

**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.)	Joint Administration Requested

**DECLARATION OF JEFFREY W. EPSTEIN PURSUANT TO LOCAL
BANKRUPTCY RULE 1007-2 IN SUPPORT OF FIRST DAY PLEADINGS**

Under 28 U.S.C. § 1746, I, Jeffrey W. Epstein, declare as follows under penalty of perjury:

1. I am President and Chief Executive Officer of TerreStar Corporation (“*TSC*”).² I have been employed in this and other capacities by TSC since 2006.³ Accordingly, I am familiar with the TSC Debtors’ day-to-day operations, business and financial affairs.

2. On the date hereof (the “*Petition Date*”), each of the February Debtors filed a petition with this Court under chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”). Prior to this filing, on October 19, 2010 (the “*October Petition Date*”), each of the Other TSC Debtors, together with TerreStar Networks Inc. (“*TSN*”) and certain other of its affiliates (collectively with TSN, the “*TSN Debtors*”⁴ and, together with the Other TSC Debtors, the “*October Debtors*”), filed a petition with this Court under chapter 11 of the Bankruptcy

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*”) 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 A chart detailing the corporate structure of the TSC Debtors and their non-debtor affiliates (both domestic and foreign) is annexed hereto as Exhibit A.

³ In addition to serving as an officer of TSC, I also serve as an officer of the following TSC Debtor entities: TerreStar Holdings Inc., TerreStar New York Inc., MVH Holdings Inc., and Motient Ventures Holdings Inc. Furthermore, I serve as an officer of the following non-TSC Debtor entities: TerreStar Global Ltd., TerreStar National Services Inc., TerreStar License Inc., 0887729 B.C. Ltd and TerreStar 1.4 Holdings LLC.

⁴ The TSN Debtors are TSN, TerreStar License Inc., TerreStar National Services Inc., 0887729 B.C. Ltd., TerreStar Networks (Canada) Inc., and TerreStar Networks Holdings (Canada) Inc.

Code. The TSC Debtors are operating their business and managing their properties as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108. Concurrently with the filing of this declaration (the “*Declaration*”), the TSC Debtors have sought procedural consolidation and joint administration of these chapter 11 cases.⁵

3. To minimize any disruption caused by the commencement of these chapter 11 cases, the TSC Debtors have requested certain relief in motions and applications filed with the Court on the Petition Date (collectively, the “*First Day Pleadings*”). As described herein, the First Day Pleadings seek, among other things, to provide for a debtor in possession financing facility and to ensure the continuation of the TSC Debtors’ other business operations without interruption, as well as, in general, to establish certain other administrative procedures to promote a seamless transition into chapter 11. I am familiar with the contents of each of the First Day Pleadings and I believe that the relief sought in each of these pleadings is necessary to permit an effective transition into chapter 11. In my opinion, approval of the relief requested in the First Day Pleadings will minimize disruptions to the TSC Debtors’ assets, thereby preserving and maximizing the value of the TSC Debtors’ estates and assisting the TSC Debtors in achieving a successful reorganization.

4. I submit this Declaration pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York (the “*Local Rules*”) to assist the Court and other parties in interest in understanding the circumstances that compelled the commencement of these chapter 11 cases and in support of the TSC Debtors’ petitions for relief under chapter 11 of the

⁵ Pursuant to an order entered October 20, 2010 [Case No. 10-15446, Docket No. 32] (the “*TSN Joint Administration Order*”), the chapter 11 cases of the October Debtors, including the Other TSC Debtors, have been consolidated for procedural purposes only under Case No. 10-15446 (SHL). Simultaneously herewith, (a) the October Debtors have filed a motion seeking to modify the Joint Administration Order to direct that the Other TSC Debtors’ cases no longer be jointly administered with the chapter 11 cases of the TSN Debtors [Case No. 10-15546, Docket No. 416] and (b) the TSC Debtors have filed a motion seeking joint administration of their chapter 11 cases under Case No. 11-10612 (Docket No. 2).

Bankruptcy Code and the First Day Pleadings. I have reviewed the factual support set forth in each of the First Day Pleadings and attest to the accuracy thereof. Except as otherwise indicated, all facts set forth herein are based on my personal knowledge, my discussions with other members of the TSC Debtors' senior management, my review of relevant documents, or my opinion based upon experience, knowledge, and information concerning the TSC Debtors' operations and financial affairs. If called upon to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the TSC Debtors.

5. This Declaration is intended to provide a summary overview of the TSC Debtors' business and these chapter 11 cases. Sections I through IV of this Declaration provide an overview of the TSC Debtors' business, organizational structure, capital structure, events giving rise to these chapter 11 cases, and information regarding the chapter 11 cases. Section V summarizes the relief requested with respect to, and the support for, the TSC Debtors' motion for entry of interim and final orders authorizing post-petition financing. Section VI summarizes the relief requested in certain of the First Day Pleadings. Finally, Section VII lists the schedules of information required by Local Rule 1007-2.

I. THE TSC DEBTORS' BUSINESSES

A. General Background

6. TSC is a Delaware corporation whose main asset is the equity in non-Debtor TerreStar 1.4 Holdings LLC ("***1.4 Holdings LLC***"), which has the right to use a 1.4 GHz terrestrial spectrum ("***1.4 Spectrum***") pursuant to 64 FCC licenses (the "***FCC Licenses***"). TSC also has an indirect 89.3% ownership interest in TSN (through its wholly-owned subsidiary Motient Ventures Holding Inc., a TSC Debtor), which operates a separate and distinct mobile communications business.

