

Hearing Date: TBD
Objection Deadline: TBD

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Counsel to the TSC Debtors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:	)	Chapter 11
)	
TERRESTAR CORPORATION, <i>et al.</i> , ¹	)	Case No. 11-10612 (SHL)
)	
Debtors.	)	Jointly Administered
_____)	

**NOTICE OF FILING MOTION FOR ENTRY OF AN ORDER ESTABLISHING
NOTIFICATION AND HEARING PROCEDURES FOR TRANSFERS
OF CERTAIN PREFERRED STOCK AND FOR RELATED RELIEF**

PLEASE TAKE NOTICE that on February 10, 2012, the TSC Debtors filed the attached *Motion for Entry of an Order Establishing Notification and Hearing Procedures for Transfers of Certain Preferred Stock and for Related Relief* (the “***Motion***”).

PLEASE TAKE FURTHER NOTICE that the hearing (the “***Hearing***”) to consider the **Motion** shall be held before the Honorable Sean H. Lane of the United States

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer-identification number, are: (a) TerreStar Corporation [6127] and TerreStar Holdings Inc. [0778] (collectively, the “***February Debtors***”); (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “***Other TSC Debtors***” and, collectively with the February Debtors, the ***TSC Debtors***”).

Bankruptcy Court for the Southern District of New York (the “*Bankruptcy Court*”), Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004 in Courtroom 701 on a date to be determined. A supplemental notice of the Motion, with information regarding the Hearing date and response deadline, will be filed and served as soon as practicable after the Hearing date is set.

The TSC Debtors have served this notice on: (a) the Office of the United States Trustee for the Southern District of New York; (b) the entities listed on the TSC Debtors’ Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) NexBank, SSB as agent for the lenders under the Bridge Loan Agreement and as agent for the TSC Debtors’ post-petition debtor-in-possession financing; (d) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners LLC and certain of its managed and affiliated funds; (e) Wachtell, Lipton, Rosen & Katz as counsel to Highland Capital Management LP and certain of its managed and affiliated funds; (f) Quinn Emanuel Urquhart & Sullivan, LLP as counsel to Solus Alternative Asset Management, L.P. and as counsel to the agent for the TSC Debtors’ post-petition debtor-in-possession financing; (g) the Internal Revenue Service; (h) the Securities and Exchange Commission; (i) the United States Attorney for the Southern District of New York; (j) the Federal Communications Commission; and (k) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the TSC Debtors respectfully submit that no further notice is necessary.

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New York, New York
Dated: February 10, 2012

/s/ Ira S. Dizengoff

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:)	Chapter 11
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TERRESTAR CORPORATION, <i>et al.</i> , ¹)	Case No. 11-10612 (SHL)
)	
Debtors.)	Jointly Administered
)	

**MOTION FOR ENTRY OF AN ORDER ESTABLISHING NOTIFICATION AND
HEARING PROCEDURES FOR TRANSFERS OF CERTAIN
PREFERRED STOCK AND FOR RELATED RELIEF**

The TSC Debtors seek entry of an order, substantially in the form attached hereto as Exhibit A, establishing notification and hearing procedures that must be satisfied before certain transfers of preferred stock of TerreStar Corporation (“*TSC*”) or of any beneficial interest therein, including Options (as defined in paragraph 15 herein) to acquire such stock (the

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer identification number, are: (a) TerreStar Corporation [6127] (“*TSC*”) and TerreStar Holdings Inc. [0778] (collectively, the “*February Debtors*”); and (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “*Other TSC Debtors*” and, collectively with the February Debtors, the “*TSC Debtors*”).

“Preferred Stock”) are deemed effective. In support of this motion, the TSC Debtors respectfully state as follows:

I. JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 362 and 541 of title 11 of the United States Code (the *“Bankruptcy Code”*) and Rules 3002 and 9014 of the Federal Rules of Bankruptcy Procedure (the *“Bankruptcy Rules”*).

II. BACKGROUND

4. On October 19, 2010 (the *“October Petition Date”*) and February 16, 2011 (the *“Petition Date”*), the Other TSC Debtors² and the February Debtors, respectively, filed petitions with this Court under chapter 11 of the Bankruptcy Code. The TSC Debtors are operating their business and managing their property as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

5. On October 29, 2010, the United States Trustee for the Southern District of New York (the *“U.S. Trustee”*) appointed an official committee of unsecured creditors (the *“TSN Committee”*) of the October Debtors. No statutory committees have been appointed or designated in the February Debtors’ cases. On information and belief, only one member of the TSN Committee, Van Vlissingen and Company, holds a claim against the TSC Debtors.

² Also on the October Petition Date, TerreStar Networks Inc. (*“TSN”*) and certain of its affiliated debtors (collectively, the *“TSN Debtors,”* and together with the Other TSC Debtors, the *“October Debtors”*) each filed a petition with this Court under chapter 11 of the Bankruptcy Code.

6. A detailed description of the TSC Debtors' business and the reasons for filing these chapter 11 cases are set forth in the *Declaration of Jeffrey W. Epstein Pursuant to Local Bankruptcy Rule 1007-2 in Support of First Day Pleadings* (the "**First Day Declaration**"), which was filed contemporaneously with the February Debtors' voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

7. On October 20, 2010, the Court entered an order providing for the joint administration of the Other TSC Debtors' cases with the October Debtors' cases for procedural purposes styled as *In re TerreStar Networks Inc., et al.*, Case No. 10-15446 (SHL). Contemporaneously with the filing of the petitions for the February Debtors, the Other TSC Debtors requested that their cases be de-consolidated from the cases of the October Debtors, and the TSC Debtors sought procedural consolidation and joint administration of the chapter 11 cases of the Other TSC Debtors and the February Debtors under the case of TSC. On February 23, 2011, the Court entered orders amending joint administration of the October Debtors' chapter 11 cases and providing for the joint administration of the TSC Debtors' cases for procedural purposes, styled as *In re TerreStar Corporation, et al.*, Case No. 11-10612 (SHL).

8. On January 12, 2012, the TSC Debtors filed the *Second Amended Disclosure Statement for the Second Amended Joint Chapter 11 Plan of TerreStar Corporation, Motient Communications Inc., Motient Holdings Inc., Motient License Inc., Motient Services Inc., Motient Ventures Holding Inc., MVH Holdings Inc., TerreStar Holdings Inc. and TerreStar New York Inc.* [Docket No. 338] (as amended, the "**Disclosure Statement**"). At a hearing held on January 10, 2012, the Court approved the Disclosure Statement on the record. On January 12, 2012, the TSC Debtors also filed the *Second Amended Plan Joint of the TerreStar Corporation, Motient Communications Inc., Motient Holdings Inc., Motient License Inc., Motient Services*

Inc., Motient Ventures Holding Inc., MVH Holdings Inc., TerreStar Holdings Inc. and TerreStar New York Inc. [Docket No. 336] (as amended, the “**Plan**”). The TSC Debtors are currently soliciting the TSC Plan for vote.

III. BASIS FOR RELIEF

9. The TSC Debtors have incurred, and are currently incurring, significant net operating losses (“**NOLs**”). By this motion, the TSC Debtors seek authorization to protect and preserve their valuable tax attributes, including the NOLs and capital loss carryforwards, and certain other tax and business credits (“**Tax Credits**” and, with the NOLs, the “**Tax Attributes**”), by establishing notification and hearing procedures regarding the trading of Preferred Stock (the “**Stock Trading Procedures**”) that must be complied with before trades or transfers of such securities become effective.

10. The NOLs are of significant value to the TSC Debtors and their estates because the TSC Debtors can carry forward their NOLs to offset their future taxable income for up to 20 taxable years, thereby reducing their future aggregate tax obligations. *See* 26 U.S.C. § 172. Such NOLs may also be utilized by the TSC Debtors to offset any taxable income generated by transactions completed during these chapter 11 cases. To that end, in connection with the Plan, the TSC Debtors are proposing certain corporate restructurings that will allow the TSC Debtors to maximize the use of the TSC Debtors’ Tax Attributes.

11. Unrestricted trading of Preferred Stock could adversely affect the TSC Debtors’ NOLs if (a) too many 5% or greater blocks of Preferred Stock are created or (b) too many shares are added to or sold from such blocks such that, together with previous trading by 5% shareholders during the preceding three-year period, an ownership change within the meaning of section 382 of the Internal Revenue Code of 1986 (as amended, the “**IRC**”) is triggered prior to emergence and outside the context of a confirmed chapter 11 plan.

