Laws, c. 61, § 10; 69 Del. Laws, c. 262, §§ 1-9; 70 Del. Laws, c. 79, § 16; 70 Del. Laws, c. 186, § 1; 70 Del. Laws, c. 299, §§ 2, 3; 70 Del. Laws, c. 349, § 22; 71 Del. Laws, c. 120, § 15; 71 Del. Laws, c. 339, §§ 49-52; 73 Del. Laws, c. 82, § 21; 76 Del. Laws, c. 145, §§ 11-16; 77 Del. Laws, c. 14, §§ 12, 13.)

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Appendix E

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

x **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2008, or**

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to**

Commission file number 000-13865

SKYTERRA COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**23-2368845**

(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

10802 Parkridge Boulevard

Reston, VA 20191	**20191**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (703) 390-1899

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.01 par value

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act).

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in defined in Rule 12b-2 of the Act).

Yes ¨ No x

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, as of June 30, 2008, was $256,882,543. As of February 18, 2009, there were 48,822,787 shares of our voting common stock and 59,958,499 shares of our non-voting common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s definitive proxy statement intended to be filed by Registrant with the Commission prior to April 30, 2009 are incorporated by reference into Part III of this Report.

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SKYTERRA COMMUNICATIONS INC.

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PART I

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties, including statements regarding our capital needs, business strategy, expectations and intentions. Statements that use the terms believe, do not believe, anticipate, expect, plan, estimate, intend and similar expressions are intended to identify forward-looking statements. These statements reflect our current views with respect to future events. Because our business is subject to numerous risks, uncertainties and other factors, our actual results could differ materially from those anticipated in the forward-looking statements. These risks and uncertainties include those set forth below under Item 1. Business, Item 1A. Risk Factors, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report. Actual results may differ from the forward looking statements in this report, and the differences could be substantial. We disclaim any obligation to publicly update these statements, or disclose any difference between our actual results and those reflected in these statements. The factors set forth below under Item 1. Business, Item 1A. Risk Factors, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and other cautionary statements made in this report should be read and understood as being applicable to all related forward-looking statements wherever they appear in this report.

Information about Exhibits Included in this Form 10-K

In reviewing the agreements included or incorporated by reference as exhibits to this Form 10K, please remember they are intended to provide you with information regarding their terms and are not to provide any other factual or disclosure information about the Company or the other parties thereto. Certain of the agreements contain representations and warranties by the parties named therein. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one or more of the parties if those statements prove to be inaccurate;

- have been qualified by disclosures that were made to the other party or parties in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and

- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Form 10-K and the Company s other public filings, which are available without charge through the SEC s website at http://www.sec.gov. Please also see the section entitled Available Information in Part 1, Item 1 of this report.

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Item 1. Business
Name Change of SkyTerra Subsidiaries

On December 8, 2008 the names of all SkyTerra subsidiaries that used Mobile Satellite Ventures in any part of their name were changed to replace the Mobile Satellite Ventures portion of the name with SkyTerra, including those listed in the table below which indicates the previous and current name of each subsidiary:

Former Name:	New Name:
Mobile Satellite Ventures GP Inc.	SkyTerra GP Inc.
Mobile Satellite Ventures LP	SkyTerra LP
Mobile Satellite Ventures (Canada) Inc.	SkyTerra (Canada) Inc.
Mobile Satellite Ventures Holdings (Canada) Inc.	SkyTerra Holdings (Canada) Inc.
MSV Finance Co.	SkyTerra Finance Co.

In this Form 10-K, unless otherwise stated or the context otherwise requires, references to we, us, our, the Company and similar references refe to SkyTerra Communications, Inc. (SkyTerra) and its directly or indirectly owned subsidiaries, including SkyTerra LP and its subsidiaries. SkyTerra LP holds a 46.4% effective interest in SkyTerra (Canada) Inc. (SkyTerra Canada) through its 20% interest in SkyTerra Canada and a 33% interest in SkyTerra Holdings (Canada) Inc, which is the parent company of SkyTerra Canada. SkyTerra LP has determined that it is the primary beneficiary of SkyTerra Canada as a result of its obligation, by contract, to fund the operations of SkyTerra Canada, and as a result of a rights and services agreement and a capacity lease agreement between SkyTerra LP and SkyTerra Canada. As such, and in accordance with FASB Interpretation No. 46, *Variable Interest Entities* (FIN 46), SkyTerra Canada has been consolidated into the financial results of SkyTerra LP. SkyTerra Canada is Canadian owned and controlled within the meaning of the Telecommunications Act (Canada) and the Radiocommunication Regulations (Canada). Unless otherwise stated, references to our satellites, our spectrum, our authorizations, our network and similar references refer to the satellites, spectrum, authorizations and networks of SkyTerra LP and SkyTerra Canada.

SkyTerra Communications

SkyTerra has five officers and no other employees. All SkyTerra officers are full-time employees of SkyTerra LP. Through SkyTerra LP and other of the Company s subsidiaries and affiliates, the Company is pursuing plans to develop, build and operate a next generation mobile satellite system complemented by an ancillary terrestrial component. Ancillary terrestrial component (ATC) permits the use of its L-band satellite frequencies in the operation of an advanced, integrated satellite and terrestrial hybrid network capable of providing wireless broadband on a fixed, portable and fully mobile basis in the United States. The Company s subsidiaries and affiliates operate in the United States and Canada. The Company was incorporated in Delaware in 1985 as International Cogeneration Corporation.

Over the past several years the Company has consummated a series of transactions to acquire additional interests in SkyTerra LP, its principal operating subsidiary, from SkyTerra LP s other limited partners in exchange for shares of SkyTerra voting and non-voting common stock. As a result, SkyTerra now owns 100% of SkyTerra LP. In addition to SkyTerra LP, SkyTerra owns 11.1% of TerreStar Networks Inc. (TerreStar Networks).

SkyTerra LP Exchange Transactions

On September 25, 2006, the Company issued 39.6 million shares of its voting and non-voting common stock to TerreStar Corporation and other partners in SkyTerra LP in exchange for limited partnership interests in SkyTerra LP (the 2006 SkyTerra LP Exchange Transactions), resulting in SkyTerra owning 59% of SkyTerra LP as of the closing. Pursuant to the terms of these transactions, TerreStar Corporation agreed to use commercially reasonable efforts to distribute the 25.5 million shares of the Company s common stock that it

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received to its common stockholders. Prior to any such distribution these shares were non-voting. TerreStar Corporation was also given the right to exchange its remaining limited partnership interests of SkyTerra LP for shares of the Company s non-voting common stock at a predefined ratio.

Notwithstanding the legal form of the transactions, the 2006 SkyTerra LP Exchange Transactions were accounted for as a reverse acquisition, with SkyTerra LP being treated as the accounting acquirer of SkyTerra. Accordingly, the historical financial statements of the Company prior to September 25, 2006 are the historical financial statements of SkyTerra LP. The consolidated financial statements of SkyTerra LP were retroactively adjusted to reflect the recapitalization of SkyTerra LP with the 39.6 million shares of SkyTerra common stock issued to SkyTerra LP equity holders in the 2006 SkyTerra LP Exchange Transactions.

On January 5, 2007, the Company acquired all of the equity interests in SkyTerra LP owned by BCE Inc. (BCE) through the purchase of a BCE wholly-owned subsidiary, TMI Communications Delaware Limited Partnership (TMI Delaware). The Company issued 22.5 million shares of non-voting common stock in exchange for limited partnership interests in SkyTerra LP (the BCE Exchange Transaction). These shares of non-voting common stock are exchangeable for a like number of shares of voting common stock upon a sale by BCE in the open market or to a person who will not beneficially own 10% or more of the Company s voting common stock. In addition, the Company issued 176,250 shares of common stock to Winchester Development LLC, a company beneficially owned by a former director of SkyTerra LP. Such shares were issued in exchange for $0.4 million in cash and limited partnership interests of SkyTerra LP. This transaction, together with the BCE Exchange Transaction, resulted in the Company owning 81% of SkyTerra LP.

On February 12, 2007, the Company issued 14.4 million shares of common stock to TerreStar Corporation as a result of TerreStar Corporation exercising its option to exchange a portion of its remaining limited partnership interests in SkyTerra LP. As a result, the Company s ownership of SkyTerra LP increased to 95%. On November 30, 2007, the Company issued 4.4 million shares of common stock to TerreStar Corporation as a result of TerreStar Corporation exercising its option to exchange the remaining limited partnership interests in SkyTerra owned by it. As a result, the Company s ownership of SkyTerra LP increased to 99.3%.

On December 10, 2008, the Company issued 736,209 shares of voting common stock to the remaining minority limited partners and acquired all of the remaining limited partnership interests in SkyTerra LP it did not already own. As a result, the Company s ownership of SkyTerra LP increased to 100%.

SkyTerra and SkyTerra LP Unit Option Exchange

On August 6, 2008 the Company completed an offer to all SkyTerra LP option holders as of that date, to grant them new options, generally in exchange for surrender and termination of their SkyTerra LP options (the Option Exchange). All participating U.S. SkyTerra LP option holders received options to purchase shares of SkyTerra common stock pursuant to the terms of the Option Exchange at a ratio of 2.82 SkyTerra options for each SkyTerra LP option terminated, with an exercise price equal to the exercise price of the SkyTerra LP options terminated divided by 2.82. All participating Canadian SkyTerra LP option holders received the right to exchange SkyTerra LP options for SkyTerra options on the same terms in the future. Sale of all shares subject to the options received upon exchange is subject to restriction until May 1, 2010, with certain exceptions that could result in earlier termination of the restrictions. Upon the release of these restrictions, Canadian SkyTerra LP option holders participating in the Option Exchange will have three business days to complete the exchange of their respective SkyTerra LP options for SkyTerra options, or their SkyTerra LP options will become unexercisable.