7. The TSC Debtors are headquartered in Reston, Virginia.

8. The remaining TSC Debtors are, for the most part, holding companies with few, if any, assets and/or liabilities.

B. Organizational Structure

9. As demonstrated on the organizational chart attached hereto as Exhibit A, TSC is the parent company of each of the other TSC Debtors. As of the date hereof, TSC has four wholly-owned direct subsidiaries, all of which are TSC Debtors – (a) TerreStar Holdings Inc. (“*TerreStar Holdings*”), (b) TerreStar New York Inc. (“*TerreStar NY*”), (c) Motient Holdings Inc. (“*Motient*”) and (d) MVH Holdings Inc. (“*MVH*”).

10. TerreStar Holdings is a Delaware corporation that directly holds 100% of the interests in 1.4 Holdings LLC. 1.4 Holdings LLC is a Delaware limited liability company, which holds the FCC Licenses for the 1.4 Spectrum.

11. TerreStar NY is a New York corporation that has no subsidiaries.

12. Motient holds 100% of the interests in both Motient Services Inc. and Motient Communications Inc., each a Delaware corporation, and each a TSC Debtor in these proceedings. Motient Communications Inc. in turn holds 100% of the interests in Motient License Inc., another Delaware corporation, and a TSC Debtor in these proceedings. These entities have minimal operations, minimal assets and various liabilities they will seek (or have already sought) to reject in connection with their chapter 11 cases.

13. MVH directly holds 100% of the interests in Motient Ventures Holding Inc., a Delaware corporation. Motient Ventures Holding Inc. is also a TSC Debtor. Additionally, Motient Ventures Holding Inc. holds approximately 89.3% of the equity of TSN and 86.5% of the equity of non-TSC Debtor affiliate TerreStar Global Ltd., a Bermuda company.

C. Significant Assets, Agreements and Relationships

14. The TSC Debtors' business enterprise depends on the rights of 1.4 Holdings LLC to use the 1.4 Spectrum pursuant to the FCC Licenses held by 1.4 Holdings LLC and a number of related agreements and relationships. Set forth below is a short summary of the 1.4 Spectrum and some of the related relationships and agreements.

(i) *The 1.4 Spectrum*

15. The 1.4 Spectrum is licensed by 1.4 Holdings LLC from the FCC for a ten-year term, set to expire on April 23, 2017. 1.4 Holdings LLC anticipates being able to renew its license for the 1.4 Spectrum if the 1.4 Spectrum is being used, by 1.4 Holdings LLC or its lessee, to provide "substantial service"⁶ to the public by April 2017. Currently, 1.4 Holdings LLC is relying on its lessee's⁷ use of the 1.4 Spectrum to satisfy this substantial service requirement. If, however, 1.4 Holdings LLC is dissatisfied with the lessee's progress toward providing substantial service, it may reclaim the 1.4 Spectrum beginning in April 2015.

(ii) *Relationship with Harbinger/LightSquared (f/k/a SkyTerra)*

16. The TSC Debtors and their non-Debtor affiliate, 1.4 Holdings LLC, have a number of contractual relationships with Harbinger Capital Partners LLC ("**Harbinger**") (one of the TSC Debtors' largest equity holders) and certain of its affiliates. Among other things, as described in detail below, Harbinger and/or its affiliates lease rights to use 1.4 Holdings LLC's 1.4 Spectrum.

17. In September 2009, 1.4 Holdings LLC entered into a Spectrum Manager Lease Agreement (the "**Spectrum Lease**") with One Dot Four Corp. ("**One Dot Four**"), an affiliate of Harbinger, under which One Dot Four leases the rights to use the 1.4 Spectrum for which

⁶ Although renewal is determined on a case-by-case basis, the FCC defines "substantial service" to mean service that is sound, favorable and substantially above a level of mediocre service that warrants renewal.

⁷ See *infra* § I.C(ii) regarding current lessee.

1.4 Holdings LLC holds the FCC Licenses pursuant to a spectrum manager lease.⁸ The Spectrum Lease has an initial term through April 2017, renewable at One Dot Four's option for two additional terms of ten years each, in both instances subject to FCC renewal of the FCC Licenses. Pursuant to the Spectrum Lease, One Dot Four pays 1.4 Holdings LLC \$2 million per month. One Dot Four has prepaid the Spectrum Lease through June 2011. Under certain conditions One Dot Four has the option, but not the obligation, to purchase the FCC Licenses, subject to certain consents and FCC approval, for a specified purchase price (less credit for certain amounts paid under the Spectrum Lease). One Dot Four also has a right of first refusal to match the price (less credit for certain amounts paid under the Spectrum Lease) with respect to third-party offers to purchase certain ownership interests in 1.4 Holdings LLC.