12. To ensure to the fullest extent possible that the TSC Debtors maintain the flexibility to maximize the use of their Tax Attributes, the TSC Debtors seek limited relief that will enable them to closely monitor certain transfers of Preferred Stock so as to be in a position to act expeditiously to prevent such transfers, if necessary, with the purpose of preserving the Tax Attributes.

A. The Significance of the TSC Debtors' Tax Attributes

13. As of the Effective Date of the Plan, the TSC Debtors anticipate having NOLs of approximately \$918,000,000 (significant amounts of which are subject to limitations). Additionally, the TSC Debtors may have additional significant losses upon the completion of the TSN Debtors' reorganization and of certain restructuring transactions to occur in connection with corporate structure simplification in 2012. Excluding the potential of a net unrealized built-in loss or additional restrictions on the use of NOLs beyond those currently anticipated, these Tax Attributes could translate into a potential future tax savings of approximately \$233,000,000 based on a combined federal and state income tax rate of approximately 39%. If there were to be an ownership change before such restructuring steps are implemented, these NOLs would be reduced to approximately \$130,000,000 and the potential future tax savings would be reduced to approximately \$50,000,000.

14. Sections 39(a), 59(e), 172(b) and 904(c) of the IRC permit corporations to carry forward Tax Attributes to offset future taxable income and tax liability, thereby significantly improving such corporations' liquidity in the future. Thus, the TSC Debtors' Tax Attributes are a valuable asset of the TSC Debtors' estates, and preservation of the Tax Attributes will facilitate the TSC Debtors' successful reorganization and serve to improve stakeholder recoveries. Without the relief requested herein, the TSC Debtors' ability to use their Tax Attributes could be severely limited under sections 382 and 383 of the IRC as a result of the trading and

accumulation of Preferred Stock before the consummation of a chapter 11 plan. Given the significant benefit to the estates of preserving the Tax Attributes, the TSC Debtors submit that substantial cause exists to grant the relief requested and such relief is in the best interest of the estates.

B. Proposed Stock Trading Procedures

15. By establishing procedures for continuously monitoring the trading of Preferred Stock, the TSC Debtors can preserve their ability to seek substantive relief at the appropriate time, particularly if it appears that additional trading may jeopardize the use of their Tax Attributes (including their NOLs). Accordingly, the TSC Debtors request that this Court enter an order establishing the following Stock Trading Procedures:

- a. Any entity (as defined in Bankruptcy Code section 101(15)) that currently is or becomes a Substantial Shareholder (as such term is defined in paragraph (e) below) must file with the Court and serve upon counsel to the TSC Debtors a declaration of such status, substantially in the form of Exhibit 1 attached to Exhibit A hereto, on or before the later of (i) 20 days after the date of the Notice of Order (as defined in paragraph 17 herein) and (ii) 10 days after becoming a Substantial Shareholder.
- b. Before effectuating any transfer of Preferred Stock that would result in an increase in the amount of Preferred Stock in which a Substantial Shareholder has Beneficial Ownership (as defined in paragraph (e) below) or would result in an entity becoming a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve upon counsel to the TSC Debtors an advance written declaration of the intended transfer of Preferred Stock in the form of Exhibit 2 attached to Exhibit A hereto (each, a ***“Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Preferred Stock”***). At the holder’s election, the Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Preferred Stock may be redacted to exclude such holder’s taxpayer identification number and the number of shares of Preferred Stock that such holder beneficially owns and proposes to purchase or otherwise acquire.
- c. Before effectuating any transfer of Preferred Stock that would result in a decrease in the amount of Preferred Stock in which a Substantial Shareholder has Beneficial Ownership (as defined in paragraph (e) below) or would result in an entity ceasing to be a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve upon counsel to the TSC Debtors an advance written declaration of the intended transfer of Preferred Stock in the form of Exhibit 3 attached to Exhibit A hereto (each, a ***“Declaration of Intent to Sell, Trade or Otherwise Transfer Preferred Stock,”*** and with a Declaration of Intent to Purchase, Acquire or

Accumulate Preferred Stock, each, a “***Declaration of Proposed Transfer***”). At the holder’s election, the Declaration of Intent to Sell, Trade or Otherwise Transfer Preferred Stock may be redacted to exclude such holder’s taxpayer identification number and the number of shares of Preferred Stock that such holder beneficially owns and proposes to sell or otherwise transfer.

- d. The TSC Debtors shall have 10 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve upon such Substantial Shareholder and counsel to the Substantial Shareholder an objection to any proposed transfer of Preferred Stock described in the Declaration of Proposed Transfer on the grounds that such transfer might adversely affect the TSC Debtors’ ability to utilize their Tax Attributes. If the TSC Debtors file an objection, such transaction would not be effective, unless such objection is withdrawn by the TSC Debtors or such transaction is approved by a final order of the Court that becomes nonappealable. If the TSC Debtors do not object within such 10-day period and/or the TSC Debtors provide counsel to such Substantial Shareholder with written notice of no objection, such transaction could proceed solely as set forth in the Declaration of Proposed Transfer. Further transactions within the scope of this paragraph must be the subject of additional notices in accordance with the procedures set forth herein, with an additional 10-day waiting period for each Declaration of Proposed Transfer.
- e. For purposes of these procedures, the following terms shall be defined as follows:
 - (i) “***Substantial Shareholder***” is any entity that has Beneficial Ownership of at least:
 - (1) 4,455 shares of Series A Preferred Stock (representing approximately 4.95% of all issued and outstanding shares);³
 - (2) 15,765 shares of Series B Preferred Stock (representing approximately 4.95% of all issued and outstanding shares);⁴
or
 - (3) 59,400 shares of Series E Preferred Stock (representing approximately 4.95% of all issued and outstanding shares).⁵
 - (ii) “***Beneficial Ownership***” of Preferred Stock includes direct and indirect ownership (*i.e.*, a holding company would be considered to own beneficially all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and entities acting in concert with such holder to make a coordinated acquisition of

³ Based on approximately 90,000 shares of Series A Preferred Stock outstanding as of January 27, 2011.

⁴ Based on approximately 318,500 shares of Series B Preferred Stock outstanding as of January 27, 2011.

⁵ Based on approximately 1.2 million shares of Series E Preferred Stock outstanding as of January 27, 2011.

stock and certain ownership of shares that such holder has an option to acquire; and

- (iii) “*Option*” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

C. The TSC Debtors’ Right to Waive

16. With respect to the procedures set forth above, the TSC Debtors request that the Court permit the TSC Debtors to waive, in writing and at their sole and absolute discretion, any and all restrictions, stays and notification procedures contained in this motion or in any order entered with respect hereto should the TSC Debtors conclude that any such restriction, stay or notification procedure is not necessary to protect the Tax Attributes.

D. Provisions of the Proposed Order

17. No later than two business days following entry of the order establishing the Stock Trading Procedures as requested herein (the “*Order*”), the TSC Debtors shall serve by overnight mail, postage prepaid, a notice in substantially the form of Exhibit 4 attached to Exhibit A attached hereto (the “*Notice of Order*”) on (a) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Claims filed pursuant to Bankruptcy Rule 1007(d), (b) the transfer agents for any Preferred Stock, (c) the Securities and Exchange Commission, (d) the Internal Revenue Service and (e) those parties that have requested service of papers pursuant to Bankruptcy Rule 2002.

18. All transfer agents for any Preferred Stock shall be required to serve the Notice of Order on all holders of shares of (i) Series A Preferred Stock in excess of 4,455 shares, (ii) Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares, registered with such transfer agent no later than five business days after being served with the Notice of Order; *provided that*, if any transfer agent provides the TSC Debtors’

undersigned counsel with the names and addresses of all holders of such shares of Preferred Stock registered with such transfer agent no later than three business days after being served with the Notice of Order, the TSC Debtors' undersigned counsel shall be required to serve the Notice of Order on such holders.

19. All registered holders described in paragraph 18 hereof shall be required to serve the Notice of Order on any holder for whose account such registered holder holds (i) Series A Preferred Stock in excess of 4,455 shares, (ii) Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares, and so on down the chain of ownership for all such holders of Preferred Stock in excess of such amounts.