Upon consummation of the Option Exchange, 11 million SkyTerra options were issued in exchange for SkyTerra LP options held by U.S. SkyTerra LP option holders. Additionally, Canadian SkyTerra LP option holders received rights to receive 1.7 million SkyTerra options if they exchange their respective SkyTerra LP options for SkyTerra options in the future.

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SkyTerra LP

Next Generation Network

SkyTerra LP is developing an integrated satellite and terrestrial communications network to provide ubiquitous wireless broadband services, including internet access and voice services, in the United States and Canada. SkyTerra LP plans to launch two new satellites, SkyTerra-1 and SkyTerra-2 (formerly MSV-1 and MSV-2), that will serve as the core of its next generation network. The Company is working closely with Boeing, the satellite manufacturer of both SkyTerra-1 and SkyTerra-2, to carefully track, monitor and support the progress of the satellite construction program. Based on Boeing s most recent estimates, SkyTerra-1 will be available for launch in very late 2009. To ensure the availability of a launch window for SkyTerra-1, and accounting for the possibility of potential future construction or other delays that have occurred on other complex spacecraft, SkyTerra has selected a launch window that provides scheduled launch assurance in case the manufacturer s construction schedule is delayed.

Specifically, SkyTerra has contracted for a launch window for SkyTerra-1 that opens in March of 2010 and continues through May 2010. This date was selected carefully, to account for the possibility of future manufacturer construction delays as mentioned above. If SkyTerra-1 construction does not deviate from its current schedule, SkyTerra may seek an earlier launch date from the launch service provider, including late 2009. While there can be no guarantee of the availability of such earlier launch time, SkyTerra believes the launch service provider will work in good faith to accommodate an earlier launch.

The launch of SkyTerra-2 is currently expected to occur in the fourth quarter of 2010 or the first quarter of 2011 and, similar to SkyTerra-1, within all regulatory milestones.

The Company s current and next generation satellite systems are licensed by either the United States or Canadian governments to operate in the 1.5 - 1.6 GHz frequency band (the L-band) using spectrum that SkyTerra LP and SkyTerra Canada have coordinated for their use. This spectrum is positioned between the frequencies used by terrestrial wireless providers. SkyTerra LP and SkyTerra Canada have coordinated approximately 30 MHz of this spectrum throughout the United States and Canada and this coordinated spectrum covers a total population of over 330 million **.** The Company plans to use its spectrum for both satellite and terrestrial service in operating its next generation integrated network.

SkyTerra LP holds an ATC authorization that permits the use of its L-band satellite frequencies in the operation of an advanced, integrated satellite and terrestrial hybrid network capable of providing wireless broadband on a fixed, portable and fully mobile basis in the United States. Deployment of an ATC network has not yet begun, and development is in process. SkyTerra LP was the first mobile satellite service (MSS) provider to receive a license to operate an ATC network from the Federal Communications Commission (FCC) and was a major proponent of the FCC s February 2003 and February 2005 ATC and ATC Reconsideration Orders, both of which were adopted on a bipartisan, 5-0 basis.

With access to spectrum that is conducive for mobile and fixed broadband wireless services, the Company believes it is well positioned to support an extensive wireless business plan. The next generation integrated network may create the opportunity to use the Company s United States and Canadian nationwide spectrum, in its current configuration, to establish a strong position within the wireless industry. Using an all-Internet Protocol, open architecture, the Company believes its network will provide significant advantages over existing wireless networks. Such potential advantages include higher data speeds, lower costs per bit, flexibility to support a range of custom IP applications and services, and added communications flexibility in the event terrestrial services are unavailable or interrupted. The Company s current business plan envisions a carrier s carrier wholesale model whereby strategic partners and other wholesale customers can use the Company s network to provide differentiated broadband services to their subscribers. The Company s planned open network, in contrast to legacy networks currently operated by incumbent providers, will allow distribution and other strategic partners to have open network access to create a variety of custom applications and services for consumers.

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The Company believes the changing dynamics of the telecommunications industry have created a compelling market opportunity for its next generation network. Increased competition, industry consolidation, wireless substitution for wireline services and the general convergence of media and telecommunications have led major service providers to attempt to offer consumers a bundle of video, broadband data, voice and mobile wireless services. However, incumbent wireless providers may be constrained by certain factors, such as their spectrum positions and legacy second generation (2G) and 3G circuit-switched network architectures, as the demand for an advanced bundle has increased. Wireless carriers may also be pursuing different market strategies based upon their existing networks and customers rather than offering new services like those we plan to provide using next generation integrated technology. New technologies are emerging to deliver advanced broadband wireless services and applications to a potentially wide range of devices at price points we believe will be lower than those offered by incumbents legacy networks.

The Company anticipates that our United States and Canadian nationwide spectrum holdings and strategy to deploy a wireless, all-IP network will, through wholesale customers and other strategic distribution partners, have the potential to provide superior connectivity to an array of devices, satisfy the evolving needs of the industry and capture a greater percentage of the consumer s total spending on communications services. The potential market opportunity may include participation from large enterprises that have limited access to the wireless services business (potentially including content companies, video service providers, web services firms, consumer electronics companies, enterprise service providers, device and chipset vendors and Internet service providers). Those enterprises have large, loyal customer bases and are exploring opportunities to incorporate broadband wireless connectivity to differentiate and expand their core service offerings.

While the Company has been focused on a wholesale, carriers carrier business model, conversations have nonetheless taken place with strategic partners who view the Company s assets, including access of up to a potential 46 MHz of spectrum and the ability to provide a differentiated, integrated satellite-terrestrial service, as a very attractive platform for the delivery of 4G services using traditional models for the distribution of services and content. Such traditional business models include potential exclusive relationships with existing operating partners and/or new entrants.

Current Generation Network

SkyTerra LP offers a range of mobile satellite services using two nearly identical geostationary satellites that support the delivery of data, voice, fax and dispatch radio services. SkyTerra LP offers services to a number of vertical markets in the United States and Canada. Penetration is highest in markets where terrestrial wireless infrastructure is cost-prohibitive or non-existent, where point-to-multipoint services such as voice dispatch are essential for ongoing operations, or where network availability is a critical requirement for service.

SkyTerra LP provides wholesale satellite capacity to customers who implement their own networks. These customers typically purchase specified amounts of bandwidth and power. The bandwidth and power are dedicated to the customer and are not subject to other sale, or to preemption except for emergency purposes as provided in our authorizations from the FCC and Industry Canada. A majority of these customers access the network for fleet management and asset tracking services.

SkyTerra LP markets satellite telephony services through dealers in the United States and on a wholesale basis in the United States and Canada. The basic service is two-way circuit switched voice, facsimile and data at up to 4.8 kbps. A range of satellite handset configurations is available to address the particular communications needs of select markets. User equipment can be installed on trucks, ships, and airplanes or at a fixed location. Customers can use the phones for standard voice communication, including value added services such as call forwarding, call waiting, and conference calling, as well as for file transfers, faxes and e-mail. Many of these users are federal, state and local agencies involved in public safety and security that depend on the Company s network for redundant and ubiquitous wireless services during daily operations and in the case of emergencies.

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In addition to circuit switched service, SkyTerra LP provides satellite-delivered dispatch service. Dispatch service provides the wide-area equivalent of push-to-talk two-way radio service among users in customer defined groups. Each user can belong to as many as 15 groups, and each group can have up to 9,999 members. Group members can operate anywhere in the United States and Canadian coverage area. Dispatch service facilitates team-based group operations and is highly suited for emergency communications.

Circuit switched users are charged both fixed access and variable usage fees. Dispatch users pay a fixed access fee for unlimited usage; however, the fee varies with the coverage available. Monthly fees for satellite voice users range from $25 for certain public safety and emergency applications to over $100 for high volume users.

Packet data services is distributed through a reseller channel and provides the capability to transmit data in an always-on fashion (circuit switched service requires establishment of a dedicated connection for every new data transaction). Common applications include fleet and load management, credit card verification, e-mail, vehicle position reporting, mobile computing, and data message broadcasting.

SkyTerra LP currently sells a mobile transceiver for use with our telephony and dispatch services. This device provides integrated Global Positioning Satellite (GPS) capability. The Company offers a PSTN telephony interface box manufactured by Link Communications, Inc. The interface allows customers to use SkyTerra LP s MSAT-G2 voice and push-to-talk services using a conventional analog cordless phone. For packet data services, the Company uses terminal equipment from EMS technologies. The EMS PDT-100 is an integrated vehicle mounted antenna and transceiver unit that is used with a variety of user interface devices. The network terminates calls from its telephony services via both the AT&T and Sprint networks in the United States and via Bell Canada in Canada.

Competition

SkyTerra LP s current products and services compete with a number of communications services, including existing satellite services offered by Iridium, Globalstar LLC and Inmarsat, terrestrial air-to-ground services, and terrestrial land-mobile and fixed services and may compete with new technologies in the future. Iridium and Globalstar provide voice, data, and paging services via constellations of Low Earth Orbiting satellites that cover the globe. The Iridium and Globalstar systems are more complex and expensive than the Company s satellite network and offer some advantages over the Company s voice services such as smaller handheld telephones, global coverage, and in certain circumstances, reduced transmission delay. However, neither company currently offers a commercial satellite dispatch service. Inmarsat s primary offerings consist of maritime voice, facsimile and data services. The Inmarsat system has higher per minute charges than those charged by the Company for comparable service. Inmarsat s current generation of satellites, Inmarsat-4, are more powerful than the Company s current operating satellites. One of Inmarsat s current generation satellites covers most of North America and is used to provide Inmarsat s new Broadband Global Area Network service in addition to traditional Inmarsat services.

