

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 15  
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ITSA INTERCONTINENTAL : Case No. 08-13927 (ALG)  
TELECOMUNICAÇÕES LTDA., :  
 :  
Debtor in a Foreign Proceeding. :  
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**ORDER GRANTING RECOGNITION AND RELIEF IN  
AID OF FOREIGN MAIN PROCEEDING PURSUANT TO  
SECTIONS 1515, 1517 AND 1520 OF THE BANKRUPTCY CODE**

Upon the chapter 15 petition (the “Chapter 15 Petition”) and verified petition (the “Verified Petition”) and, together with the Chapter 15 Petition, the “Petition”)¹ filed under chapter 15 of title 11 of the United States Code (the “Bankruptcy Code”) by ITSA Intercontinental Telecomunicações Ltda. (the “Foreign Debtor”) for recognition of the foreign proceeding, filed on April 3, 2008, by the Foreign Debtor in the Bankruptcy Court of the Special Judicial District of Brasilia, Federal District in Brazil (the “Foreign Proceeding”) and the extrajudicial reorganization plan authorized and approved therein (the “Plan”) as a foreign main proceeding pursuant to sections 1515 and 1517 of the Bankruptcy Code, by Carlos André Studart Lins De Albuquerque (the “Petitioner”) as the duly authorized foreign representative (the “Foreign Representative”) of the Foreign Debtor; the statement of the Foreign Representative required to be filed pursuant to section 1515(c) of the Bankruptcy Code (the “Foreign Representative Declaration”); the statement of Brazilian counsel to the Foreign Debtor pursuant to section 1515(c) of the Bankruptcy Code (the “Bumachar Declaration,” and together with the “Foreign Representative Declaration,” the “Declarations”); and the Court having considered and reviewed the Petition and the Declarations, and after the hearing held before this Court on

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¹ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Petition.

January 8, 2009 (the “Hearing”); and appropriate and timely notice of the filing of the Petition, the Hearing, and the Foreign Proceeding, having been given by the Foreign Representative pursuant to section 1514 of the Bankruptcy Code; and such notice having been adequate and sufficient for all purposes; and no other or further notice being necessary or required; and no objections or other responses to the Petition having been filed; and all interested parties having had an opportunity to be heard at the Hearing; and after due deliberation and sufficient cause appearing therefor, the Court finds and concludes as follows:

- (A) This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and 11 U.S.C. §§ 109 and 1501.
- (B) Venue of this proceeding is proper in this judicial district pursuant to 28 U.S.C. § 1410.
- (C) This is a core proceeding under 28 U.S.C. § 157(b)(2)(P).
- (D) The Petitioner is a “person” pursuant to 11 U.S.C. § 101(41) and is the duly authorized “foreign representative” of the Foreign Debtor pursuant to 11 U.S.C. § 101(24).
- (E) This Chapter 15 case was properly commenced pursuant to 11 U.S.C. § 1504, 1509, and 1515.
- (F) Petitioner has satisfied the requirements of 11 U.S.C. § 1515 and Rule 1007(a)(4) of the ~~Interim~~ Federal Rules of Bankruptcy Procedure.
- (G) The Foreign Proceeding currently pending under case number 2008.01.1.036212-0 in the Bankruptcy Court of the Special Judicial District of Brasilia, and the provisions made thereunder for the protection, administration and distribution of assets, is a “foreign proceeding” pursuant to 11 U.S.C. § 101(23).
- (H) The Foreign Proceeding is entitled to recognition by this Court pursuant to

11 U.S.C. § 1517.

- (I) The Foreign Proceeding is pending in the country (i.e., Brazil) where the center of main interests of the Foreign Debtor is located, and accordingly the Foreign Proceeding is a “foreign main proceeding” pursuant to 11 U.S.C. § 1502(4), and is entitled to recognition as a foreign main proceeding pursuant to 11 U.S.C. § 1517(b)(1).
- (J) The Petitioner is entitled to all the relief provided pursuant to 11 U.S.C. § 1520 without limitation.
- (K) The Petitioner is further entitled to the relief expressly set forth in 11 U.S.C. § 1521 of the Bankruptcy Code as requested in the Verified Petition.
- (L) The relief granted hereby is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, and warranted pursuant to Sections 1517, 1520, and 1521 of the Bankruptcy Code.