20. Until a Notice of Final Order (as defined below) is served, any entity, broker or agent acting on such entity's or broker's behalf who sells in excess of (i) 4,455 shares of Series A Preferred Stock, (ii) 15,765 shares of Series B Preferred Stock or (iii) 59,400 shares of Series E Preferred Stock to another entity shall be required to serve a copy of the Notice of Order on such purchaser of such Preferred Stock or any entity, broker or agent acting on such purchaser's behalf.

21. Additionally, the TSC Debtors will publish the Notice of Order (modified for publication) in *The Washington Post* and *USA Today* and will submit the Notice of Order (modified for publication) to Bloomberg Professional Service for potential publication by Bloomberg.

22. The Order shall be conditional on the terms set forth therein. This will allow parties in interest to file objections (each, an "**Objection**") pursuant to the procedures set forth in the Order and seek to be heard with respect to the motion, if necessary. If any such Objection is timely filed, the Objection shall be heard at the next regularly scheduled omnibus hearing date.

If no Objections are timely filed in accordance with the objection deadline set forth in the Order (or if any such timely filed Objections are withdrawn before a hearing or resolved at such hearing in favor of the TSC Debtors), the Order shall become final (the “*Final Order*”). If the Order becomes final, the TSC Debtors shall serve a Notice of Order modified to reflect that the Order has become final (the “*Notice of Final Order*”) on the same entities that received the Notice of Order, as set forth in paragraph 17 above.

23. All transfer agents for any Preferred Stock shall be required to serve the Notice of Final Order on all holders of (i) such Series A Preferred Stock in excess of 4,455 shares, (ii) such Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares registered with such transfer agent no later than five business days after being served with the Notice of Final Order; *provided that*, if any transfer agent provides the TSC Debtors’ undersigned counsel with the names and addresses of all holders of such Preferred Stock registered with such transfer agent no later than three business days after being served with the Notice of Final Order, the TSC Debtors shall be required to serve the Notice of Final Order on such holders.

24. All registered holders described in paragraph 23 hereof shall be required to serve the Notice of Final Order on any holder for whose account such registered holder holds (i) such Series A Preferred Stock in excess of 4,455 shares, (ii) such Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares, and so on down the chain of ownership for all such holders of Preferred Stock in excess of such amounts.

25. On the first business day of each calendar quarter after the date of the entry of the Order during these chapter 11 cases, all transfer agents for any Preferred Stock shall be required to serve the Notice of Order until the Notice of Final Order has been served, and then the Notice

of Final Order, on all holders of shares of Preferred Stock in excess of (i) 4,455 shares of Series A Preferred Stock, (ii) 15,765 shares of Series B Preferred Stock or (iii) 59,400 shares of Series E Preferred Stock; *provided that*, if any transfer agent provides the TSC Debtors' undersigned counsel with the names and addresses of all holders of such shares of Preferred Stock registered with such transfer agent no later than five business days prior to the expiration of an applicable calendar quarter, the TSC Debtors shall be required to serve the Notice of Final Order on such holders.

26. All registered holders described in paragraph 25 hereof shall be required to serve the Notice of Final Order on any holder for whose account such registered holder holds (i) such Series A Preferred Stock in excess of 4,455 shares, (ii) such Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares, and so on down the chain of ownership for all such holders of Preferred Stock in excess of such amounts.

27. Additionally, any entity, broker or agent acting on such entity's or broker's behalf who sells in excess of (i) 4,455 shares of Series A Preferred Stock, (ii) 15,765 shares of Series B Preferred Stock or (iii) 59,400 shares of Series E Preferred Stock to another entity would be required to serve a copy of the Notice of Final Order on such purchaser of such Preferred Stock or any entity, broker or agent acting on such purchaser's behalf.

28. The TSC Debtors shall have right to challenge and seek to unwind any transfers of Preferred Stock to which the Order otherwise would apply that were made prior to the entry of the Order.

IV. RELIEF REQUESTED

29. The TSC Debtors request that this Court grant the relief requested in this motion immediately by entering the Order, thereby preserving the status quo in this regard, ordering that any purchase, sale or other transfer of Preferred Stock in violation of the Stock Trading

Procedures set forth above (including the notification procedures set forth in paragraphs 17-27 hereof) shall be void *ab initio*. Importantly, the relief requested herein directly affects only holders of more than (i) 4,455 shares of Series A Preferred Stock, (ii) 15,765 shares of Series B Preferred Stock or (iii) 59,400 shares of Series E Preferred Stock, and parties who are interested in purchasing sufficient Preferred Stock to result in such party becoming a holder of at least (i) 4,455 shares of Series A Preferred Stock, (ii) 15,765 shares of Series B Preferred Stock or (iii) 59,400 shares of Series E Preferred Stock. The TSC Debtors also request that the Order be entered on an interim basis and, in the absence of objections to the interim relief granted, become final on the date specified in the Order.

V. SUPPORTING AUTHORITY

A. The Provisions of Sections 382 and 383 of the IRC

30. Section 382 of the IRC limits the amount of taxable income that can be offset by a corporation's NOLs in taxable years (or a portion thereof) following an ownership change.⁶ Generally, an "ownership change" occurs if the percentage (by value) of the stock of a corporation owned by one or more 5% shareholders has increased by more than 50 percentage points over the lowest percentage of stock owned by such shareholders at any time during the three-year testing period ending on the date of the ownership change.⁷ For example, an ownership change would occur in the following situation:

An individual ("**U**") owns 50.1% of the stock of corporation XYZ. U sells his or her 50.1% interest to another individual ("**B**"), who owns 5% of XYZ's stock. Under section 382, an ownership change has occurred

⁶ Similarly, section 383 of the IRC limits the amount of tax liability that can be offset by Tax Credits following an ownership change.

⁷ In general, under section 382(g)(4)(A) of the IRC, all stockholders individually holding less than 5% of the stock of a company are deemed to be a single 5% stockholder throughout the three-year testing period, and transfers between such shareholders are disregarded for purposes of determining whether an ownership change has occurred. Thus, so long as 50% or more of the stock is owned by less than 5% stockholders throughout the three-year testing period, there will be no change of control under section 382 of the IRC.

because B's interest in XYZ has increased more than 50 percentage points (from 5% to 55.1%) during the testing period. The same result would follow even if B owned no XYZ stock prior to the transaction with U because B both becomes a 5% shareholder and increases his ownership by more than 50% percentage points during the testing period.

31. If an ownership change occurs, section 382 of the IRC limits the amount of a corporation's future income that may be offset by its "pre-change losses" to an annual amount equal to the value of the corporation prior to the ownership change multiplied by the long-term tax exempt rate. *See* 26 U.S.C. § 382(b). "Pre-change losses" would include (a) NOLs and (b) any net unrealized built-in loss (as defined in section 382(h)(3) of the IRC).

32. At the same time, section 383 of the IRC limits the amount of tax liability that may be offset by "pre-change tax credits" to the liability attributable to the amount of income that could have been offset by pre-change losses but was not so offset. "Pre-change tax credits" would include Tax Credits.

33. The formulaic limitations under sections 382 and 383 of the IRC can severely restrict the ability to use "pre-change losses" and "pre-change tax attributes," because the value of the stock of a distressed company may be quite low.

34. The problem facing the TSC Debtors, which this motion seeks to resolve, is that if, prior to the effective date of a chapter 11 plan, too many equity holders transfer their equity interests, such transfers may trigger an ownership change, and therefore limit the amount of taxable income that the TSC Debtors may offset with the NOLs. The risk of losing the ability to use even a portion of the Tax Attributes means that the TSC Debtors need the ability to monitor, and possibly object to, changes in ownership of Preferred Stock to preserve flexibility in operating their business during the pendency of these chapter 11 cases, in implementing their reorganization plan and, finally, in maximizing their ability to reduce future federal income taxes by offsetting their post-reorganization income with the Tax Attributes.

B. The Requested Relief Is Narrowly Tailored

35. The requested relief does not bar all trading of Preferred Stock. Moreover, the requested relief does not prohibit trading in the TSC Debtors' claims. At this early juncture, the TSC Debtors seek to establish procedures to monitor only those types of stock trading that would pose a serious risk under the section 382 ownership change test to preserve the TSC Debtors' ability to seek substantive relief if it appears that a proposed trade will jeopardize the use of their Tax Attributes. The procedures requested by the TSC Debtors in this motion would permit most stock and all claims trading to continue, subject to applicable law.