Spectrum Improvement Agreement with Inmarsat

To improve our spectrum assets, in December 2007, SkyTerra, SkyTerra LP, and SkyTerra Canada (together the SkyTerra Parties) and Inmarsat Global Limited (Inmarsat) entered into a Cooperation Agreement relating to the use of L-band spectrum for both MSS and ATC services in North America. The Cooperation Agreement addresses a number of regulatory, technology and spectrum coordination matters involving L-band spectrum, including:

Coordination of the parties respective next generation satellite systems covering North America;

Provisions for re-banding the parties L-band spectrum in North America that provide each party with increased contiguous spectrum bandwidth for their operations. This increased contiguity will occur in a

phased approach, with certain phases dependent on the payment of designated amounts to Inmarsat by the SkyTerra Parties, and upon the occurrence of various financial, regulatory and other governmental actions;

Provisions for increased flexibility in system operations and system enhancements that will result in greater protection from harmful interference for all relevant systems operations, and that progressively increases flexibility and supports more robust MSS/ATC operations, from the onset of the Cooperation Agreement through the various options that the SkyTerra Parties may exercise;

Provisions for increased reuse of a substantial segment of North American L-band spectrum to support the deployment of new services and to provide increased innovation and customer service to all users throughout North America;

Settlement of outstanding regulatory disputes regarding the operation of certain L-band MSS and MSS/ATC services; and

Pre-negotiated financial and operational terms for an option for the SkyTerra Parties to obtain additional spectrum and technical flexibility for the deployment and operation of a 4G ATC network.

In addition, upon the achievement of certain events, including regulatory approvals and coordination among the other L-band operators, SkyTerra LP and SkyTerra Canada, would, over time, have the potential for coordinated access for up to 2 x 23 MHz of L-band spectrum (including large blocks of contiguous channels).

Possible Merger and Acquisition of Inmarsat Master Agreement with Harbinger

In July 2008, the Company, SkyTerra LP and SkyTerra Subsidiary LLC entered into a Master Contribution and Support Agreement (the Master Agreement) and certain other agreements with Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund L.P., Harbinger Capital Partners Fund I, L.P., and Harbinger Co-Investment Fund, L.P. (together Harbinger). The Master Agreement provides for the possible combination of the Company and Inmarsat plc (Inmarsat), a UK public listed company and a leading provider of global mobile satellite services. Harbinger owns approximately 28.8% of the issued and outstanding ordinary shares of Inmarsat. Pursuant to the Master Agreement, the proposed business combination of the Company and Inmarsat would be structured as an offer by the Company for all of the issued and outstanding shares of Inmarsat not owned by Harbinger, and would be subject to the receipt of required regulatory and antitrust clearances.

On August 22, 2008, pursuant to the Master Agreement, Harbinger and the Company submitted applications to the FCC seeking consent for transfer of control of the Company to Harbinger and consent for the possible business combination between the Company and Inmarsat. The applications also sought a declaratory ruling approving a range of possible foreign ownership levels associated with Harbinger s ownership of up to 100% of the Company.

On August 22, 2008, the Company filed a notice with the U.S. Department of Justice s Antitrust Division under the Hart-Scott-Rodino Act in connection with the possible offer by the Company for Inmarsat. On September 22, 2008, the 30-day Hart-Scott-Rodino waiting period expired without any action from the U.S. Department of Justice s Antitrust Division. No second request was issued.

The Company and Harbinger expect the FCC approval process to take approximately 12 to 18 months from the July 2008 announcement. The Company is continuing to work cooperatively with Harbinger with respect to the possible offer for Inmarsat, including obtaining all required regulatory approvals for the business combination.

Assuming an acceptable conclusion to the regulatory approval process and Harbinger s determination to proceed with the transaction, the proposed business combination with Inmarsat is expected to be structured as an

offer by SkyTerra to acquire all issued and to be issued shares of Inmarsat not owned by Harbinger (the Offer), on terms to be determined by Harbinger and in accordance with the Master Agreement. Harbinger has not yet proposed the formal terms or structure of a possible Offer to SkyTerra or Inmarsat. Harbinger may terminate the Master Agreement at any time and is not obligated to proceed with any business combination transaction involving SkyTerra and Inmarsat.

If Harbinger decides to proceed with the Offer following the receipt of required regulatory approvals, Harbinger would arrange for committed equity and debt financing to fund the Offer. SkyTerra would undertake to use its best efforts to assist Harbinger in obtaining debt financing. To provide equity financing for the Offer, Harbinger may purchase newly issued shares of SkyTerra voting common stock for $2.4 billion in cash or such other amount as Harbinger may determine. The per share purchase price for the newly issued shares will be $10 per share subject to an adjustment ratchet relating to the successful Offer price paid for each Inmarsat share. If the Offer price for each Inmarsat share is greater or lower than 535 British Pence Sterling then the purchase price for the newly issued SkyTerra shares will increase or decrease proportionately (adjustment ratchet). The 535 British Pence Sterling per share and $10 per share prices are reference prices for the purposes of the Master Agreement and the arrangements between Harbinger and SkyTerra. The 535 British Pence Sterling per share does not constitute a term or reference price for the Offer. No Offer pricing discussion has taken place with the board of Inmarsat and no determination has been made by SkyTerra or Harbinger as to any appropriate Offer price. SkyTerra shareholders other than Harbinger may participate in the equity financing for the Offer through a rights offering of voting common stock of up to $100 million.

If the Offer is completed, Harbinger would contribute to SkyTerra 132 million ordinary shares in Inmarsat and $37.6 million in aggregate principal value of 1.75% convertible bonds issued by Inmarsat and due in 2017, in each case currently owned by Harbinger and its affiliates. In exchange for such contributions, SkyTerra would issue to Harbinger new shares of voting common stock at $10 per share subject to the adjustment ratchet. The issuance of new voting and non-voting shares of SkyTerra common stock will be subject to SkyTerra shareholder approval.

Qualcomm Satellite Enabled Mobile Chipsets for Next Generation Network

In September 2008, SkyTerra LP entered into a 15-year agreement with Qualcomm Incorporated (Qualcomm) for the provision by Qualcomm of satellite-enabled mobile chipsets and satellite base station components built upon Qualcomm-adapted EV-DO technology to facilitate the development of mobile devices and network systems for use with the Company s planned next generation network. A broad range of Qualcomm chipsets, to be available on a mass-market basis, will include satellite and L-band capabilities. Under this agreement, SkyTerra LP and Qualcomm have completed the detailed specifications for the first release of the technology, which will be sufficient to support voice and data services in an integrated, dual mode manner over SkyTerra s satellites and terrestrial networks, including L-band ATC.

The agreement with Qualcomm also contemplates that other operators (together with SkyTerra LP, each an Operator) may enter into similar arrangements with Qualcomm. The termination by one Operator of its agreement with Qualcomm does not affect the agreement of any other Operator. The Company has been advised that ICO Satellite Services G.P. (ICO) and TerreStar Networks have entered into a similar agreement with Qualcomm. Each Operator will fund a portion of the related non-recurring expenses (NRE) incurred in connection with the agreements, which will result in a further sharing of NRE if and when additional Operators (in addition to SkyTerra LP, ICO, and TerreStar) enter into similar agreements with Qualcomm. The SkyTerra LP portion of the NRE to be paid to Qualcomm is expected to be in an amount not to exceed $10 million, subject to reduction based on the participation of other Operators with Qualcomm.

In connection with entering into the Qualcomm agreement, SkyTerra LP and ICO have entered into a mutual non-assertion agreement with ICO with respect to relevant aspects of their respective patent portfolios as well as certain other agreements related to the Qualcomm development effort.

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EV-DO Compatible Base Transceiver Subsystems

The Company is currently in negotiations with several vendors for the procurement of EV-DO compatible transceiver subsystems. The Company expects that it will enter into a material definitive contract for those subsystems during the first half of 2009.

Financing

On July 24, 2008, SkyTerra, SkyTerra LP, and SkyTerra Finance Co. entered into a Securities Purchase Agreement (the Securities Purchase Agreement) with affiliates of Harbinger, pursuant to which SkyTerra LP and SkyTerra Finance Co. agreed to issue Harbinger up to $500 million aggregate principal amount of 18% Senior Unsecured Notes due July 1, 2013 in four tranches. The proceeds of this funding commitment are expected to fund the Company s business plan through the third quarter of 2010. As amended, the Securities Purchase Agreement provides that the 18% Senior Unsecured Notes bear interest at a rate of 18% per annum, and that, in conjunction with the issuance of the 18% Senior Unsecured Notes pursuant to the Securities Purchase Agreement, SkyTerra will issue to Harbinger warrants to purchase up to an aggregate of 32.5 million shares of voting or non-voting common stock of SkyTerra (at the option of the holder) at an exercise price of $0.01 per share of common stock. Harbinger s purchase of the 18% Senior Unsecured Notes is not conditioned upon the commencement or consummation of a business combination with Inmarsat, as described elsewhere in this document. Harbinger may not be required to purchase the 18% Senior Unsecured Notes under certain circumstances, including upon the occurrence of a material adverse effect.

On January 7, 2009 the Company issued the first of the four issuances of the 18% Senior Unsecured Notes to Harbinger under the Securities Purchase Agreement, in an aggregate principal amount of $150 million. In addition, at this closing the Company issued Harbinger ten-year warrants to purchase 7.5 million shares of the Company s voting or non-voting common stock, at an initial exercise price of $0.01 per share. The remaining $350 million of 18% Senior Unsecured Notes is scheduled to be issued to Harbinger in three tranches of $175 million, $75 million and $100 million on April 1, 2009, July 1, 2009, and January 4, 2010, respectively.