(iii) GENUS Handset, Chipset Development and Related Technology

18. On August 10, 2007, TSN entered into a Master Development & Licensing Agreement (the "**Development Agreement**") with Elektrobit, Inc. ("**Elektrobit**") pursuant to which Elektrobit would assist with developing the GENUS handset.⁹ Pursuant to an amendment dated November 18, 2009, TSC provided a guarantee of TSN's obligations to Elektrobit under the Development Agreement. On December 1, 2009, TSC entered into a Master Supply Agreement (the "**Supply Agreement**") with Elektrobit, which sets the terms for the individual purchase orders for the GENUS handset.

19. On or about November 19, 2010, Elektrobit filed suit against TSC in the Supreme Court of the State of New York seeking payment of alleged outstanding receivables in the amount of \$25.8 million. On January 14, 2011, TSC answered the complaint. The litigation has

⁸ In July 2010, the lessee exercised its right to convert the spectrum manager lease into a long term de facto transfer lease.

⁹ The "GENUS" is the world's first smartphone with integrated all-IP satellite-terrestrial voice and data capabilities, which allows the smartphone to operate on both terrestrial and satellite phone systems.

been stayed by the filing of these chapter 11 cases. Elektrobit also filed a proof of claim in TSN's chapter 11 case in the amount of \$25.8 million. Although TSC was a party to the Supply Agreement and provided a guarantee of certain of TSN's obligations to Elektrobit, TSC did not utilize the GENUS handset in its business and it is the TSC Debtors' position that TSC did not receive a benefit from the Elektrobit agreements.

II. CAPITAL STRUCTURE

20. As of the Petition Date, the TSC Debtors had a debt facility in place with an aggregate principal amount of approximately \$4.3 million and various tranches of issued equities.

A. Stockholders' Equity

(i) TSC Common Stock:

21. As of January 27, 2011, TSC had authorized 240 million shares of common stock. As of January 27, 2011, TSC had 139,397,740 shares of common stock outstanding. For each share of common stock held, common stockholders are entitled to one vote on matters submitted to the stockholders.

22. The TSC common stock was listed on The NASDAQ Global Market. On June 3, 2010, TSC received notification from The NASDAQ Stock Market's Listing Qualifications Department that for the last 30 consecutive business days, the bid price of TSC's common stock on The NASDAQ Global Market has closed below the minimum \$1.00 per share required for continued inclusion in The NASDAQ Global Market. On November 5, 2010, the NASDAQ Stock Market LLC delisted TSC's common stock. TSC's common stock is currently quoted on the Pink OTC Markets Inc. under the symbol "TSTRQ," and it is currently held by less than 100 holders.

(ii) TSC Series A and B Preferred Shares:

23. As of the Petition Date, TSC had \$90 million in face amount of non-voting Series A Cumulative Convertible Preferred Stock ("**TSC Series A Preferred**") outstanding and had \$318.5 million in face amount of non-voting Series B Cumulative Convertible Preferred Stock ("**TSC Series B Preferred**") outstanding. The TSC Series A Preferred and TSC Series B Preferred have rights, preferences and privileges substantially identical to one another. One hundred percent of the TSC Series A Preferreds are owned by Highland Capital Management, L.P. ("**Highland**") and the majority of the TSC Series B Preferreds are owned by Solus Alternative Asset Management LP ("**Solus**") and Harbinger (collectively with Highland, the "**Preferred Shareholders**"). The TSC Series A Preferred and TSC Series B Preferred had a mandatory redemption date of April 15, 2010, at a redemption price of \$1,080 per share, or approximately \$450,578,385 (as of December 31, 2010). As of the Petition Date, the TSC Debtors have not redeemed the TSC Series A Preferred or TSC Series B Preferred.

(iii) TSC Series C and D Preferred Shares:

24. TSC has one outstanding share of non-voting Series C Preferred Stock ("**TSC Series C Preferred**"), which was issued to EchoStar Corporation ("**Echostar**"), and one outstanding share of non-voting Series D Preferred Stock ("**TSC Series D Preferred**"), which was issued to Harbinger. The TSC Series C Preferred and TSC Series D Preferred have no voting rights and are not convertible into any other class of capital stock of the TSC Debtors. The TSC Series C Preferred and TSC Series D Preferred rank on parity with one another and rank junior to the TSC Series A Preferred and TSC Series B Preferred.

(iv) TSC Series E Preferred Shares:

25. TSC has 1.2 million shares of TSC Series E Junior Participating Preferred Stock (“*TSC Series E Preferred*”)¹⁰ outstanding. The TSC Series E Preferred is held by Harbinger and is convertible into 30 million shares of TSC common stock. The holders of TSC Series E Preferred have no voting rights. The TSC Series E Preferred is junior in priority to all other series of the Preferred Shares.

B. Pre-petition Indebtedness

(i) Bridge Loan Agreement

26. On November 19, 2010, TSC, as borrower, and TerreStar Holdings, as guarantor, the lenders party thereto, and NexBank, SSB, as agent, entered into that certain Term Loan Credit Agreement in the original principal amount of \$2.65 million (the “*Bridge Loan Agreement*”). The lenders under the Bridge Loan Agreement, each of whom are or are affiliates of the Preferred Shareholders are (a) SOLA LTD, (b) Highland Crusader Holding Corporation and (c) Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. (collectively, the “*Bridge Lenders*”). The Bridge Loan Agreement contained certain restructuring milestones. As of the Petition Date, approximately \$4.3 million¹¹ of principal and accrued interest is outstanding under the Bridge Loan Agreement (the “*Bridge Loan*”).