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The Foreign Proceeding is granted recognition pursuant to section 1517(a) of the Bankruptcy Code.
2. The Foreign Proceeding is recognized as a foreign main proceeding pursuant to section 1517(b)(1) of the Bankruptcy Code.
3. The Foreign Proceeding shall be granted comity and given full force and effect and be binding on all parties affected thereby including, without limitation, the holders of 12% Senior Secured Notes due 2004 (the “12% Notes”) issued by the Foreign Debtor (CUSIP No. 450637AA1), The Bank of New York as Indenture Trustee for the 12% Notes (the “Indenture Trustee”), and HSBC Bank USA, National Association, as collateral agent for the 12% Notes

(the “Collateral Agent”).

4. All relief afforded a foreign main proceeding pursuant to section 1520 of the Bankruptcy Code is granted without limitation. All persons and entities (other than the Foreign Representative and its duly authorized representatives and agents) including, without limitation, any holders of 12% Notes, the Collateral Agent, and the Indenture Trustee, are hereby enjoined pursuant to Sections 105(a), 1520 and 1521 of the Bankruptcy Code from:

- a) taking, commencing, or continuing any action or proceeding **in the United States** against, or concerning the Foreign Representative (with respect to the Foreign Debtor), the Foreign Debtor, or any of its assets, rights, obligations or liabilities that shall be inconsistent with the provisions of the Plan, this Order or transactions contemplated by the Plan and this Order;
- b) commencing any action or proceedings **in the United States** against the Foreign Representative (with respect to the Foreign Debtor), the Foreign Debtor, or Sky Brasil Servicos Ltda. or its representative or agents (collectively, “Sky Brasil” or the “Purchaser”) with respect to the Foreign Debtor solely in its capacity as Purchaser under the Quota Purchase Agreement, dated as of March 12, 2008, between the Foreign Debtor, ITSA Ltd., Filme Sub, Inc. APOLO (the “QPA”) and the Purchaser;
- c) seeking damages **in the United States** against Sky Brasil or any of its affiliates for any claim provided for under the Plan; or
- d) challenging the binding effect of the Plan **in the United States** ~~or this Order~~ or taking any actions or steps inconsistent with the Plan **in the United States** ~~or this Order~~.

Notwithstanding anything to the contrary contained in this Paragraph 4, none of the foregoing injunctive provisions shall cover, apply to, or affect any action(s) with respect to the enforcement of this Order or the Plan (or any rights or remedies thereunder) or the transactions contemplated by this Order or the Plan.

5. Notwithstanding anything to the contrary, nothing in this Order shall limit or affect any rights afforded to any party to the QPA pursuant to the terms of the QPA. The Indenture Trustee and the Collateral Agent each in its representative capacity, are hereby expressly authorized and directed to comply with and take such actions (including refraining

from taking any actions) as may be required by the terms of the Plan and this Order and (a) as may be necessary or appropriate to implement and consummate the Plan, together with the transactions contemplated by the Plan and/or the QPA, including making distributions to the holders of the 12% Notes and releasing, in accordance with the Plan, liens and security in property of the Foreign Debtor held as collateral security for the 12% Notes, and/or (b) as may otherwise be reasonably requested by the Foreign Debtor in order to implement and consummate the Plan and/or any of the transactions contemplated by the Plan and/or the QPA, including, without limitation, the following actions:

- a) making payments in accordance with the Plan and not inconsistent with Section 6.10 of the Trust Indenture governing the 12% Notes (the “Trust Indenture”);
- b) releasing, in whole or in part, in accordance with the Plan, any and all liens, security interests, claims, and other encumbrances with respect to any or all property of the Foreign Debtor held as collateral security for the 12% Notes, pursuant to release documentation reasonably acceptable to the Indenture Trustee and/or the Collateral Agent, as applicable;
- c) releasing, in accordance with the Plan, any and all guarantees with respect to the 12% Notes, pursuant to release documentation reasonably acceptable to the Indenture Trustee and/or the Collateral Agent, as applicable; and
- d) in accordance with the Plan, negotiating and entering into (on behalf of Indenture Trustee, on behalf of the Collateral Agent, and/or on behalf of the holders of the 12% Notes, as appropriate) any and all new, additional, revised, amended, restated, or other necessary trust documentation, collateral documentation, lien release or modification documentation, other release or modification documentation, subordination documentation, and all other documentation, all in form and substance reasonably acceptable to the Indenture Trustee or the Collateral Agent, as applicable, in order to implement and consummate the Plan and/or any of the transactions contemplated by the Plan and/or the QPA;

provided, however, that in the case of the Collateral Agent, the Collateral Agent shall only take any such actions, or refrain from taking actions, under this paragraph 5 upon receipt of reasonable written direction from the Foreign Debtor.