The Company is actively pursuing incremental financing alternatives to continue to increase the amount of capital available to fund current operations and development of the next generation network. The Company is considering means to raise capital, including strategic partnerships, vendor financing, sale of its interest in TerreStar Networks, and additional debt or equity financing, among others. There is no assurance that the Company can raise sufficient capital, or raise sufficient capital with terms that are favorable to the Company, and/or permitted under the terms of existing financing agreements, to complete the next generation network and realize an ATC build-out.

Intellectual Property

SkyTerra LP has prepared and filed a significant number of patent applications representing significant depth and breadth of claims related to the commercialization and development of a satellite and terrestrial integrated network. The applications have been filed in both the United States and in several key countries abroad. The Company believes that a next generation integrated network cannot effectively and efficiently be implemented on a commercially viable basis without the benefits of the patent portfolio it holds rights to. The Company is committed to vigorously enforcing and defending the rights afforded through its patents.

The Company currently, and expects to continue to, incorporate licensed patents and unpatented technology and software into existing and planned networks. Certain agreements between the Company and third parties include provisions pursuant to which the Company has or will receive a non exclusive license to developments including, among other things, technology and related software created by such third parties for use in existing and planned networks. The Company expects to enter into additional agreements in the normal course of business and with strategic partners that will include licenses to third party intellectual property as the next generation network is developed. The Company believes the intellectual property rights and licenses are sufficient in scope and duration for the operation of the business.

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TerreStar Networks Inc.

The Company owns 11.1% of TerreStar Networks, which was established to develop, build and operate a next generation satellite system complemented by an ATC in the 2 GHz MSS band (S-band). Prior to September 12, 2008, TerreStar Corporation, the majority parent of TerreStar Networks, owned 29,926,074 millions shares of the Company.

On September 12, 2008, the Company entered into a Transfer and Exchange Agreement with TerreStar Corporation. Pursuant to the agreement future transferees of the TerreStar Networks shares held by the Company (but not the Company itself) will have the right until May 15, 2014 to exchange shares of TerreStar Networks for shares of TerreStar Corporation common stock at an exchange ratio of 4.37 shares of TerreStar Corporation common stock per TerreStar Networks share. The agreement also provides for SkyTerra s waiver of TerreStar Corporation s obligation in the Exchange Agreement among SkyTerra, TerreStar Corporation and Motient Ventures Holding Inc. (a subsidiary of TerreStar Corporation), dated May 6, 2006, to use its commercially reasonable efforts to distribute 29,926,074 shares of non-voting common stock of SkyTerra (the SkyTerra Shares) to TerreStar Corporation s stockholders.

Employees

As of December 31, 2008, the Company and its consolidated subsidiaries had 175 employees. The Company believes its relationship with employees is good, and no employees are represented by a union. Generally, employees are retained on an at-will basis. The Company has entered into employment agreements with certain key employees. Certain employees have non-competition agreements that prohibit them from competing with the Company for various periods following termination of their employment.

Government Regulation

The mobile satellite communications business of SkyTerra LP is subject to extensive government regulation in the United States and Canada. We are also subject to the securities laws and regulations applicable to all publicly owned companies and laws and regulations applicable to businesses generally.

Overview

The operation of our satellite system and our development of a nationwide ATC network is subject in the United States to the rules and regulations of the FCC and in Canada to the rules and regulations of Industry Canada and, to a lesser extent, the Canadian Radio-television and Telecommunications Commission, or CRTC. The FCC acts under authority established by the Communications Act and related federal laws. Among other things, the FCC allocates portions of the radio frequency spectrum to certain services and grants licenses to and regulates individual entities using that spectrum. The FCC also ensures that communications devices comply with technical requirements for minimizing interference and human exposure to radio frequency emissions. Industry Canada acts pursuant to the Radiocommunication Act (Canada) and the Telecommunications Act (Canada). Industry Canada manages the use and allocation of radio spectrum in Canada through the issuance of radio and spectrum licenses. Our satellite system s access to spectrum is in part also subject to treaty obligations of the United States and Canadian governments, including those contained in the International Radio Regulations of the International Telecommunication Union.

Beginning in January 2001, the Company filed the first ATC application and was a leader in the effort to demonstrate the public interest benefits of permitting substantial flexibility in the deployment and operation of ATC facilities. In 2003, the FCC in a bi-partisan, 5-0 decision adopted rules that permit the Company to provide broadband wireless service. The Company was then granted the first-ever ATC license in November 2004. In February 2005, the FCC followed its earlier decision with another 5-0 decision to further liberalize the technical and operational rules for ATC, enabling us to deploy a more competitive wireless broadband service. Industry Canada has adopted a similarly flexible regime for the provision of an integrated satellite terrestrial service.

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Authority to Operate ATC in the United States

In February 2003, the FCC adopted a unanimous ATC Order, giving MSS operator s broad authority to use their assigned spectrum to operate an ancillary terrestrial component and providing MSS operators with ability to deploy cell sites using the same spectrum authorized for satellite operations. In February 2005, the FCC, on another unanimous vote, adopted its ATC Reconsideration Order, which substantially relaxed the technical restrictions for ATC in the L-band. These decisions establish a set of preconditions (sometimes called gating criteria) and technical requirements for ATC operations, as well as an application process for an ATC license. With the February 2005 order, we believe the Company achieved a number of substantial, material improvements to the rules for ATC operations and, as such, gained the opportunity to deploy an ATC network with technical parameters substantially similar to those in other wireless bands, including the PCS spectrum band. The February 2005 order also gave us the opportunity to apply for certain additional flexibilities not permitted in some other wireless bands including the ability to pursue a TDD ATC configuration. The Cooperation Agreement (see Government Regulation L-band Coordination) provides substantial additional flexibility.

Inmarsat asked the FCC to reconsider the ATC Reconsideration Order and requested the FCC to tighten the technical restrictions on L-band ATC base stations, further define the coordination obligations of L-band operators deploying ATC base stations, and limit the number of ATC terminals that can transmit simultaneously in the 1626.5-1645.5 and 1646.5-1660.5 MHz band. We opposed Inmarsat s requests. Pursuant to the Cooperation Agreement (see Government Regulation L-band Coordination), Inmarsat has since withdrawn this filing.

L-band Coordination

The spectrum we use for communication between user terminals and our satellites is known as the L-band. Our existing satellite system is authorized to operate its service links in a portion of two 33 MHz wide bands known as the MSS L-band. The specific allocation is 1525-1544 and 1545-1559 MHz for space-to-Earth transmissions and 1626.5-1645.5 and 1646.5-1660.5 MHz for Earth-to-space transmissions. The spectrum is allocated both internationally and domestically for MSS.

We share L-band spectrum internationally with several other MSS systems, pursuant to the Radio Regulations of the ITU. Since our system became operational in 1996, spectrum access has been governed by a multilateral five-administration agreement referred to as the Mexico City MoU and by bilateral agreements. The Mexico City MoU agreement provides for yearly spectrum sharing agreements, or SSAs, among the five systems that operate in North America: SkyTerra LP, SkyTerra Canada, Inmarsat, and, to a lesser extent, Russian and Mexican systems. In addition, a new Japanese system operates with some overlap with our satellites, requiring limited ongoing coordination.

The Company is currently in a formal process to coordinate its next generation satellites (SkyTerra-1 and SkyTerra-2) with the Mexican administration.

Spectrum availability, particularly in the L-band, is a function of not only how much spectrum is assigned to SkyTerra LP by the FCC, but also the extent to which the same L-band frequencies are used by our and other satellite systems in the North American region, and the manner of such use. All spectrum use is required to be coordinated with other parties that are providing, or plan to provide, mobile satellite based communications in the same geographical region using the same spectrum.

As described above, on December 20, 2007, SkyTerra, SkyTerra LP, SkyTerra Canada, and Inmarsat entered into the Cooperation Agreement, which includes coordination of the current and next generation satellites of the parties satellite systems and the Company s ATC system. Pursuant to the Cooperation Agreement, the Company has withdrawn all of its filings asking the FCC to refrain from authorizing access to Inmarsat s new or relocated satellites and the Company s interference complaints with the FCC regarding those satellites. SkyTerra

Canada has withdrawn its interference complaints to Industry Canada regarding these satellites and has requested that Industry Canada withdraw similar complaints that were filed by the government of Canada with the ITU and the administration of the United Kingdom. Similarly, Inmarsat has since withdrawn its challenges to the ATC Order on Reconsideration, the Company s ATC license, its pending ATC license modification application, and the FCC s determination that the Company met its initial milestones for its next generation satellites.

Under the 1999 SSA, spectrum is divided among the five L-band operators. In some cases, the spectrum assigned to the five operators is in broadband, contiguous frequency segments; in other cases, the spectrum is in narrow and non-contiguous frequency segments. As part of this assignment framework, we believe that SkyTerra LP and SkyTerra Canada have sufficient spectrum to deploy a variety of broadband wireless air interfaces including Wi-MAX, W-CDMA, CDMA EVDO and Flash-OFDM. The Cooperation Agreement provides SkyTerra LP and SkyTerra Canada access to wider and more contiguous frequency segments than the assignments that they currently have pursuant to the 1999 SSA. SkyTerra LP and SkyTerra Canada have been able to coordinate access to spectrum but additional coordination will enhance the contiguity of our spectrum. We believe it is unlikely that international coordination would result in a decrease of spectrum available to us. Other L-band MSS operators and their Administrations may have coordination goals that conflict with ours. While we believe we ultimately will achieve our coordination goals, there is no guarantee we will be able to do so.

Gating Criteria for ATC Operations

The gating criteria for ATC operations are intended to ensure that MSS spectrum continues to be used for satellite service. The primary requirements are:

- continuous satellite coverage of all fifty states, Puerto Rico, and the United States Virgin Islands;
- provision of a substantial commercial satellite service; and
- an integrated service offering.