27. Contemporaneously with entering into the Bridge Loan, the TSC Debtors entered into negotiations with the Bridge Lenders regarding a potential consensual restructuring of the TSC Debtors. It was contemplated that this restructuring would include chapter 11 filings, a

¹⁰ The TSC Series A Preferred, TSC Series B Preferred, TSC Series C Preferred, TSC Series D Preferred, and TSC Series E Preferred are collectively referred to herein as the “*Preferred Shares*”).

¹¹ Prior to the Petition Date, the Bridge Loan Agreement was amended to provide the TSC Debtors with additional interim funding.

debtor in possession facility to be provided by the Bridge Lenders and a plan that would be supported by the Bridge Lenders in their capacity as Bridge Lenders and Preferred Shareholders. When it became apparent that the TSC Debtors and the Bridge Lenders were unlikely to reach agreement regarding a potential debtor-in-possession facility and the TSC Debtors were nearly out of cash,¹² consistent with their fiduciary duties, the TSC Debtors canvassed the market for third-party debtor-in-possession financing and signed a commitment letter with the third-party lender. Prior to consummating the third-party debtor in possession financing, one of the Bridge Lenders/Preferred Shareholders offered a debtor in possession financing facility with more favorable terms than those offered by the third-party.

(ii) Expense Letter

28. In connection with the TSC Debtors' negotiations for a debtor in possession facility, on January 28, 2011, TSC and TS Holdings entered into that certain Fee and Expense Reimbursement Letter (the "*Expense Letter*") for the benefit of Colbeck Capital Management, LCC ("*Colbeck*"), pursuant to which, on January 28, 2011, TSC forwarded \$35,000 to Colbeck to pay for anticipated reasonable expenses associated with the proposed debtor in possession facility. In connection with the Expense Letter, TSC and TS Holdings also executed an associated promissory note for the payment of certain fees and expenses expected to be incurred by the TSC Debtors in connection with the proposed debtor in possession facility in the principal amount of \$125,000 (the "*Work Fee Note*"), for the benefit of Colbeck. TSC and TS Holdings ultimately executed a commitment letter with Colbeck and contemporaneous therewith executed a promissory note in the amount of 750,000¹³ (with the Work Fee Note, the "*Notes*"), for the benefit of Colbeck. The Notes are secured and non-interest bearing. The Bridge

¹² As of the Petition Date the TSC Debtors have cash on hand of less than \$100,000.

¹³ This amount is comprised of a \$450,000 commitment fee and \$300,000 for expenses for which invoices are provided.

Lenders/Preferred Shareholders have advised the TSC Debtors that they dispute the TSC Debtors' obligations to Colbeck and reserve all rights in connection therewith.

III. EVENTS LEADING TO THE CHAPTER 11 CASES

29. The following is a general description of factors that ultimately led to the commencement of the TSC Debtors' chapter 11 cases.

30. TSN, TSC's principal operating subsidiary, has developed an innovative wireless communications system to provide mobile coverage throughout the United States and Canada using satellite-terrestrial smartphones. Build-out of this system required an enormous amount of capital expenditures and initially produced very little in the way of revenue. Although TSN recently completed the development process and has begun marketing its network, its available cash and borrowing capacity were insufficient to cover its funding needs. On the October Petition Date, the October Debtors were forced to seek protection under chapter 11 of the Bankruptcy Code.

31. As TSN has generated little to no revenue, the TSC Debtors' only source of income has been lease payments from the Spectrum Lease. This small revenue stream was insufficient to allow the TSC Debtors to meet their financial obligations including the mandatory redemption obligations to the Preferred Shareholders.

32. Up until a few days before the October Petition Date, it was contemplated that the February Debtors would also file for chapter 11 protection at that time. However, the Preferred Shareholders requested that the February Debtors refrain from filing for chapter 11 while they worked with the February Debtors on the terms of a consensual restructuring.

33. As part of these consensual negotiations, the Preferred Shareholders agreed to provide the TSC Debtors with the Bridge Loan until a consensual restructuring could be achieved and Highland agreed to toll certain litigation it currently has outstanding against TSC

(for a description of such litigation, please see TSC's form 10-K/A for the fiscal year ended December 31, 2009, filed with the SEC on May 6, 2010, which is available by visiting the SEC's website at <http://www.sec.gov>). As such, and as an accommodation to the above-mentioned Preferred Shareholders, the February Debtors delayed a chapter 11 filing to pursue a consensual restructuring.

34. Despite the best efforts of all parties, the TSC Debtors and the Preferred Shareholders were unable to reach agreement regarding post-petition financing. Because the TSC Debtors were unable to negotiate a post-petition funding agreement with the Bridge Lenders/Preferred Shareholders, the TSC Debtors turned to Colbeck to procure debtor in possession financing. After the TSC Debtors negotiated and executed the above-referenced commitment letter with Colbeck, Solus, one of the Bridge Lenders/Preferred Shareholders, offered to provide the February Debtors with debtor in possession financing that the February Debtors and their professionals believe is materially better for the February Debtors. Specifically, the proposed debtor in possession financing has a lower rate of interest, provides for multiple draws and does not require the payment of a make-whole in the event the February Debtors are able to exit chapter 11 in less than twelve months. Accordingly, on February 2, 2011, the February Debtors executed that certain DIP & Confirmation Financing Commitment (the "*Commitment Letter*") with Solus. Importantly, in addition to providing the February Debtors with debtor in possession financing, the Commitment Letter provides that the proposed debtor in possession financing may be rolled into an exit facility, paving the way for a successful restructuring, the terms of which will be set forth in the joint chapter 11 plan of reorganization of the February Debtors and related disclosure statement, which the February Debtors intend to file shortly.