6. Each of the Indenture Trustee and the Collateral Agent are hereby expressly

authorized and directed to take the foregoing actions, or refrain from taking actions, as applicable, as set forth above, without any further or additional action, joinder, consent, direction, or approval of, by, or from any of the holders of the 12% Notes or any other person, individual, entity, court, agency, or body; provided, however, that in the case of the Collateral Agent, the Collateral Agent shall only take any such actions, or refrain from taking actions, upon receipt of reasonable written direction from the Foreign Debtor.

7. Subject to the provisos in this paragraph 7, effective as of the date of this Order, and in consideration of the distributions to be received by the holders of the 12% Notes under the Plan and the services heretofore performed and to be performed by the Indenture Trustee and by the Collateral Agent, the Foreign Debtor (and any of its affiliates acting on its behalf, excluding Sky Brasil to the extent it could be deemed an affiliate) and the holders of 12% Notes shall be deemed to have unconditionally released the Indenture Trustee, the Collateral Agent, and their respective officers, directors, shareholders, principals, owners, affiliates, agents, attorneys, and representatives (collectively, the “Releasees”) from any and all claims, obligations, suits, judgments, damages, rights, causes of action and liabilities arising from, in connection with, or relating to the Indenture, the 12% Notes, the collateral securing the 12% Notes, the other documents relating to the 12% Notes and/or any collateral securing the 12% Notes, and/or the Plan, which any such party may be entitled to assert, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, provided, however, **(A)** that the foregoing shall not be deemed to release the Releasees from (i) any claims based upon or involving gross negligence or willful misconduct of the Indenture Trustee or the Collateral Agent, as the case may be, or (ii) the respective obligations of the Indenture Trustee or the Collateral Agent to take actions under the Plan, this Order, and/or the Trust Indenture (after taking into account the provisions of the Plan and this Order) after the effective date of this release (subject, however, to the obligations of the Foreign Debtor hereunder to pay the

reasonable fees, costs, and expenses attributable thereto in accordance with the provisions of this Order.), and provided further **(B) that the releases provided for in this paragraph shall take effect 30 days after notice thereof is served in the manner provided in paragraph 10 below and only if any objection filed during said 30-day period is not sustained by this Court.**

8. This Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order or any supplements thereto including for purposes of implementing the Foreign Proceeding in the United States, any requests by an entity for additional relief, and any request by an entity for relief from the provisions of this Order, for cause shown, that is properly commenced and within the jurisdiction of this Court.

9. No action taken by the Foreign Representative, the Foreign Debtor or any of their respective successors, agents, representatives, advisors or counsel, in preparing, disseminating, applying for, implementing or otherwise acting in furtherance of or in connection with the Foreign Proceeding, this Order, or the chapter 15 case or any further proceeding commenced hereunder, shall be deemed to constitute a waiver of **any** ~~the~~ immunity afforded such persons under Sections 306 and 1510 of the Bankruptcy Code.

10. The Foreign Debtor shall serve a conformed copy of this Order by United States mail, first class postage prepaid upon the holders of 12% Notes and any other parties in interest in this chapter 15 case no later than ten (10) business days after entry of this Order and, in connection therewith, this Court finds that as to the holders of the 12% Notes, service on the DTC participating banks/brokers shall be deemed good and adequate service and adequate notice for all purposes, **provided said banks and brokers are requested to distribute same to all beneficial holders.**

11. In connection with and as a condition precedent to this Court's granting the above relief, the Foreign Debtor shall pay, or make appropriate provisions reasonably acceptable to the party entitled to such payment, for the payment of: (a) all reasonable costs of administration of

this Chapter 15 case and the costs of the Indenture Trustee and the Collateral Agent under the Trust Indenture and the Collateral Agency Agreement including, without limitation, reasonable fees, costs and expenses (including reasonable attorneys' fees) of (i) counsel to each of the Foreign Debtor and the Majority Bondholders, and (ii) the Indenture Trustee and the Collateral Agent, including, as to both (i) and (ii) above, reasonable fees, costs and expenses (including reasonable attorneys' fees) that may accrue on and after the date of entry of this Order, which are incurred in connection with the Plan and this Order, whether under a Closing scenario or under a Non-Closing Scenario under the Plan.

**12. No later than 120 days from the date hereof, counsel for Petitioner shall file a report with the Court as to the status of the matter and whether this case can be closed.**

Dated: New York, New York  
January 28, 2009

*/s/ Allan L. Gropper*  
UNITED STATES BANKRUPTCY JUDGE