The requirement for an integrated service offering can be met if every user device the licensee makes available permits users to communicate both through the satellite system and through the terrestrial network. The FCC has also stated that uniform pricing of satellite and terrestrial service may satisfy the integration requirement.

The rules also require us to maintain a spare satellite on the ground within one year of commencing operations and to launch it into orbit during the next commercially reasonable launch window following a satellite failure. In 2007, the FCC granted our request for waiver of this requirement.

The rules preclude the use of all spectrum by the terrestrial network if such use would be to the exclusion of any satellite service.

Technical Requirements

For each MSS band, the FCC has adopted specific technical requirements for ATC operations to prevent interference to other spectrum users. We believe that, as a practical matter, these requirements do not limit our network deployment or our ability to meet our business plans.

We have also agreed to comply with requirements on our user terminals and base stations that we negotiated with the GPS industry to provide additional protection to GPS receivers, beyond existing mandatory limits. Our compliance with these limits is a condition of our ATC license. All of our broadband wireless system designs take into account these requirements and specifications. We believe that they do not materially limit our network deployment or our ability to achieve our business plan.

We believe that the technical requirements imposed in the L-band as a result of the 2005 ATC Reconsideration Order provide us with substantial flexibility to deploy a broadband, integrated wireless system.

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With the unanimous February 2005 order, we believe SkyTerra LP has achieved a number of substantial, material improvements to the technical requirements for ATC operations and has gained the ability to deploy an ATC network that is substantially similar to networks deployed in other wireless bands, including the PCS band. We believe SkyTerra LP has also achieved certain additional flexibility not available to licensees in some other wireless bands, including the opportunity to pursue a TDD or an FDD ATC configuration and the opportunity to pursue one of the multitude of state-of-the-art 3G and 4G wireless air interfaces.

Current ATC License

In November 2004, the FCC s International Bureau granted one of our wholly owned subsidiaries, SkyTerra Subsidiary LLC (formerly Mobile Satellite Ventures Subsidiary LLC) or SkyTerra Sub, an ATC license. The Bureau granted SkyTerra Sub various waivers of, or variances from, the FCC s rules, including authority to deploy ATC capable of supporting GSM, CDMA and WCDMA air interface protocols, to use a link-margin booster in conjunction with ATC terminals used with our current generation satellites, and to initiate ATC services without constructing a new satellite of the same design as the current generation in-orbit satellites to have as an on-ground spare.

The FCC permits ATC to be provided in the United States in conjunction with MSS satellites and spectrum that are licensed and coordinated by countries other than the United States, including Canada. SkyTerra Sub s ATC license in the United States permits the Company to provide ATC using the satellite and spectrum that are licensed to SkyTerra Sub using United States and Canadian coordination assignments. Inmarsat filed an Application for Review with the FCC regarding the Bureau s decision granting SkyTerra Sub s ATC license. Pursuant to the Cooperation Agreement (see L-band Coordination), Inmarsat has since withdrawn this filing.

Pending ATC Modification Application

Because SkyTerra Sub s current ATC license was granted prior to the ATC Reconsideration Order, it does not allow SkyTerra Sub to operate in accordance with the significantly relaxed technical restrictions adopted in the ATC Reconsideration Order. Accordingly, in November 2005, SkyTerra Sub filed an application to modify its ATC license to take advantage of these relaxed technical restrictions. Among other things, SkyTerra Sub sought authority to deploy ATC using a variety of additional air interfaces using the FDD and TDD protocols, other than GSM, CDMA and WCDMA as well as waivers of, or variances from, some of the Commission s ATC rules. Inmarsat opposed our modification application. Pursuant to the Cooperation Agreement (see L-band Coordination), Inmarsat has since withdrawn this filing. Until our modification application is granted, we must operate in accordance with the technical restrictions in SkyTerra Sub s current ATC license. In December 2008, SkyTerra Sub amended the ATC modification application pursuant to the flexibility accorded in the Cooperation Agreement. Inmarsat has agreed to support this amendment. The FCC has not yet placed the amendment on public notice for comment, and we do not know whether it will be opposed.

Additional Regulatory Approvals Required

Before SkyTerra LP can provide ATC on a commercial basis, it must receive additional regulatory approvals, such as an FCC blanket license for its user terminals, FCC certification for its user terminals and base stations, local zoning approval for base stations, and certification from State Public Utility Commissions in some states. Similar additional regulatory approvals are required for commencement of service in most other wireless and satellite bands, and we believe that we should be able to fulfill the conditions required for such regulatory approvals. We will also need to coordinate the operation of certain of our base stations with wireless operators, aeronautical telemetry stations, and Search and Rescue Satellite-aided Tracking (SARSAT) earth stations.

Satellite Operations

Our ATC operations are dependent on the continued operation of our satellite system, their integration with the satellite system, and the satellite system s access to spectrum.

SkyTerra Sub holds a license issued by the FCC to operate an L-band satellite, MSAT-2, at the nominal 101 ° WL orbital location to provide MSS to the fifty states, Puerto Rico, the Virgin Islands, and United States coastal areas up to 200 miles. The FCC also permits United States licensed satellites such as MSAT-2 to provide service in foreign territories without obtaining additional approval from the FCC.

The license for MSAT-2 will expire in August 2010. We anticipate that the FCC will allow us to operate the satellite for its entire useful life if after the launch of SkyTerra-1 we can identify a suitable orbit location to which MSAT-2 could be relocated. SkyTerra Sub also holds a number of earth station licenses to operate with MSAT-2 with varying expiration dates. We anticipate that these licenses will be renewed in due course.

L-band Service Links

The L-band satellite license allows us to operate our United States licensed satellite (MSAT-2) throughout a portion of the 1525-1544 and 1545-1559 MHz (space-to-Earth) and 1626.5-1645.5 and 1646.5-1660.5 MHz (Earth-to-space) band, up to at least 10 MHz x2 of United States coordinated spectrum. The original license gave SkyTerra Sub access only to what is known as the upper L-band, but the FCC modified the license in 2002 to allow us to access spectrum in both the upper and lower L-bands. In this decision, the FCC also reduced the amount of United States coordinated L-band spectrum SkyTerra Sub could use on MSAT-2 from 14 MHz x2 to 10 MHz x2. The Company has pending a Petition for Clarification and Partial Reconsideration of this decision asking the FCC to allow SkyTerra Sub to use 14 MHz x2 of United States coordinated L-band spectrum. The Company has also asked the FCC to clarify that the spectrum coordinated by Industry Canada for SkyTerra Canada will not be attributed to SkyTerra Sub. The FCC has not imposed any limit on the amount of spectrum that can be used by SkyTerra Canada or MSAT-1.

Feeder Links

Feeder links are the frequencies that connect the satellites to large gateway earth stations that are typically interconnected with public networks or, in the case of large users, with private networks. SkyTerra-1 is authorized to use Appendix 30B Ku-band frequencies for feeder links: 10.75-10.95 GHz and 11.2-11.45 GHz (downlink); and 12.75-13.25 GHz (uplink). Our modification application to revise the authorized technical parameters for SkyTerra-1, including requesting authority to operate feeder link spot beams was granted in November 2008. The Company plans to operate four fixed earth stations, two in the United States and two in Canada, in conjunction with SkyTerra-1 and SkyTerra-2. In October 2008, the FCC granted two U.S. earth station applications submitted by SkyTerra Sub, and Industry Canada gave approval to two earth station applications submitted by SkyTerra Corp. The U.S. earth station licenses require that we construct the stations and certify to commencement of operations by May 2010 which coincides with the launch and operate milestone of SkyTerra-1.

In December 2003, the FCC issued a proposal pertaining to coordination procedures between new fixed earth stations in the Appendix 30B Ku-band and mobile Broadcast Auxiliary Services/Cable Television Relay Service (BAS/CARS) licensees that share the band. In this proceeding, the Society of Broadcast Engineers (SBE) has argued that it is not possible for an earth station using Appendix 30B Ku-band frequencies to protect mobile BAS/CARS operations in the band. As a solution, SBE proposed that the FCC restrict new earth stations using Appendix 30B Ku-band frequencies used for MSS systems to only areas outside 150 kilometers of the Top 100 TV markets. SkyTerra LP has opposed SBE s proposal. SkyTerra Sub s earth station licenses are conditioned on compliance with any earth station requirements adopted in this rulemaking proceeding.

TT&C

SkyTerra LP also relies on access to certain frequencies to control satellite operation. MSAT-2 is authorized to operate using certain telemetry, transfer, and control (TT&C) frequencies in the standard Ku-band. SES Americom operates a satellite at the 101° WL orbital location using standard Ku-band frequencies. SkyTerra LP

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and SES have an agreement covering MSAT-2 that may require SkyTerra LP to modify our operations or make certain payments to SES if SkyTerra LP s operations cause interference to those of SES. We do not anticipate any interference in the operations of MSAT-2 and those of SES. Further, it is not anticipated that this agreement will be required in connection with the operation of SkyTerra-1 and SkyTerra-2.

101 ° WL Replacement Satellite

SkyTerra Sub holds a license issued by the FCC to operate an L-band satellite, SkyTerra-1, on a non-common carrier basis at the nominal 101 ° WL orbital location to replace MSAT-2. The satellite is licensed to use up to 10 MHz x2 of United States coordinated L-band spectrum for service links and 500 MHz x2 of Appendix 30B Ku-band frequencies for feeder links, subject to successful coordination. The Company must comply with the following FCC milestones for this satellite:

- enter into a binding non-contingent construction contract (May 26, 2006);
- complete critical design review (May 26, 2007);
- begin construction of the satellite (May 26, 2008); and
- launch and operate the satellite (May 26, 2010).