35. Shortly after the Commitment Letter was executed, it became apparent that additional funds would be needed to allow the February Debtors to revise pleadings and proceed with the debtor in possession facility contemplated by the Commitment Letter. Accordingly, on February 4, 2011, the Bridge Loan was amended to provide for an additional borrowing of \$1,631,578.95. In connection with the amendment to the Bridge Loan, the parties agreed to reduce the amount committed under the Commitment Letter by \$1,631,578.95.

IV. THE CHAPTER 11 CASES

36. As discussed above, on the October Petition Date, the Other TSC Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. On the Petition Date, each of the February Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. The February Debtors have requested that their cases be jointly administered with the cases of the Other TSC Debtors under the caption *In re TerreStar Corporation, et al.*, Case No. 11-10612 (SHL) before the Honorable Sean H. Lane. The TSC Debtors continue to manage their properties as debtors in possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

37. As described below, through the First Day Pleadings, the TSC Debtors seek to ensure the continuation of their operations without interruption. The TSC Debtors also seek authorization to obtain a post-petition debtor in possession financing facility from Solus in the amount of \$15 million, which will provide the TSC Debtors with ample liquidity.

38. The TSC Debtors believe it is in the best interest of all stakeholders to commence the chapter 11 cases. The chapter 11 cases will facilitate the reorganization of the TSC Debtors' capital structure.

V. DIP FACILITY AND USE OF CASH COLLATERAL

39. As stated above, the February Debtors have negotiated and reached agreements to enter into, subject to approval of the Court, a \$13,368,421.05 non-amortizing term loan facility (the “*DIP Agreement*” and the post-petition financing made available thereby, the “*DIP Facility*”).

40. By the motion filed contemporaneously herewith (the “*DIP Motion*”), the February Debtors seek entry of a final order permitting the February Debtors to obtain debtor in possession financing in the form of the DIP Facility and permitting the use of cash collateral.

41. The terms of the DIP Facility and DIP Agreement will be substantially similar to those contained in the Commitment Letter. In accordance with the terms and conditions of the Commitment Letter, Solus has agreed to extend the DIP Facility in an aggregate amount of \$13,368,421.05 to the February Debtors as borrowers. The interest rate on the DIP Facility will be at a rate *per annum* equal to 12.5%, payable monthly in arrears. Subject to Court approval, the proceeds of the DIP Facility will be used by the February Debtors to, among other things, (i) pay fees and expenses associated with the DIP Facility, (ii) make one or more intercompany loans to certain subsidiaries of TSC in an aggregate amount not to exceed \$100,000 or such higher amount with the consent of the Requisite Lenders (as defined in the Commitment Letter) and (iii) in accordance with the Budget (as defined in the Commitment Letter and subject to certain carve-outs), provide for the February Debtors’ ongoing working capital requirements. Subject to this Court’s approval, the DIP Facility will be secured by (i) a fully perfected first priority security interest in and lien on the Unencumbered Property (as defined in the DIP Motion), (ii) fully perfected first priority security interests in and priming liens on the Bridge Loan Collateral and Colbeck Collateral (each as defined in the DIP Motion) and (iii) junior liens on property secured by Prior Liens (as defined in the DIP Motion). The February Debtors’

obligations will also be entitled, subject to Court approval, to be treated as superpriority administrative claims.

42. The continued viability of the February Debtors' business and the success of the February Debtors' reorganization efforts hinge upon obtaining access to financing to allow for a restructuring of debt. Absent an infusion of capital or access to financing, the February Debtors simply cannot meet their financial obligations. At this time, I believe that the February Debtors' liquidity needs can be satisfied if the TSC Debtors are authorized to borrow up to a total of \$13,368,421.05 under the proposed DIP Agreement and Commitment Letter and use such proceeds for, among other things, funding the restructuring and general corporate purposes. The February Debtors do not have assets that they could liquidate on short notice to meet these obligations. Accordingly, the DIP Facility is absolutely necessary to pay the costs of maintaining the February Debtors' business operations. Without the liquidity provided by the DIP Facility, the February Debtors' objective of restructuring their businesses as a going concern, while maintaining the value of their assets for the benefit of creditors, will fail without a fair opportunity to achieve the purposes of the chapter 11 process. Approval of the DIP Facility will allow the February Debtors to remain operational.

43. As stated above, and in the declaration of Steve Zelin in support of the DIP Motion, the DIP Facility is the culmination of an arm's-length process to negotiate the best financing options available to the February Debtors. For the reasons set forth in the DIP Motion, I believe that entering into the DIP Facility is a sound exercise of the February Debtors' business judgment and is in the best interest of the February Debtors' estates because this financing will preserve the value of the February Debtors' assets and operations for the benefit of their creditors, employees, and other parties in interest.