36. The notice procedures included in this motion and the proposed order satisfy due process and the strictures of Bankruptcy Rule 9014 by providing the relevant counterparties with a notice and an opportunity to object and attend a hearing. *See, e.g., Flynn v. Eley (In re Colorado Mountain Cellars, Inc.)*, 226 B.R. 244, 246 (D. Colo. 1998) (noting that a hearing is not required to satisfy Bankruptcy Rule 9014). Further, the proposed notice procedures protect the due process rights of the parties in interest without unnecessarily exposing the TSC Debtors' estates to unwanted administrative expenses.

C. NOLs Are Property of a Debtor's Estate and Are Entitled to Court Protection

37. Courts have uniformly held that a debtor's NOLs constitute property of the estate under Bankruptcy Code section 541 and, as such, courts have the authority to implement certain protective measures to preserve the NOLs. The seminal case articulating this rule is *Official Committee of Unsecured Creditors of Prudential Lines, Inc. v. PSS Steamshipping Co., (In re Prudential Lines, Inc.)*, 107 B.R. 832 (Bankr. S.D.N.Y. 1989). In *Prudential Lines*, the Bankruptcy Court for the Southern District of New York enjoined a parent corporation from taking a worthless stock deduction with respect to its wholly-owned debtor subsidiary on the grounds that allowing the parent to do so would destroy its debtor-subsidiary's NOLs. In issuing

the injunction, the court held that the debtor's potential ability to utilize NOLs is property of an estate, 107 B.R. at 839, and that "the taking of a worthless stock deduction is an exercise of control over a debtor's NOLs," 107 B.R. at 842, and thus violates the automatic stay provisions of Bankruptcy Code section 362. *Id.* at 843; *see also Nisselson v. Drew Indus. Inc. (In re White Metal Rolling & Stamping Corp.)*, 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) ("It is beyond peradventure that NOL carrybacks and carryovers are property of the estate of the loss corporation that generated them"). Since the TSC Debtors' NOLs are property of their estates, this Court has the authority under Bankruptcy Code section 362 to enforce the automatic stay by restricting the transfer of Preferred Stock that could jeopardize the existence of this valuable asset.

D. Tax Credits Are Property of a Debtor's Estate and Are Entitled to Court Protection

38. Similar to NOLs, the Tax Credits are valuable assets of the TSC Debtors' estates. The Tax Credits, like NOLs, may be used by the TSC Debtors to offset future income and reduce future federal income taxes. Accordingly, the Tax Credits constitute property of the TSC Debtors' estates under Bankruptcy Code section 541 and should be given the same protective treatment as NOLs. As with NOLs, this Court has the authority under Bankruptcy Code section 362 to enforce the automatic stay by restricting the transfer of Preferred Stock, which transfers could reduce this valuable asset.

39. Courts have granted relief similar to that sought herein with respect to non-NOL tax credits in other cases. *See, e.g., In re Delta Air Lines, Inc.*, No. 05-17923 (Bankr. S.D.N.Y. Sept. 16, 2005)⁸ (finding that NOL and tax credit carryforwards are property of the debtors' estates and approving notification procedures and restrictions on certain transfers of claims

⁸ Because of the voluminous nature of the orders and transcripts cited herein, they are not attached to the motion. Copies of all orders and transcripts cited herein are available on request of the TSC Debtors' counsel.

against and interests in the debtors to protect, among other things, \$346 million in non-NOL tax credits).

E. Bankruptcy Courts Regularly Grant the Relief Requested in the Motion

40. Courts in this jurisdiction and others have routinely restricted or enjoined transfers of common stock or claims, or issued other injunctive relief to protect a debtor against the possible loss of its NOL carryforwards. *See, e.g., In re TerreStar Networks Inc.*, No. 10-15446 (SHL) (Bankr. S.D.N.Y. Nov. 23, 2010) (approving notification procedures and restrictions on certain transfers of claims against the TSN Debtors); *In re AMR Corp.*, No. 11-15463 (SHL) (Bankr. S.D.N.Y. Jan. 27, 2012) (approving notification procedures for substantial claim holders and equity holders and approving restrictions on certain transfers of interests in the debtors' estates); *In re Chemtura Corp.*, No. 09-11233 (Bankr. S.D.N.Y. Mar. 19, 2009) (approving notification procedures and restrictions on certain transfers of, and worthless stock deductions with respect to, equity interests in the debtors); *In re Calpine Corp.*, No. 05-60200 (Bankr. S.D.N.Y. Dec. 21, 2005) (approving notification procedures and restricting certain transfers of equity interests); *In re Delta Air Lines, Inc.*, No. 05-17923 (Bankr. S.D.N.Y. Sept. 16, 2005) (same).⁹

41. Courts granting such relief generally have done so by imposing notice and hearing requirements on any proposed transfer of stock to or by an entity whose holdings of such stock

⁹ *See also In re Nw. Airlines Corp.*, No. 05-17930 (Bankr. S.D.N.Y. Oct. 28, 2005) (same); *In re Portola Packaging, Inc.*, No. 08-12001 (Bankr. D. Del. Sept. 22, 2008) (approving notification procedures and restrictions on certain transfers of, and worthless stock deductions with respect to, equity interests in the debtors); *In re Kimball Hill, Inc.*, No. 08-10095 (Bankr. N.D. Ill. May 29, 2008) (same); *In re TOUSA, Inc.*, No. 08-10928 (Bankr. S.D. Fla. Mar. 6, 2008) (approving notification procedures and restricting certain transfers of equity interests); *In re Dura Auto. Sys., Inc.*, No. 06-11202 (Bankr. D. Del. Nov. 21, 2006) (same); *In re The Boyds Collection, Ltd.*, Case No. 05-43793 (Bankr. D. Md. Nov. 2, 2005) (same); *In re US Airways, Inc.*, No. 04-13819 (Bankr. E.D. Va. Apr. 1, 2005) (same); *In re W.R. Grace & Co.*, No. 01-01139 (Bankr. D. Del. Jan. 24, 2005) (same); *In re UAL Corp.*, No. 02-48191 (Bankr. N.D. Ill. Dec. 30, 2002) (approving, on an interim basis, notification procedures and restricting certain transfers of equity interests); *In re US Airways Group, Inc.*, No. 02-83984 (Bankr. E.D. Va. Oct. 2, 2002) (approving notification procedures and restricting certain transfers of claims and equity interests).

exceeds, or would exceed as a result of the proposed transfer, a certain threshold amount. To accomplish this, the court and the debtor are given notice of any proposed transfers of stock by entities whose aggregate stock holdings exceed a certain dollar or share threshold, giving the debtor an opportunity to object to such transfer at a hearing. The order in *In re Charter Communications* was typical in this regard. See *In re Charter Commc'ns, Inc.*, No. 09-11435 (Bankr. S.D.N.Y. Apr. 15, 2009). In that case, the court entered an order imposing, on any entity intending to acquire, accumulate or sell more than a prescribed number of shares of the debtor, or to add additional shares to such a block, a duty to provide notice to the court and to the debtor's counsel, after which the debtor was afforded 15 days to object to such transaction. If the debtors so objected, a hearing would be held so that the court could decide whether to allow such transfer to be consummated. See also *In re Calpine Corp.*, No. 05-60200 (Bankr. S.D.N.Y. Dec. 21, 2005) (requiring any entity which was or became an owner of 4.5% or greater of common stock to file notice with the court); *In re The Boyds Collection, Ltd.*, Case. No. 05-43793 (Bankr. D. Md. Nov. 1, 2005) (claims trading restrictions applied to claimholders expected to fall outside a *de minimis* amount).

42. The TSC Debtors' Tax Attributes are valuable assets of their estates that will inure to the benefit of their stakeholders and facilitate the TSC Debtors' reorganization. Unrestricted trading in the Preferred Stock with no advance warning of such trades jeopardizes these assets and impairs their value for the TSC Debtors' stakeholders at large. The requested relief imposes a minimal burden to achieve a substantial benefit for the TSC Debtors, their stakeholders and other interested parties. Accordingly, this Court should grant the requested relief and establish the foregoing Stock Trading Procedures with respect to the trading of Preferred Stock.