Similar milestone requirements apply to most FCC satellite licensees. If the FCC concludes that SkyTerra LP has failed to satisfy a milestone set forth in our license, the FCC may declare the license for SkyTerra-1 null and void. In April 2006, the FCC s International Bureau found that we met the initial milestone for the SkyTerra-1 satellite. In June 2007, the FCC determined that the Company met the critical design review milestone requirement. In August 2007, the FCC determined that the Company met the begin construction milestone requirement.

In November 2008, the FCC granted our modification application to revise the authorized technical parameters for SkyTerra-1. We will need to apply for and receive approval from the FCC to the extent we seek to further modify the satellite parameters from those that we provided in the granted FCC application for SkyTerra-1. We plan to coordinate this satellite with other North American L-band operators.

In February 2008, we reached an agreement with all the satellite operators at the nominal 101° WL orbital location for the operation of MSAT-2 and SkyTerra-1 at 101.3° WL and we have since received FCC approval for such operations.

Relocation of MSAT Satellites

Prior to the launch and operation of our next generation satellites, MSAT-1 and MSAT-2 will need to be moved from their current orbital locations or de-orbited. The Company and SkyTerra Canada will need to obtain the necessary regulatory approvals, submit applicable ITU filings, and coordinate with affected satellite operators, if any.

L-Band Satellite to Serve South America

One of SkyTerra LP s subsidiaries held a license issued by the FCC to operate an L-band satellite, MSV-SA, at the 63.5 ° WL orbital location to provide MSS on a common carrier basis to South America. This subsidiary has surrendered the license for the satellite and requested the withdrawal and release of its $2.25 million satellite performance bond. That request is pending.

Other General Regulatory Issues

The Company s operation of an integrated satellite and ATC system in the L-band is subject to certain regulations in the United States and Canada. The Company is regulated to varying degrees at the federal, state

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(provincial in Canada), and local levels in both the United States and Canada. Various legislative and regulatory proposals under consideration from time to time by the United States Congress, Canadian Parliament, the FCC and Industry Canada have in the past materially affected and may in the future materially affect the telecommunications industry in general, and our wireless business and that of potential customers in particular. The following is a summary of significant laws, regulations and policies affecting the operation of our business. In addition, many aspects of regulation at the federal, state and local level currently are subject to judicial review or are the subject of administrative or legislative proposals to modify, repeal, or adopt new laws and administrative regulations and policies.

The Company operates pursuant to various licenses granted by the FCC and Industry Canada. As a matter of general regulation by the FCC and Industry Canada, we are subject to, among other things, payment of regulatory fees and restrictions on the level of radio frequency emissions of our system s satellites, user terminals, and base stations, just like other licensees. Any of these regulations may have an adverse impact on the conduct of our business.

Transfers of Control FCC

The Communications Act and the FCC s rules require that we obtain the consent of the FCC prior to any change in the legal or actual control of the Company or over the spectrum for which we are licensed. Traditionally, the FCC has determined whether a licensee retains actual control on a case-by-case basis by considering the following factors, among others:

- use of facilities and equipment;
- control of daily operations;
- control and execution of policy decisions, such as preparation and filing of applications with the Commission;
- control of hiring, supervision, and dismissal of personnel;
- control over membership of a corporate Board of Directors;
- control of payment of financial obligations, including expenses arising out of operation; and
- receipt of monies and profits from the operations of the facilities.

There is no assurance that present or future shareholders have not acquired or will not acquire additional shares in the Company, or that such persons or entities have not or will not take actions which may be viewed as evidence of exercising control over the Company or the spectrum for which we are licensed. If we are found to have relinquished actual control without approval from the FCC, we may be subject to fines, forfeitures, or revocation of our licenses.

Just like other licensees, our ability to enter into funding or partnering arrangements may be limited by the requirement that we maintain actual control of the spectrum for which we are licensed. In October 2008, in a decision involving Globalstar, the FCC adopted an order clarifying its policy for the leasing of ATC spectrum and rejecting arguments that it should focus on the considerations identified above in assessing actual control of a license. The policy parallels the policy the FCC established in 2003 for leases by terrestrial wireless carriers. Under this policy, the licensee is considered to retain control of spectrum it leases if the licensee remains responsible for ensuring the lessee s compliance with the Communications Act and all applicable policies and rules directly related to the use of the spectrum. This responsibility must include maintaining reasonable operational oversight over the leased spectrum so as to ensure that the spectrum lessee complies with all applicable technical and service rules, including safety guidelines relating to radiofrequency radiation. In addition, the licensee must retain responsibility for meeting all frequency coordination obligations and resolving interference-related matters, and must retain the right to inspect the lessee s operations and terminate the lease to ensure compliance. The licensee must also be responsible for all interactions with the Commission,

including notification about the spectrum leasing arrangement and all Commission filings required under the license authorization and applicable service rules that are directly related to the use of the leased spectrum.

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Common Carrier Regulation by the FCC

We received approval in 2008 to modify our license for our SkyTerra-1 satellite to offer L-band satellite capacity on a non-common carrier basis.

SkyTerra is regulated as a common carrier to the extent we provide service directly to end users for profit and for interconnection with the public switched telephone network. To the extent that is the case, we would be required to offer service at just and reasonable rates on a first-come, first-served basis, without any unjust or unreasonable discrimination, and we would be subject to the FCC s complaint process. The FCC has forborne from applying numerous common carrier provisions of the Communications Act to wireless carriers. In particular, wireless carriers are not subject to traditional public utility rate-of-return regulation and are not required to file tariffs with the FCC.

Universal Service Fund FCC

As a provider of interstate telecommunications services, SkyTerra LP is required to contribute to the FCC s universal service fund, which supports the provision of affordable telecommunications to high-cost areas, and the provision of advanced telecommunications services to schools, libraries, and rural health care providers. Under the FCC s current rules, SkyTerra LP is required to contribute a percentage of the end-user telecommunications revenues it derives from the retail sale of interstate telecommunications services. Currently excluded from a carrier s universal service contribution base are end-user revenues derived from the sale of information and other non-telecommunications services and wholesale revenues derived from the sale of telecommunications. Current rules also do not require that SkyTerra LP imputes to its contribution base retail revenues derived when SkyTerra LP uses its own transmission facilities to provide a service that includes both information service and telecommunications components. The FCC is currently conducting a proceeding which may reform the USF contribution methodology. There can be no assurances that the FCC will retain the exclusions described herein or its current policy regarding the scope of a carrier s contribution base. We may also be required to contribute to state universal service programs.

In two separate proceedings related to USF, the Commission is considering whether a telecommunications service provided over satellite facilities should be eligible for high cost universal service support and whether recipients of high cost universal service support should be required to offer broadband Internet access, and whether such Internet access could be provided by satellite. An adverse decision in either proceeding could affect our ability and the ability of our potential customers to offer certain services.

Customer Proprietary Network Information (CPNI)

As is any other telecommunications services provider, we are subject to FCC regulations requiring us to protect CPNI. The FCC has recently begun to audit compliance with CPNI regulations. While we believe we are in compliance with these regulations, there can be no guarantee that the FCC will not conclude otherwise, in which case we could be subject to fines or other penalties. In addition, existing and contemplated CPNI rules could impose significant new costs on us.

Communications Assistance for Law Enforcement Act (CALEA)

Where CALEA applies, we must ensure that United States law enforcement agencies can intercept certain communications transmitted over our networks as is required from any other telecommunications services provider. We also must ensure that law enforcement agencies are able to access certain call-identifying information relating to communications over our networks. The Company has entered into an agreement with the Federal Bureau of Investigation, Department of Justice, and Department of Homeland Security (Team Telecom) regarding United States law enforcement agency access to our network. In October 2008, the Company and Team Telecom executed an amendment to the existing CALEA agreement that permits the

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Company to continue routing traffic through its earth stations in Canada for its next generation system. CALEA requirements could affect the ability of our potential customers to offer applications via our hybrid system. The Company is required to comply with similar lawful access rules in Canada as a condition of our authorizations from Industry Canada.

Foreign Ownership

The Communications Act restricts the foreign ownership of common carrier radio licenses, which include some of our FCC licenses: (1) the license may not be held by a corporation of which more than 20% of the capital stock is directly owned of record or voted by non-U.S. citizens or entities or their representatives and (2) the license may not be held by a corporation controlled by another corporation (indirect ownership) if more than 25% of the controlling corporation s capital stock is owned of record or voted by non-U.S. citizens or entities or their representatives, if the FCC finds that the public interest would be served by the refusal or revocation of such licenses. With the implementation of the Basic Telecommunications Agreement, which was negotiated under the auspices of the World Trade Organization (WTO), the FCC presumes that indirect ownership interests in FCC licensees in excess of 25% by non-U.S. citizens or entities from WTO-member countries will serve the public interest. In a September 2006 decision, the FCC granted SkyTerra LP authority to slightly exceed the 25% indirect foreign ownership limit. To comply with the amount of indirect foreign ownership approved by the FCC, we must monitor the extent to which our stock is owned or voted by non-U.S. citizens. The foreign ownership restrictions limit our ability to be owned by non-U.S. citizens absent prior FCC approval. In March 2007, we filed a Petition for Declaratory Ruling with the FCC seeking approval for a new level of indirect foreign ownership for the Company. On January 11, 2008, Harbinger tendered a petition to the FCC seeking expedited action on a declaratory ruling to permit Harbinger to raise their interest in the Company through open market share acquisitions to a level in excess of that previously approved by the FCC. On January 29, 2008, Harbinger tendered to the FCC a petition seeking permanent authority to make the level of acquisitions specified in their January 11 petition. On March 7, 2008, the FCC issued an order granting the March 2007 and January 11, 2008 petitions. The grant of those petitions was without prejudice to any enforcement action by the FCC for the Company s possible non-compliance with the foreign ownership rules prior to the grant. The FCC did not act on Harbinger s January 29, 2008 request for permanent authority. We cannot predict when the FCC will do so or whether it will grant the request. There is also no assurance that foreign persons or entities have not acquired or will not acquire additional shares in the Company that may result in our exceeding the level of foreign ownership approved by the FCC and could result in the Company being subject to fines, forfeitures, or revocation of our FCC licenses.