VI. SUMMARY OF OTHER FIRST DAY PLEADINGS¹⁴

44. As discussed above, concurrently with the filing of their chapter 11 petitions, the TSC Debtors filed various First Day Pleadings, each of which they believe is necessary to enable them to operate with minimal disruption. Through the First Day Pleadings, the TSC Debtors seek, among other things, authority to enter into the DIP Facility, continue their cash management system and establish certain other administrative procedures to promote a seamless transition into chapter 11. As set forth in more detail below, with respect to each of the First Day Pleadings, I believe the relief sought is necessary to avoid immediate and irreparable harm to the TSC Debtors and their estates. It is also my understanding that the First Day Pleadings reflect the comments of the United States Trustee for the Southern District of New York (the “*U.S. Trustee*”).

A. **Joint Administration Motion. TSC Debtors’ Motion for Entry of an Order Directing Joint Administration of Related Chapter 11 Cases**

45. On the Petition Date, TSC and TerreStar Holdings each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court. As discussed above, on the October Petition Date, the October Debtors, including the Other TSC Debtors, each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in this Court. Pursuant to the TSN Joint Administration Order, the chapter 11 cases of the October Debtors have been jointly administered under Case No. 10-15446. In addition, the TSN Debtors have filed a joint plan of reorganization that carves out the Other TSC Debtors from its application.

46. Each of the TSC Debtors is either directly or indirectly owned by TSC, or TSC holds the power to vote 20% or more of its outstanding voting securities. The TSC Debtors have common ownership and they share key financial and operational systems. Further, due to their

¹⁴ Unless otherwise defined, capitalized terms used but not defined herein have the meanings ascribed to them in the respective First Day Pleading described.

commonalities, the TSC Debtors intend to file a joint plan of reorganization shortly. Accordingly, it is logical to jointly administer the chapter 11 cases of the TSC Debtors. Given that the TSN Debtors' joint plan of reorganization carves out the Other TSC Debtors from its application and the TSC Debtors intend to file a joint plan of reorganization that will apply to all of the TSC Debtors (including the Other TSC Debtors), the October Debtors have filed a motion in their chapter 11 cases seeking to modify the TSN Joint Administration Order to no longer provide for the joint administration of the chapter 11 cases of the Other TSC Debtors with the chapter 11 cases of the TSN Debtors.

47. The joint administration of the TSC Debtors' chapter 11 cases, to the best of my knowledge, will not give rise to any conflict of interest among the TSC Debtors' estates. Nor will joint administration adversely affect the TSC Debtors' respective stakeholders because this motion requests only administrative, not substantive, consolidation of the TSC Debtors' estates. Thus, I believe individual creditors' rights should not be harmed by the relief requested; rather, non-Debtor parties in interest will benefit from the cost reductions associated with the joint administration of these cases.

B. Motion to Apply Certain Orders. Motion for an Order Pursuant to Bankruptcy Code Section 105(a) Directing That Certain Orders in the Chapter 11 Cases of TerreStar Networks Inc., et al. Be Made Applicable to the Chapter 11 Cases of TerreStar Corporation and TerreStar Holdings Inc.

48. In connection with their chapter 11 filings, the October Debtors filed a series of procedural and operational motions on the October Petition Date designed to maintain the confidence and support of employees, customers and other key constituencies and to establish procedures for the efficient administration of their chapter 11 cases (collectively, the "*TSN First Day Pleadings*"). In connection with the February Debtors' filing of voluntary petitions under

chapter 11 of the Bankruptcy Code on the Petition Date, the February Debtors require some of the same relief sought in the TSN First Day Pleadings and granted by this Court.

49. In an effort to eliminate filing duplicative applications and motions, which in turn will reduce the burdens on this Court and parties in interest as well as the administrative costs to the February Debtors' estates, the February Debtors have filed a motion (the "*Motion to Apply Certain Orders*") requesting that certain of the orders entered in the October Debtors' cases (as specifically set forth in the Motion to Apply Certain Orders and attached as Exhibit 1 to Exhibit A and Exhibit 1 to Exhibit B thereto) be applied to the chapter 11 cases of the TSC Debtors. Among other orders, the February Debtors request that the following orders entered in the October Debtors' cases be applied to the TSC Debtors' cases:¹⁵

- Final Order (a) Authorizing, But Not Directing Debtors to Continue Using Their Cash Management System, Bank Accounts and Business Forms, (b) Granting Postpetition Intercompany Claims Administrative Expense Priority and (c) Authorizing Continued Intercompany Transactions;
- Order Authorizing the Debtors to (a) Prepare an Electronic List of Creditors in Lieu of Submitting and Filing a Formatted Mailing Matrix, (b) File a Consolidated List of the Debtors' 30 Largest Unsecured Creditors, and (c) Mail Initial Notices;
- Order Pursuant to Sections 105(a) and (d) of the Bankruptcy Code and Bankruptcy Rules 1015(c), 2002(m) and 9007 Implementing Certain Notice and Case Management Procedures;
- Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals;
- Order (a) Authorizing, But Not Directing, Debtors to Continue to Administer Insurance Coverage and (b) Authorizing Financial Institutions to Honor All Related Checks and Electronic Payment Requests;

¹⁵ The TSC Debtors recognize that certain of the orders impacted by the Motion to Apply Certain Orders are subject to Rule 6003 of the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*"). To ensure compliance with Bankruptcy Rule 6003, the TSC Debtors will be seeking two orders with respect to the Motion to Apply Certain Orders.