F. The Requested Relief Is Necessary to Avoid Irreparable Harm to the TSC Debtors

43. Once a Tax Attribute is limited under section 382 of the IRC, its use is limited forever, and once an equity interest is transferred, it cannot be undone. The relief sought herein is necessary to avoid an irrevocable loss of the Tax Attributes and the irreparable harm that could be caused by unrestricted trading in Preferred Stock and the TSC Debtors' resulting inability to offset taxable income with their Tax Attributes.

44. Absent granting the relief requested herein on an immediate basis, the TSC Debtors could be irreparably harmed by the mere filing of this motion. If the TSC Debtors filed this motion in accordance with the usual notice procedures set forth in the Bankruptcy Rules, a flurry of trading in Preferred Stock could follow. Parties holding Preferred Stock could rush to transfer such Preferred Stock before the restrictions on such trading are imposed by this Court. Such trading would put the Tax Attributes in jeopardy, as described above, and would therefore be counterproductive to the TSC Debtors' objectives in seeking this relief. Accordingly, the TSC Debtors request that the procedures described herein be approved.

VI. MOTION PRACTICE

45. This motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this motion. Accordingly, the TSC Debtors respectfully submit that this motion satisfies Rule 9013-1(a) of the Local Bankruptcy Rules for the Southern District of New York.

VII. NOTICE

46. The TSC Debtors have provided notice of this motion to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the entities listed on the TSC Debtors' Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) NexBank, SSB as agent for the lenders under the Bridge Loan

Agreement and as agent for the lenders under the TSC Debtors' post-petition debtor-in-possession financing; (d) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners LLC and certain of its managed and affiliated funds; (e) Wachtell, Lipton, Rosen & Katz as counsel to Highland Capital Management, L.P. and certain of its managed and affiliated funds; (f) Quinn Emanuel Urquhart & Sullivan, LLP as counsel to Solus Alternative Asset Management, L.P. and as counsel to the agent for the TSC Debtors' post-petition debtor-in-possession financing; (g) the Internal Revenue Service; (h) the Securities and Exchange Commission; (i) the United States Attorney for the Southern District of New York; (j) the Federal Communications Commission; and (k) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the TSC Debtors respectfully submit that no further notice is necessary.

VIII. NO PRIOR REQUEST

47. No prior application for the relief requested herein has been made to this or any other court.

WHEREFORE, for the reasons set forth herein and in the First Day Declaration, the TSC Debtors respectfully request that the Court (a) enter an order, substantially in the form attached hereto as Exhibit A, (i) authorizing the implementation of notification and hearing procedures governing the transfer of Preferred Stock and (ii) ordering that any purchase, sale or other transfer of Preferred Stock in violation of the procedures set forth in this motion (including the notification procedures set forth herein) shall be void *ab initio* as an act in violation of, among other things, the automatic stay and (b) grant such other and further relief as is just and proper.

New York, New York
Dated: February 10, 2012

/s/ Ira S. Dizengoff
AKIN GUMP STRAUSS HAUER & FELD LLP
One Bryant Park
New York, New York 10036
(212) 872-1000 (Telephone)
(212) 872-1002 (Facsimile)
Ira S. Dizengoff
Arik Preis

1700 Pacific Avenue, Suite 4100
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(214) 969-2800 (Telephone)
(214) 969-4343 (Facsimile)
Sarah Link Schultz

Counsel to the TSC Debtors

EXHIBIT A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

)	
In re:	)	Chapter 11
)	
TERRESTAR CORPORATION, <i>et al.</i> , ¹	)	Case No. 11-10612 (SHL)
)	
Debtors.	)	Jointly Administered
)	

**INTERIM ORDER ESTABLISHING NOTIFICATION AND HEARING PROCEDURES
FOR TRANSFERS OF CERTAIN PREFERRED STOCK**

Upon the motion (the “*Motion*”)² of the above-captioned debtors for the entry of an order establishing notification and hearing procedures that must be satisfied before certain transfers of Preferred Stock of TSC or of any beneficial interest therein are deemed effective and for related relief; and it appearing that the relief requested is in the best interests of the TSC Debtors’ estates, their stakeholders and other parties in interest; the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion appearing to be adequate and appropriate under the circumstances; and it appearing that the relief requested by the Motion is necessary to avoid immediate and irreparable harm to the TSC Debtors and their estates; and any objections to the

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer identification number, are: (a) TerreStar Corporation [6127] (“*TSC*”) and TerreStar Holdings Inc. [0778] (collectively, the “*February Debtors*”); and (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “*Other TSC Debtors*” and, collectively with the February Debtors, the “*TSC Debtors*”).

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

requested relief having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED**:

1. The Motion is granted to the extent set forth herein, subject to becoming a final order as provided herein.

2. Any purchase, sale or other transfer of Preferred Stock of TSC or of any beneficial interest therein in violation of the Stock Trading Procedures set forth herein (including the notice requirements set forth below) shall be null and void *ab initio*.

3. The following Stock Trading Procedures shall apply to trading in Preferred Stock:

- a. Any entity (as defined in Bankruptcy Code section 101(15)) who currently is or becomes a Substantial Shareholder (as such term is defined in paragraph (e) below) must file with the Court and serve upon counsel to the TSC Debtors a declaration of such status, substantially in the form of Exhibit 1 attached hereto, on or before the later of (i) 20 days after the date of the Notice of Order (as defined in paragraph 5 herein) and (ii) 10 days after becoming a Substantial Shareholder.
- b. Before effectuating any transfer of Preferred Stock that would result in an increase in the amount of Preferred Stock of which a Substantial Shareholder has Beneficial Ownership (as defined in paragraph (III.B.15.e) below) or would result in an entity becoming a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve upon counsel to the TSC Debtors an advance written declaration of the intended transfer of Preferred Stock in the form of Exhibit 2 attached hereto (each, a “***Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Preferred Stock***”). At the holder’s election, the Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Preferred Stock may be redacted to exclude such holder’s taxpayer identification number and the number of shares of Preferred Stock that such holder beneficially owns and proposes to purchase or otherwise acquire.
- c. Before effectuating any transfer of Preferred Stock that would result in a decrease in the amount of Preferred Stock of which a Substantial Shareholder has Beneficial Ownership or would result in an entity ceasing to be a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve upon counsel to the TSC Debtors an advance written declaration of the intended transfer of Preferred Stock in the form of Exhibit 3 attached hereto (each, a “***Declaration of Intent to Sell, Trade or Otherwise Transfer Preferred Stock***,” and with a Declaration of Intent to Purchase, Acquire or Accumulate Preferred Stock, each, a “***Declaration of Proposed Transfer***”). At the holder’s election, the Declaration of Intent to Sell, Trade or Otherwise Transfer Preferred Stock may be redacted to exclude such holder’s taxpayer identification number and the

number of shares of Preferred Stock that such holder beneficially owns and proposes to sell or otherwise transfer.

- d. The TSC Debtors shall have 10 calendar days after receipt of a Declaration of Proposed Transfer to file with the Court and serve upon such Substantial Shareholder and counsel to the Substantial Shareholder an objection to any proposed transfer of Preferred Stock described in the Declaration of Proposed Transfer on the grounds that such transfer might adversely affect the TSC Debtors' ability to utilize their Tax Attributes. If the TSC Debtors file an objection, such transaction would not be effective, unless such objection is withdrawn by the TSC Debtors or such transaction is approved by a final order of the Court that becomes nonappealable. If the TSC Debtors do not object within such 10-day period and/or the TSC Debtors provide counsel to such Substantial Shareholder with written notice of no objection, such transaction could proceed solely as set forth in the Declaration of Proposed Transfer. Further transactions within the scope of this paragraph must be the subject of additional notices in accordance with the procedures set forth herein, with an additional 10-day waiting period for each Declaration of Proposed Transfer.
- e. For purposes of these procedures, the following terms shall be defined as follows:
 - (i) **"Substantial Shareholder"** is any entity that has Beneficial Ownership of at least:
 - (1) 4,455 shares of Series A Preferred Stock (representing approximately 4.95% of all issued and outstanding shares);³
 - (2) 15,765 shares of Series B Preferred Stock (representing approximately 4.95% of all issued and outstanding shares);⁴
or
 - (3) 59,400 shares of Series E Preferred Stock (representing approximately 4.95% of all issued and outstanding shares).⁵
 - (ii) **"Beneficial Ownership"** of Preferred Stock includes direct and indirect ownership (*i.e.*, a holding company would be considered to own beneficially all shares owned or acquired by its subsidiaries), ownership by such holder's family members and entities acting in concert with such holder to make a coordinated acquisition of stock and certain ownership of shares that such holder has an option to acquire; and
 - (iii) **"Option"** to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture,

³ Based on approximately 90,000 shares of Series A Preferred Stock outstanding as of January 27, 2011.