Priority and Preemptive Access

SkyTerra LP s operations in the L-band are required by the FCC and Industry Canada to be capable of providing priority and preemptive access for Aeronautical Mobile Satellite (Route) Service traffic in the upper L-band and for Global Maritime Distress and Safety Service traffic in the lower L-band. If we are unable to meet these requirements, the FCC or Industry Canada could authorize and give priority spectrum access to one or more additional satellite systems in the L band that meet the specified requirements.

Enhanced 911 (E911) Service

The FCC is currently studying the feasibility of requiring MSS providers to offer E911, including the ability to automatically locate the position of all transmitting user terminals. SkyTerra LP has not traditionally supported automatic location information with its current generation L-band satellite system. Further, like all commercial mobile wireless service providers, we will be required to offer E911 services on our terrestrial component. We are currently exploring the design and implementation of systems required supporting automatic location information with our current and next generation L-band system and ATC operations without adding to the cost of our mobile equipment or reconfiguring our communications ground segment software. Moreover, there can no be assurance that we can meet any E911 requirement for our next generation integrated network without cost or impact to our network deployment.

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Hearing Aid Compatibility (HAC)

The FCC is currently studying the feasibility of requiring providers of MSS (including ATC operations) to offer mobile handsets that are compatible with hearing aids. There can no be assurance that hearing aid compatibility requirements will not be imposed on existing or future MSS or ATC handsets, or that compliance with such requirements can be done without cost or impact to our network deployment.

700 MHz Proceeding

In an order issued August 10, 2007, establishing service and auction rules governing wireless licensees in the 700 MHz band, the FCC imposed the requirement that the winner of the 700 MHz D Block license would be required to operate a joint broadband network with the nationwide licensee of the public safety broadband spectrum. Among other obligations, the D Block licensee would be required to make available to public safety users at least one handset that includes a seamlessly integrated satellite solution. That handset must be capable of operating both on the 700 MHz public safety spectrum and on the satellite frequency bands and/or systems of the satellite service providers with which the nationwide licensee of the public safety broadband spectrum has contracted for satellite service. The auction, which concluded in 2008, did not result in the licensing of the D Block spectrum. Since then, the FCC has twice invited comments on the requirements applicable to the D Block license, including the satellite handset requirement. We cannot predict whether the FCC will retain this requirement or what impact this decision may have on our business.

Regulatory Framework in Canada

Use of radio spectrum to provide wireless telecommunications services is subject to licensing by Industry Canada under the Radiocommunication Act (Canada). Under this legislation, Industry Canada is authorized to issue radio licenses, to plan the allocation and use of the radio spectrum and to perform other duties to ensure the orderly development and efficient operation of radiocommunication in Canada. With respect to spectrum licensing, Industry Canada has the authority to revoke a license for non-compliance with terms and conditions or failure to pay associated spectrum license fees. However, revocation is rare and licenses are usually renewed year to year upon payment of the applicable fee.

SkyTerra Canada is authorized by Industry Canada to operate the MSAT-1 satellite at the 106.5 ° WL orbital location for the purposes of providing MSS in Canada. The MSAT-1 satellite will remain in this orbital position until 2010, at which point in time we intend to move it to a new orbital position.

Spectrum is coordinated for the MSAT-1 satellite by Industry Canada pursuant to the Mexico City MOU and this coordination is subject to the same policies and procedures as described above for the MSAT-2 satellite. On December 20, 2007, the SkyTerra Parties and Inmarsat entered into a Cooperation Agreement that includes coordination of the current and next generation satellites of the parties satellite systems and the SkyTerra LP ATC system. Pursuant to the Cooperation Agreement, SkyTerra Canada has withdrawn all of its filings asking Industry Canada to refrain from authorizing access to Inmarsat s new or relocated satellites. SkyTerra Canada has also withdrawn its interference complaints to Industry Canada regarding these satellites and has requested that Industry Canada withdraw similar complaints that were filed by the government of Canada with the ITU and the administration of the United Kingdom.

Approval in Principle for SkyTerra-2 Satellite

On April 5, 2005, Industry Canada issued an approval in principle to SkyTerra Canada to operate the SkyTerra-2 satellite at the 107.3 ° WL orbital position. This approval in principle requires SkyTerra Canada to meet three important milestones:

- submission of final design specifications for the SkyTerra-2 satellite for Industry Canada approval by December 15, 2006, which occurred on July 5, 2006;

- signature of contracts for the construction and launch of the SkyTerra-2 satellite by March 15, 2007 which contracts were filed with Industry Canada on February 22, 2007 and confirmed as compliant by Industry Canada on October 28, 2008; and

- placement of the SkyTerra-2 satellite into its assigned orbital position by March 31, 2011.

We anticipate that SkyTerra Canada will likely satisfy its remaining milestone requirement on or before the March 31, 2011 milestone deadline. Consistent with Industry Canada s policies for the licensing of MSS operators, SkyTerra Canada s approval in principle from Industry Canada also requires it to make fair and reasonable efforts to provide MSS to all regions of Canada and to provide service to public institutions in Canada to an amount reflecting 2% of its adjusted gross revenues from the lifetime operation of the satellite.

Authority to Operate ATC in Canada

In May 2004, the Canadian government adopted a policy allowing authorized MSS operators in the L-band, S-band, and Big LEO bands to provide ATC on a no-protection, non-interference basis. The Canadian ATC policy contains gating criteria similar to those of the FCC and requires, among other things, that a service provider s ATC network be operated as an integral and indefeasible part of an MSS service and that the spectrum it uses for ATC service does not constrain the growth of MSS service offerings. Industry Canada has stated that it intends to develop other technical and operational details applicable to ATC systems in future Radio Standard Specifications and Standard Radio System Plans and Radio Standards Specifications. Industry Canada has also stated that it intends to establish license fees for ATC operators through a separate process. SkyTerra Canada has filed an ATC application with Industry Canada, but it does not yet have authority to operate ATC in Canada. SkyTerra Canada will apply to amend its ATC application to Industry Canada pursuant to the flexibility contemplated in the Cooperation Agreement (see L-band Coordination). Inmarsat has agreed to support this amendment.

Foreign Ownership Restrictions and Transfers of Control Canada

SkyTerra Canada is required by its authorization from Industry Canada to comply with certain restrictions on non-Canadian ownership that are set out in the Telecommunications Act (Canada) and the Radiocommunication Regulations (Canada). These restrictions require that, among other things:

- at least 80% of the voting equity of SkyTerra Canada be held by Canadians;

- at least 80% of the board of directors of SkyTerra Canada be resident Canadians;

- at least 66 2/3% of the voting equity of any parent corporation of SkyTerra Canada be held by Canadians; and

- SkyTerra Canada cannot be otherwise controlled in fact by non-Canadians.

As at the date hereof, SkyTerra Canada is Canadian owned and controlled within the meaning of the Telecommunications Act (Canada) and the Radiocommunication Regulations (Canada). SkyTerra Corp., a wholly-owned subsidiary of SkyTerra LP organized under the laws of Nova Scotia, is not required to comply with these restrictions on non-Canadian ownership because it does not operate facilities in Canada that would make it subject to these rules.

Neither SkyTerra Canada nor SkyTerra Corp. may transfer their Industry Canada authorizations without the prior approval of Industry Canada. In addition, the prior approval of Industry Canada is required for any material change in the ownership or control of SkyTerra Canada.

CRTC Regulation of Telecommunications Services

Companies that own or operate transmission facilities in Canada that are used to provide telecommunications services to the public for compensation are classified as telecommunications common carriers under the Telecommunications Act (Canada) and are subject to the regulatory authority of the CRTC.

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The CRTC has the discretionary power to forbear from exercising certain of its regulatory powers over Canadian carriers where it finds that a telecommunications service or class of services is, or will be, subject to competition sufficient to protect the interests of users. Some Canadian carriers, such as the incumbent local exchange carriers, are classified by the CRTC as dominant in the provision of certain services because of their market power and control over the supply of local telephone services and certain other services. Carriers classified as non-dominant by the CRTC are subject to less regulation than dominant carriers and include mobile wireless providers, such as SkyTerra Canada, facilities based long distance providers, and competitive local exchange carriers.

Canada s Universal Service or Contribution Regime

The CRTC has established a revenue based regime for the payment of contribution. (Contribution payments are used, in effect, to subsidize local telephone services in high-cost areas of Canada.) Under this regime, all telecommunications service providers (TSPs) are required to pay contribution based on a percentage (a rate of 0.87% was applied by the CRTC on a final basis for 2008 and renewed at this level on an interim basis for 2009) of their total contribution eligible revenues for the previous year that is, their total Canadian telecommunications service revenues (CTSR), less certain permitted deductions. These permitted deductions include revenues generated from the sale or rental of terminal equipment, revenues from paging services and inter carrier payments for services purchased from other telecommunications service providers. The CRTC has established a minimum revenue threshold that will trigger the obligation to pay contribution. If the annual CTSR of a TSP and all of its affiliates are less than Cdn $10.0 million, then contribution is not payable in the following year.

International Licensing Regime

Under the Telecommunications Act (Canada), all providers of basic international telecommunications services in Canada are required to hold and keep current a basic international telecommunications service license issued by the CRTC. The CRTC has the authority to suspend or revoke an international telecommunications service license if it believes that the licensee has contravened the Telecommunications Act (Canada), the regulations there under or any condition of its license. Both SkyTerra Canada and SkyTerra Corp. hold valid international licenses from the CRTC.