- Order (a) Authorizing, But Not Directing, the Debtors to Pay Taxes and Fees and (b) Authorizing Financial Institutions to Honor All Related Checks and Electronic Payment Requests;
- Order Pursuant to Bankruptcy Code Sections 327(a) and 330 and Federal Rules of Bankruptcy Procedure 2014 and 2016 Authorizing the Employment and Retention of Akin Gump Strauss Hauer & Feld LLP as Attorneys for the Debtors *Nunc Pro Tunc* to the Petition Date;
- Order Authorizing and Approving the Employment and Retention of the Garden City Group, Inc., as Claims and Noticing Agent for the Debtors; and
- Order Authorizing the Debtors' Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business.

50. I believe that the relief requested in the Motion to Apply Certain Orders is essential to efficiently transition the February Debtors into chapter 11 and to maximize the value of the February Debtors' estates for the benefit of all parties in interest by eliminating the filing of duplicative pleadings.

VII. INFORMATION REQUIRED BY LOCAL RULE 1007-2

51. Local Rule 1007-2 requires certain information related to the February Debtors. The information requested in Local Rule 1007-2(a)(1) is set forth in Sections I and III above. The remaining information required by Local Rule 1007-2 is set forth in the schedules contained in Exhibit B attached hereto, as described below.

52. Certain of the Preferred Shareholders have been attempting to negotiate a consensual restructuring with the TSC Debtors. Although these Preferred Shareholders have not characterized themselves as being an *ad hoc* committee, they are disclosed pursuant to Local Rule 1007-2(a)(3) on Schedule 1 hereto out of an abundance of caution.

53. Pursuant to Local Rule 1007-2(a)(4), Schedule 2 hereto lists the following information with respect to each of the holders of the February Debtors' unsecured claims on a

consolidated basis, excluding claims of insiders: the creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address), and telephone number; the name(s) of person(s) familiar with the February Debtors' accounts; the amount of the claim; and an indication of whether the claim is contingent, unliquidated, disputed, or partially secured.¹⁶

54. Pursuant to Local Rule 1007-2(a)(5), Schedule 3 hereto provides the following information with respect to the holders of secured claims against the February Debtors:¹⁷ (a) the creditor's name, address (including the number, street, apartment or suite number, and zip code, if not included in the post office address), and telephone number; (b) the amount of the claim; (c) a brief description of the collateral securing the claim; (d) an estimate of the value of the collateral; and (e) whether the claim or lien is disputed.

55. Pursuant to Local Rule 1007-2(a)(6), Schedule 4 hereto provides a summary of the February Debtors' assets and liabilities on a consolidated basis.

56. Pursuant to Local Rule 1007-2(a)(7), Schedule 5 provides a summary of the February Debtors' stock, debentures, notes or other securities in the February Debtors that are publicly held.

57. Pursuant to Local Rule 1007-2(a)(8), Schedule 6 hereto provides a list of the February Debtors' property in the possession or custody of any custodian, public officer, mortgagee, pledgee, assignee of rents, secured creditor or agent for any such entity, giving the

¹⁶ Local Rule 1007-2(a)(4) requires that this information be listed for the holders of the 20 largest unsecured claims of the February Debtors, excluding insiders. Upon information and belief, there are only five unsecured creditors of the February Debtors at this time.

¹⁷ Local Rule 1007-2(a)(5) requires that the top five secured claims be listed. Upon information and belief, the Bridge Loan and Colbeck's claims relating to the Expense Letter and the Notes are the only secured claims alleged against the February Debtors.

name, address and telephone number of such entity and the location of the court in which any proceeding relating thereto is pending.

58. Pursuant to Local Rule 1007-2(a)(9), Schedule 7 hereto provides a list of the premises owned, leased or held under other arrangement from which the February Debtors operate their businesses.

59. Pursuant to Local Rule 1007-2(a)(10), Schedule 8 hereto provides the location of the February Debtors' substantial assets, the location of their books and records, and the nature, location and value of any assets held by the February Debtors outside the territorial limits of the United States.

60. Pursuant to Local Rule 1007-2(a)(11), Schedule 9 hereto provides a list of the nature and present status of each action or proceeding, pending or threatened, against the February Debtors or their property where a judgment against the February Debtors or a seizure of their property may be imminent.

61. Pursuant to Local Rule 1007-2(a)(12), Schedule 10 hereto provides the names of the individuals who comprise the February Debtors' existing senior management, their tenure with the February Debtors and a brief summary of their relevant responsibilities and experience.

62. Pursuant to Local Rule 1007-2(b)(1)-(2)(A), Schedule 11 hereto provides the estimated amount to be paid to officers, stockholders, directors and financial partners, and business consultants retained by the February Debtors, for the 30-day period following the filing of the February Debtors' chapter 11 petitions. There are no other employees employed by the February Debtors.

63. Pursuant to Local Rule 1007-2(b)(3), Schedule 12 hereto provides, for the 30-day period following the filing of the chapter 11 petitions, a list of the February Debtors' estimated

cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees and any other information relevant to an understanding of the foregoing.

[The remainder of this page is intentionally left blank.]