⁴ Based on approximately 318,500 shares of Series B Preferred Stock outstanding as of January 27, 2011.

⁵ Based on approximately 1.2 million shares of Series E Preferred Stock outstanding as of January 27, 2011.

contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

4. The TSC Debtors may waive, in writing and at their sole and absolute discretion, any and all restrictions, stays and notification procedures contained in this order should the TSC Debtors conclude that any such restriction, stay or notification procedure is not necessary to protect the Tax Attributes.

5. The TSC Debtors shall serve by first-class mail, postage prepaid, the Notice of Order substantially in the form of Exhibit 4 attached hereto on: (a) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Claims filed pursuant to Bankruptcy Rule 1007(d), (b) the transfer agents for any Preferred Stock, (c) the Securities and Exchange Commission, (d) the Internal Revenue Service and (e) those parties that have requested service of papers pursuant to Bankruptcy Rule 2002.

6. All transfer agents for any Preferred Stock shall be required to serve the Notice of Order on all holders of shares of (i) Series A Preferred Stock in excess of 4,455 shares, (ii) Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares, registered with such transfer agent no later than five business days after being served with the Notice of Order; *provided that*, if any transfer agent provides the TSC Debtors' counsel with the names and addresses of all holders of such shares of Preferred Stock registered with such transfer agent no later than three business days after being served with the Notice of Order, the TSC Debtors' undersigned counsel shall be required to serve the Notice of Order on such holders.

7. All registered holders described in paragraph 6 of this Order shall serve the Notice of Order on any holder for whose account such registered holder holds (i) such Series A Preferred Stock in excess of 4,455 shares, (ii) such Series B Preferred Stock in excess of 15,765

shares or (iii) Series E Preferred Stock in excess of 59,400 shares, and so on down the chain of ownership for all such holders of Preferred Stock in excess of such amounts.

8. Until this Order becomes a Final Order as set forth in the Motion, any entity or broker or agent acting on such entity's behalf who sells (i) Series A Preferred Stock in excess of 4,455 shares, (ii) Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares to another entity shall serve a copy of the Notice of Order on such purchaser of such Preferred Stock or any broker or agent acting on such purchaser's behalf.

9. As soon as practicable after entry of this Order, the TSC Debtors shall publish a copy of the Notice of Order (modified for publication) in *The Washington Post* and *USA Today* and submit the Notice of Order (modified for publication) to Bloomberg Professional Service for potential publication by Bloomberg.

10. This Order is conditional on the terms set forth herein. Any party in interest may file an Objection to the entry of this Order within 10 days after the date of entry of this Order as further described in paragraph 22 of this Order. If any such Objection is timely filed and not withdrawn before such hearing, the Objection shall be heard at the next regularly scheduled omnibus hearing date. At the hearing, the Court may vacate this Order, modify it or make it final. If no timely Objection is filed (or is filed and subsequently withdrawn), this Order shall become final at the conclusion of such objection period without further order of the Court. This Order shall remain in effect until further order of the Court. The modification or vacation of this Order shall not impair any action taken pursuant to its prior to its modification or vacation.

11. If this Order becomes a Final Order, the TSC Debtors shall serve the Notice of Final Order on the same entities that received the Notice of Order, as set forth in paragraph 5 above.

12. All transfer agents for any Preferred Stock shall serve the Notice of Final Order on all holders of (i) Series A Preferred Stock in excess of 4,455 shares, (ii) Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares registered with such transfer agent no later than five business days after being served with the Notice of Final Order; *provided that*, if any transfer agent provides the TSC Debtors' undersigned counsel with the names and addresses of all holders of such Preferred Stock registered with such transfer agent no later than three business days after being served with the Notice of Final Order, the TSC Debtors shall serve the Notice of Final Order on such holders.

13. All registered holders described in paragraph 12 of this Order shall serve the Notice of Final Order on any holder for whose account such registered holder holds (i) such Series A Preferred Stock in excess of 4,455 shares, (ii) such Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares, and so on down the chain of ownership for all such holders of Preferred Stock in excess of such amounts.

14. At least on the first business day of each calendar quarter after the date of the entry of the Order during these chapter 11 cases, all transfer agents for any Preferred Stock shall serve the Notice of Order until a Notice of Final Order has been served, and then the Notice of Final Order, on all holders of shares of (i) such Series A Preferred Stock in excess of 4,455 shares, (ii) such Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares registered with such transfer agent; *provided that*, if any transfer agent provides the TSC Debtors' counsel, at the addresses set forth above, with the names and addresses of all holders of such shares of Preferred Stock registered with such transfer agent no later than five business days prior to the expiration of an applicable calendar quarter, the TSC Debtors shall serve the Notice of Final Order on such holders.

15. All registered holders described in paragraph 14 of this Order shall serve the Notice of Final Order on any holder for whose account such registered holder holds (i) such Series A Preferred Stock in excess of 4,455 shares, (ii) such Series B Preferred Stock in excess of 15,765 shares or (iii) such Series E Preferred Stock in excess of 59,400 shares, and so on down the chain of ownership for all such holders of Preferred Stock in excess of such amounts.

16. After this Order becomes final as set forth herein, any entity or broker or agent acting on such entity's behalf who sells (i) such Series A Preferred Stock in excess of 4,455 shares, (ii) such Series B Preferred Stock in excess of 15,765 shares or (iii) Series E Preferred Stock in excess of 59,400 shares to another entity shall serve a copy of the Notice of Final Order on such purchaser of such Preferred Stock or any broker or agent acting on such purchaser's behalf.

17. The requirements set forth in this Order are in addition to the requirements of all applicable law and do not excuse compliance therewith.

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

19. The TSC Debtors shall have right to challenge and seek to unwind any transfers of Preferred Stock to which the Order otherwise would apply that were made prior to the entry of the Order.

20. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

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

22. Any Objections to the relief requested in the Motion on a final basis must be filed no later than _____, 2012 at _____m. (prevailing Eastern Time) (the “***Objection Deadline***”). If an Objection is timely filed and served so as to be received on or before the Objection Deadline, such Objection shall be set for hearing on _____, 2012 at _____m. (prevailing Eastern Time). This Order, and all acts taken in furtherance of or reliance upon this Order, shall be effective notwithstanding the filing of an Objection.

23. In the event that no Objections to the Motion or this Order are timely filed and served, then this Order shall become a Final Order as of the day immediately following the Objection Deadline, *nunc pro tunc* to the Petition Date, without further hearing or order of this Court.

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

Dated: _____
New York, New York

United States Bankruptcy Judge

EXHIBIT 1

Declaration of Status as a Substantial Shareholder

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:	)	Chapter 11
)	
TERRESTAR CORPORATION, <i>et al.</i> , ¹	)	Case No. 11-10612 (SHL)
)	
Debtors.	)	Jointly Administered
_____)	

DECLARATION OF STATUS AS A SUBSTANTIAL SHAREHOLDER²

PLEASE TAKE NOTICE that _____ is/has become a Substantial Shareholder with respect to the preferred stock (the “***Preferred Stock***”) of TerreStar Corporation (“***TSC***”) or of any beneficial interest therein TSC is a debtor and debtor in possession in Case No. 11-10216(SHL) pending in the United States Bankruptcy Court for the Southern District of New York.

PLEASE TAKE FURTHER NOTICE that, as of _____, 2012, _____ has Beneficial Ownership of ____ shares of Preferred Stock. The following table sets forth the date(s) on which _____ acquired Beneficial Ownership or otherwise has Beneficial Ownership of such Preferred Stock:

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer identification number, are: (a) TerreStar Corporation [6127] (“***TSC***”) and TerreStar Holdings Inc. [0778] (collectively, the “***February Debtors***”); and (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “***Other TSC Debtors***” and, collectively with the February Debtors, the “***TSC Debtors***”).