Available Information

The public may read and copy any materials that the Company files with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information in the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file with the SEC at http://www.sec.gov. The Company s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and amendments to those reports, are also available free of charge through our internet website at http://www.skyterra.com as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC.

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Item 1A. Risk Factors

You should carefully consider the risks described below in evaluating our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us may also impair our operations and business, and in particular SkyTerra LP. If we do not successfully address any of the risks described below, there could be a material adverse effect on our financial condition, operating results and business, and the trading price of our common stock may decline. We cannot assure you that we will successfully address these risks.

Risks Associated with Our Next Generation Business Plan

If we fail to obtain additional financing necessary to develop and construct our next generation integrated network on a timely basis, or if our current financing sources do not provide the Company with previously committed funding and we are unable to obtain alternative financing, we may not be able to continue as a going concern.

The remaining cost of carrying out our business plan will be significant, and is significantly more than our currently available and committed resources. Our cost could be greater than our current estimates. For example, if we elect to further defer payments under our satellite construction contract, and/or if we exercise certain options to buy additional satellites or other equipment or services, our costs for the satellite component of our network will increase, possibly significantly. The cost to develop devices could be greater, perhaps significantly, than our current estimates, depending on our ability to attract distribution partners in both the satellite and terrestrial spaces.

In addition, we will require significant funds to construct the terrestrial component of our integrated network. We plan to pursue, with a partner, a top 50 market terrestrial footprint and have estimated that the total deployment of the terrestrial portion of our network could be a multi-billion dollar undertaking depending on the implementation of air interface technology, the scope of the terrestrial build within each market and the targeted service offering (limited mobile, portable or fully mobile). The cost to build the terrestrial component of the network could be greater, perhaps significantly, than our current estimates, depending on changing costs of supplies, market conditions, and other factors over which we will have no control.

We will actively pursue financing alternatives to continue to increase the amount of capital available to fund our current operations and development of our next generation network, including constructing SkyTerra-1 and SkyTerra-2, the satellite component of the network. We are considering means to raise capital, including strategic partnerships (for example, a technology partnership carrying a capital investment), vendor financing, sale of our interest in TerreStar Networks, and debt or equity financing, among others. We are actively evaluating various strategic alternatives as they arise, and weigh capital needs against technology commitments or other potentially limiting factors. There is no assurance that we can raise sufficient capital, or raise sufficient capital with terms that are favorable to us, under these various financing alternatives to continue to operate our business or complete our network.

Our projections assume that a portion of the remaining costs associated with constructing the satellite and terrestrial components of our next generation integrated network will be borne in part by one or more technology and strategic partners. If we are not able to enter into agreements with third parties to cover such costs, or if such funding sources are not able to cover such costs, our funding requirements will be significantly greater than we currently anticipate. We have not entered into any such agreements, and entering into such agreements in the future is not assured.

In addition, a delay in the implementation of a satellite air interface technology could result in a reduction in our near-term revenue projections, which would increase our overall financing need. Likewise, implementation of an air interface technology that is not consistent with the strategic plans of potential telecommunications partners could adversely affect our ability to attract strategic capital and partnerships.

Pursuant to the Securities Purchase Agreement, Harbinger agreed to purchase up to $500 million in aggregate principal amount of 18% Senior Unsecured Notes in four tranches. The proceeds of such notes are expected to fund the Company s business plan through the third quarter of 2010. On January 7, 2009 the Company issued the first of the four issuances of the 18% Senior Unsecured Notes to Harbinger under the Securities Purchase Agreement, in an aggregate principal amount of $150 million. In addition, at this closing the Company issued Harbinger ten-year warrants to purchase 7.5 million shares of the Company s voting or non-voting common stock, at an initial exercise price of $0.01 per share. The remaining $350 million of 18% Senior Unsecured Notes is scheduled to be issued to Harbinger in three tranches of $175.0 million, $75 million and $100 million on April 1, 2009, July 1, 2009, and January 4, 2010, respectively. Under the Securities Purchase Agreement, we are required to satisfy certain conditions to funding prior to each funding date, including material compliance with our covenants under the Master Agreement, the absence of a material adverse effect (as defined in the Securities Purchase Agreement) and the accuracy of the representations and warranties made by us in the Securities Purchase Agreement. If we fail to satisfy any condition to funding, Harbinger will not be obligated to purchase the 18% Senior Unsecured Notes.

The U.S. and worldwide financial markets have recently experienced unprecedented volatility, particularly in the financial services sector. No assurance can be given that Harbinger will satisfy its obligations under the Securities Purchase Agreement and purchase the 18% Senior Unsecured Notes in a timely manner, or at all. If Harbinger does not satisfy its obligations to purchase the 18% Senior Unsecured Notes, we may be unable to find alternative financing sources, particularly in light of the current turmoil in the U.S. and worldwide financial markets.

The terms of our current indebtedness and the Securities Purchase Agreement include significant limitations on additional debt, including amount, terms, access to security, duration, among other factors, and impose limitations on the structure of strategic transactions. In addition, the Master Agreement as amended includes significant limitations on the issuance by the Company of additional debt and equity securities.

In addition to the contractual limitations described above, there currently is limited trading in shares of our common stock, which limits our ability to raise funding through public equity issuances. The recent turmoil in global credit markets and the weakening global economy could negatively impact our ability to access the capital markets and fund our operations if Harbinger does not purchase the 18% Senior Unsecured Notes. Furthermore, our ability to sell our 11.1% ownership stake in TerreStar Networks, which represents a potential source of capital, on favorable terms, or at all, is not assured given recent capital market volatility and the overall decline in the stock price of its parent, TerreStar Corporation.

If we fail to obtain necessary additional financing on a timely basis, or if our current financing sources do not provide the Company with previously committed funding, our satellite construction, launch, or other events necessary to conduct our business could be materially delayed, or our costs could materially increase; we could default on our commitments to our satellite construction or launch contractors, creditors or other third parties, leading to termination of construction or inability to launch our satellites; we may not be able to launch our next generation integrated network as planned and may have to discontinue operations or seek a purchaser for our satellite business or assets. The Company could lose its FCC or Industry Canada licenses or its international rights if it fails to achieve required performance milestones. We may not be able to continue as a going concern if we fail to receive previously committed funding and we are unable to obtain alternative financing or if we fail to obtain additional necessary financing on a timely basis.

Our substantial debt obligations could impair our liquidity and financial condition.

We are a highly leveraged company and have significant amounts of long-term debt. Our ability to make payments on our debt and to fund operations and significant planned capital expenditures will depend on our ability to generate cash in the future. The Company has not generated cash flow from operations and makes significant cash investments in capital items.

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Our substantial indebtedness and debt service obligations could have important consequences, including the following:

- limiting our ability to borrow money or sell stock to fund working capital, capital expenditures, debt service requirements or other purposes;
- making it more difficult for us to make payments on our indebtedness;
- increasing our vulnerability to general economic and industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business or the industry;
- reducing the amount of cash available for other purposes by requiring us to dedicate a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness; and
- placing us at a competitive disadvantage to competitors who are less leveraged than we are.

In March 2006, SkyTerra LP issued Senior Secured Discount Notes with an aggregate principal amount of $750 million at maturity, and generated gross proceeds of $436 million. Interest on the notes will accrete from the issue date at a rate of 14.0% per annum, until they reach full principal amount at April 1, 2010 (the Senior Secured Discount Notes). Following April 1, 2010, interest will be payable semi-annually in arrears in cash at a rate of 14% per annum, with the first such payment of $52.5 million being due on October 1, 2010. The Senior Secured Discount Notes will mature on April 1, 2013. The Senior Secured Discount Notes are secured by substantially all of our and our subsidiaries assets.

In January 2008, SkyTerra LP issued notes to Harbinger, in an aggregate principal amount of $150 million (the Harbinger Notes). The Harbinger Notes bear interest at a rate of 16.5%, payable in cash or in-kind, at SkyTerra LP s option through December 15, 2011, and thereafter payable in cash. The Harbinger Notes mature on May 1, 2013.

In January 2009, SkyTerra LP issued $150.0 million of 18% Senior Unsecured Notes to Harbinger. The 18% Senior Unsecured Notes bear interest at a rate of 18.0% per annum, payable in cash or in-kind, at SkyTerra LP s option through January 1, 2011, and thereafter payable in cash.

A significant portion of any future additional financing may consist of debt securities. As a result, we may be even more highly leveraged. If additional funds are raised through the incurrence of indebtedness, we may incur significant interest charges and become subject to various restrictions and covenants that could limit our ability to respond to market conditions, provide for unanticipated capital investments or take advantage of business opportunities.

The market for our planned service is new and unproven and the success of our next generation business will depend on market acceptance.

Other than satellite radio, we are not aware of any integrated (i.e., combined satellite and terrestrial) wireless service in commercial operation. Neither we, nor any other company, have developed an integrated next generation network. Our business plan contemplates that a significant portion of our revenues will be derived from strategic partners. To date, neither we nor SkyTerra LP have entered into any strategic partnerships with respect to distribution of our next generation integrated network. As a result, we can estimate only with a partial level of certainty the potential demand for such services and the degree to which we will meet that demand. Furthermore, there may not be sufficient demand to enable SkyTerra LP, or there may be additional costs that do not allow SkyTerra LP, to earn sufficient revenues, achieve sufficient cash flow or record a profit. Among other things, end user acceptance of our next generation integrated service will depend upon:

whether we provide integrated wireless services consistent with market demand;

the relative attractiveness of our service offerings to our anticipated partners;

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