² For purposes of this Declaration: (a) a “***Substantial Shareholder***” is any entity (as defined by section 101(15) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532) that has Beneficial Ownership of at least (i) 4,455 shares of Series A Preferred Stock, (ii) 15,765 shares of Series B Preferred Stock or (iii) 59,400 shares of Series E Preferred Stock; (b) “***Beneficial Ownership***” of Preferred Stock includes direct and indirect ownership (*i.e.*, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and persons acting in concert with such holder to make a coordinated acquisition of stock and certain ownership of shares that such holder has an option to acquire; and (c) an “***Option***” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

Number of Shares of _____ Stock	Date Acquired

(Attach additional page or pages if necessary)

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain *Order Establishing Notification and Hearing Procedures for Transfers of Certain Preferred Stock and Granting Related Relief*, this Declaration is being filed with the Court and served upon counsel to the TSC Debtors.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this Declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this Declaration and any attachments that purport to be part of this Declaration are true, correct and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

_____, _____
Dated: _____

EXHIBIT 2

**Declaration of Intent to Purchase, Acquire or Otherwise
Accumulate Preferred Stock**

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:	)	Chapter 11
)	
TERRESTAR CORPORATION, <i>et al.</i> , ¹	)	Case No. 11-10612 (SHL)
)	
Debtors.	)	Jointly Administered
_____)	

**DECLARATION OF INTENT TO PURCHASE, ACQUIRE
OR OTHERWISE ACCUMULATE PREFERRED STOCK²**

PLEASE TAKE NOTICE that _____ hereby provides notice of its intention to purchase, acquire or otherwise accumulate one or more shares of the preferred stock (the “*Preferred Stock*”) of TerreStar Corporation (“*TSC*”) or of any beneficial interest therein.

PLEASE TAKE FURTHER NOTICE that, if applicable, on _____, _____, _____ filed a Declaration of Status as a Substantial Shareholder with the United States Bankruptcy Court for the Southern District of New York (the “*Bankruptcy Court*”) and served copies thereof as set forth therein.

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer identification number, are: (a) TerreStar Corporation [6127] (“*TSC*”) and TerreStar Holdings Inc. [0778] (collectively, the “*February Debtors*”); and (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “*Other TSC Debtors*” and, collectively with the February Debtors, the “*TSC Debtors*”).

² For purposes of this Declaration: (a) a “*Substantial Shareholder*” is any entity (as defined by section 101(15) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532) that has Beneficial Ownership of at least (i) 4,455 shares of Series A Preferred Stock, (ii) 15,765 shares of Series B Preferred Stock or (iii) 59,400 shares of Series E Preferred Stock; (b) “*Beneficial Ownership*” of Preferred Stock includes direct and indirect ownership (*i.e.*, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and persons acting in concert with such holder to make a coordinated acquisition of stock and certain ownership of shares that such holder has an option to acquire; and (c) an “*Option*” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that _____ currently has Beneficial Ownership of _____ shares of _____ Stock.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Transfer, _____ proposes to purchase, acquire or otherwise accumulate _____ shares of _____ Stock or an Option with respect to _____ shares of _____ Stock. If the Proposed Transfer is permitted to occur, _____ will have Beneficial Ownership of _____ shares of _____ Stock after such transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain *Order Establishing Notification and Hearing Procedures for Transfers of Certain Preferred Stock and Granting Related Relief*, this Declaration is being filed with the Bankruptcy Court and served upon counsel to the TSC Debtors.

PLEASE TAKE FURTHER NOTICE that the TSC Debtors have 10 calendar days after receipt of this Declaration to object to the Proposed Transfer described herein. If the TSC Debtors file an objection, such Proposed Transfer will not be effective unless approved by a final order of the Bankruptcy Court that becomes nonappealable. If the TSC Debtors do not object within such 10-day period and/or the TSC Debtors provide counsel to such Substantial Shareholder with written notice of no objection, then after expiration of such period, the Proposed Transfer may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by _____ that may result in _____ purchasing, acquiring or otherwise accumulating additional Preferred Stock or an Option with respect thereto will each require an

additional notice filed with the Court to be served in the same manner, and with the same rights to object of the TSC Debtors, as this Declaration.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this Declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this Declaration and any attachments that purport to be part of this Declaration are true, correct and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

_____, _____
Dated: _____

EXHIBIT 3

**Declaration of Intent to Sell, Trade or Otherwise
Transfer Preferred Stock**

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:	)	Chapter 11
)	
TERRESTAR CORPORATION, <i>et al.</i> , ¹	)	Case No. 11-10612 (SHL)
)	
Debtors.	)	Jointly Administered
_____)	

**DECLARATION OF INTENT TO SELL, TRADE OR
OTHERWISE TRANSFER PREFERRED STOCK²**

PLEASE TAKE NOTICE that _____ hereby provides notice of its intention to sell, trade or otherwise transfer shares of the preferred stock of TerreStar Corporation (“*TSC*”) or of any beneficial interest therein.

PLEASE TAKE FURTHER NOTICE that, if applicable, on _____, __, _____ filed a Declaration of Status as a Substantial Shareholder with the United States Bankruptcy Court for the Southern District of New York (the “*Bankruptcy Court*”) and served copies thereof as set forth therein.

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer identification number, are: (a) TerreStar Corporation [6127] (“*TSC*”) and TerreStar Holdings Inc. [0778] (collectively, the “*February Debtors*”); and (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “*Other TSC Debtors*” and, collectively with the February Debtors, the “*TSC Debtors*”).

² For purposes of this Declaration: (a) a “*Substantial Shareholder*” is any entity (as defined by section 101(15) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532) that has Beneficial Ownership of at least (i) 4,455 shares of Series A Preferred Stock, (ii) 15,765 shares of Series B Preferred Stock or (iii) 59,400 shares of Series E Preferred Stock; (b) “*Beneficial Ownership*” of Preferred Stock includes direct and indirect ownership (*i.e.*, a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and persons acting in concert with such holder to make a coordinated acquisition of stock and certain ownership of shares that such holder has an option to acquire; and (c) an “*Option*” to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE that _____ currently has Beneficial Ownership of _____ shares of _____ Stock.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Proposed Transfer, _____ proposes to sell, trade or otherwise transfer _____ shares of _____ Stock or an Option with respect to _____ shares of _____ Stock. If the Proposed Transfer is permitted to occur, _____ will have Beneficial Ownership of _____ shares of _____ Stock after the transfer becomes effective.

PLEASE TAKE FURTHER NOTICE that the last four digits of the taxpayer identification number of _____ are _____.

PLEASE TAKE FURTHER NOTICE that, pursuant to that certain *Order Establishing Notification and Hearing Procedures for Transfers of Certain Preferred Stock and Granting Related Relief*, this Declaration is being filed with the Court and served upon counsel to the TSC Debtors.

PLEASE TAKE FURTHER NOTICE that the TSC Debtors have 10 calendar days after receipt of this Declaration to object to the Proposed Transfer described herein. If the TSC Debtors file an objection, such Proposed Transfer will not be effective unless such objection is withdrawn by the TSC Debtors or such action is approved by a final order of the Bankruptcy Court that becomes nonappealable. If the TSC Debtors do not object within such 10-day period and/or the TSC Debtors provide counsel to such Substantial Shareholder with written notice of no objection, then after expiration of such period, the Proposed Transfer may proceed solely as set forth in this Declaration.

PLEASE TAKE FURTHER NOTICE that any further transactions contemplated by _____ that may result in _____ selling, trading or otherwise transferring

shares of _____ Stock or an Option with respect thereto will each require an additional notice filed with the Bankruptcy Court to be served in the same manner, and with the same rights to object of the TSC Debtors, as this Declaration.

PLEASE TAKE FURTHER NOTICE that, pursuant to 28 U.S.C. § 1746, under penalties of perjury, _____ hereby declares that he or she has examined this Declaration and accompanying attachments (if any), and, to the best of his or her knowledge and belief, this Declaration and any attachments that purport to be part of this Declaration are true, correct and complete.

Respectfully submitted,

(Name of Substantial Shareholder)

By: _____

Name: _____

Address: _____

Telephone: _____

Facsimile: _____

_____, _____
Dated: _____

EXHIBIT 4

**Notice of Notification and Hearing Procedures for
Transfers of Certain Preferred Stock**

AKIN GUMP STRAUSS HAUER & FELD LLP

One Bryant Park
New York, New York 10036
(212) 872-1000 (Telephone)
(212) 872-1002 (Facsimile)
Ira S. Dizengoff
Arik Preis

1700 Pacific Avenue, Suite 4100
Dallas, Texas 75201
(214) 969-2800 (Telephone)
(214) 969-4343 (Facsimile)
Sarah Link Schultz

Counsel to the TSC Debtors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

_____)	
In re:	)	Chapter 11
)	
TERRESTAR CORPORATION, <i>et al.</i> , ¹	)	Case No. 11-10612 (SHL)
)	
Debtors.	)	Jointly Administered
_____)	

**NOTICE OF (A) NOTIFICATION PROCEDURES APPLICABLE TO SUBSTANTIAL
HOLDERS OF PREFERRED STOCK (B) NOTIFICATION AND HEARING
PROCEDURES FOR TRADING IN PREFERRED STOCK AND (C)
HEARING ON THE PROSPECTIVE APPLICATION THEREOF**

**TO: ALL ENTITIES (AS DEFINED BY BANKRUPTCY CODE SECTION 101(15))
THAT HOLD PREFERRED STOCK OF TERRESTAR CORPORATION:**

PLEASE TAKE NOTICE THAT, on February 16, 2011 (the “*Petition Date*”), the above-captioned debtors and debtors in possession (collectively, the “*Debtors*”) filed petitions under chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”) in the United States

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer identification number, are: (a) TerreStar Corporation [6127] (“*TSC*”) and TerreStar Holdings Inc. [0778] (collectively, the “*February Debtors*”); and (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “*Other TSC Debtors*” and, collectively with the February Debtors, the “*TSC Debtors*”).

Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”). Subject to certain exceptions, Bankruptcy Code section 362 operates as a stay of any act to obtain possession of property of the TSC Debtors’ estates or property from the TSC Debtors’ estates or to exercise control over property of the TSC Debtors’ estates.

PLEASE TAKE FURTHER NOTICE THAT, on February __, 2012, the TSC Debtors filed the *Debtors’ Motion for Entry of an Order Establishing Notification and Hearing Procedures for Transfers of Certain Preferred Stock and for Related Relief* (the “**Motion**”).

PLEASE TAKE FURTHER NOTICE THAT, on February __, 2012, the Bankruptcy Court entered the *Interim Order Establishing Notification and Hearing Procedures for Transfers of Certain Preferred Stock* approving the procedures set forth below in order to preserve the TSC Debtors’ Tax Attributes (as defined below) (the “**Order**”).

PLEASE TAKE FURTHER NOTICE THAT, pursuant to the Order, the following procedures shall apply to holding and trading in the preferred stock (the “**Preferred Stock**”):

- a. Any entity (as defined in Bankruptcy Code section 101(15)) who currently is or becomes a Substantial Shareholder (as such term is defined in paragraph (e) below) must file with the Bankruptcy Court and serve upon counsel to the TSC Debtors a declaration of such status, substantially in the form of Exhibit 1 attached to the Order, on or before the later of (i) 40 days after the date of this notice and (ii) 10 days after becoming a Substantial Shareholder.
- b. Before effectuating any transfer of Preferred Stock that would result in an increase in the amount of Preferred Stock of which a Substantial Shareholder has Beneficial Ownership (as defined in paragraph (e) below) or would result in an entity becoming a Substantial Shareholder, such Substantial Shareholder must file with the Bankruptcy Court and serve upon counsel to the TSC Debtors an advance written declaration of the intended transfer of Preferred Stock in the form of Exhibit 2 attached to the Order (each, a “**Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Preferred Stock**”). At the holder’s election, the Declaration of Intent to Purchase, Acquire or Otherwise Accumulate Preferred Stock may be redacted to exclude such holder’s taxpayer identification number and the number of shares of Preferred Stock that such holder beneficially owns and proposes to purchase or otherwise acquire.

- c. Before effectuating any transfer of Preferred Stock that would result in a decrease in the amount of Preferred Stock of which a Substantial Shareholder has Beneficial Ownership or would result in an entity ceasing to be a Substantial Shareholder, such Substantial Shareholder must file with the Court and serve upon counsel to the TSC Debtors an advance written declaration of the intended transfer of Preferred Stock in the form of Exhibit 3 attached to the Order (each, a “***Declaration of Intent to Sell, Trade or Otherwise Transfer Preferred Stock***,” and with a Declaration of Intent to Purchase, Acquire or Accumulate Preferred Stock, each, a “***Declaration of Proposed Transfer***”). At the holder’s election, the Declaration of Intent to Sell, Trade or Otherwise Transfer Preferred Stock may be redacted to exclude such holder’s taxpayer identification number and the number of shares of Preferred Stock that such holder beneficially owns and proposes to sell or otherwise transfer.
- d. The TSC Debtors shall have 10 calendar days after receipt of a Declaration of Proposed Transfer to file with the Bankruptcy Court and serve upon such Substantial Shareholder and counsel to the Substantial Shareholder an objection to any proposed transfer of Preferred Stock described in the Declaration of Proposed Transfer on the grounds that such transfer might adversely affect the TSC Debtors’ ability to utilize their net operating losses (“***NOLs***”) and tax attributes, including NOL carryforwards and certain other tax and business credits (collectively, the “***Tax Attributes***”). If the TSC Debtors file such an objection, such transaction is not effective unless such objection is withdrawn by the TSC Debtors or such transaction is approved by a final order of the Bankruptcy Court that becomes nonappealable. If the TSC Debtors do not object within such 10-day period and/or the TSC Debtors provide counsel to such Substantial Shareholder with written notice of no objection, such transaction can proceed solely as set forth in the Declaration of Proposed Transfer. Further transactions within the scope of this paragraph must be the subject of additional notices in accordance with the procedures set forth herein, with an additional 10-day waiting period for each Declaration of Proposed Transfer.
- e. For purposes of the Order and the relief granted therein, the following terms shall be defined as follows:
- (i) “***Substantial Shareholder***” is any entity that has Beneficial Ownership of at least:
- (1) 4,455 shares of Series A Preferred Stock (representing approximately 4.95% of all issued and outstanding shares);²
- (2) 15,765 shares of Series B Preferred Stock (representing approximately 4.95% of all issued and outstanding shares);³
or

² Based on approximately 90,000 shares of Series A Preferred Stock outstanding as of January 27, 2011.

³ Based on approximately 318,500 shares of Series B Preferred Stock outstanding as of January 27, 2011.

- (3) 59,400 shares of Series E Preferred Stock (representing approximately 4.95% of all issued and outstanding shares).⁴
- (ii) **“Beneficial Ownership”** of Preferred Stock includes direct and indirect ownership (*i.e.*, a holding company would be considered to own beneficially all shares owned or acquired by its subsidiaries), ownership by such holder’s family members and entities acting in concert with such holder to make a coordinated acquisition of stock and certain ownership of shares that such holder has an option to acquire; and
- (iii) **“Option”** to acquire stock includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

PLEASE TAKE FURTHER NOTICE THAT the TSC Debtors shall have right to challenge and seek to unwind any transfers of Preferred Stock to which the Order otherwise would apply that were made prior to the entry of the Order.

PLEASE TAKE FURTHER NOTICE THAT, upon the request of any entity, The Garden City Group, Inc., the notice and claims agent for the TSC Debtors (the **“Notice and Claims Agent”**), will provide a form of each of the required declarations described above and a copy of the Order in a reasonable period of time. Such declarations are also available at www.TerreStarCorpRestructuring.com.

FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE SHALL CONSTITUTE A VIOLATION OF, AMONG OTHER THINGS, THE AUTOMATIC STAY PROVISIONS OF BANKRUPTCY CODE SECTION 362.

ANY PROHIBITED PURCHASE, SALE, TRADE OR OTHER TRANSFER OF PREFERRED STOCK IN THE TSC DEBTORS IN VIOLATION OF THE INTERIM ORDER SHALL BE NULL AND VOID *AB INITIO* AND MAY BE PUNISHED BY CONTEMPT OR OTHER SANCTIONS IMPOSED BY THE BANKRUPTCY COURT.

PLEASE TAKE FURTHER NOTICE THAT the requirements set forth in this notice are in addition to the requirements of applicable law and do not excuse compliance therewith.

⁴ Based on approximately 1.2 million shares of Series E Preferred Stock outstanding as of January 27, 2011.

New York, New York
Dated: February __, 2012

/s/DRAFT
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