I declare under penalty of perjury that the foregoing is true and correct. Executed on
this 11th day of February, 2011.

By:

Name:

Title:



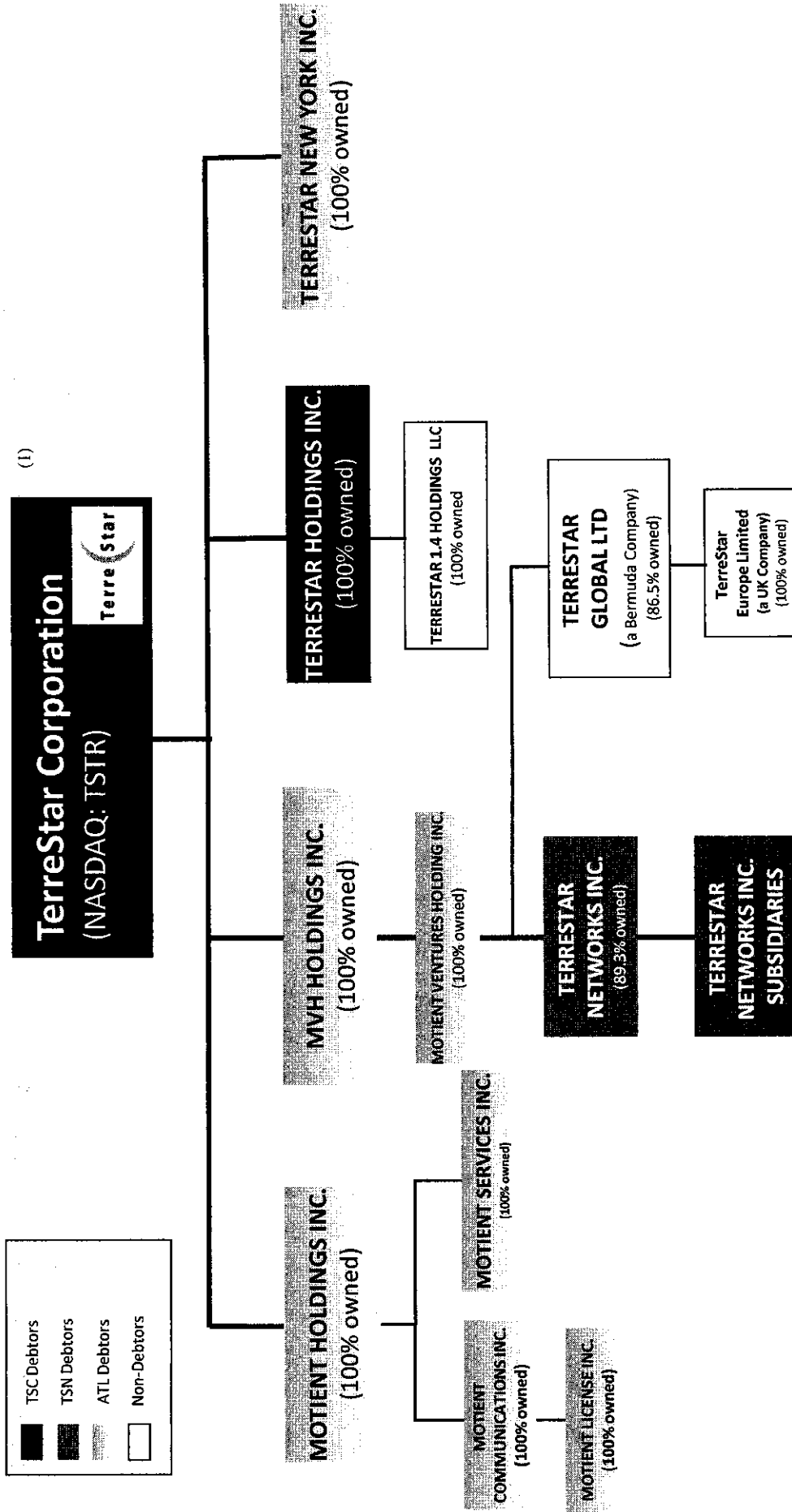
Jeffrey W. Epstein

President & Chief Executive Officer
TerreStar Corporation

EXHIBIT A

The Company's Corporate Organization Chart

Organizational Chart



(1) TerreStar Corporation has 5 series of Preferred Stock (Series A, B, C, D and E).

EXHIBIT B

Additional Information Required Pursuant to Local Rule 1007-2

Schedule 1 – Group of Preferred Shareholders

Pursuant to Local Rule 1007-2(a)(3), the following is a list of the members of and attorneys for certain preferred shareholders, with their respective addresses.

Committee Member	Address
Harbinger Capital Partners LLC	450 Park Avenue, 30 th Floor New York, NY 10022
Solus Alternative Asset Management LP	430 Park Avenue New York, NY 10022
Highland Capital Management, L.P.	13455 Noel Road, 8 th Floor Dallas, TX 75240

Category	Professional	Address
Attorneys for Harbinger Capital Partners LLC	Weil, Gotshal & Manges LLP	767 Fifth Avenue New York, NY 10153
Attorneys for Solus Alternative Asset Management LP	Quinn Emanuel Urquhart & Sullivan, LLP	51 Madison Avenue, 22nd Floor New York, NY 10010
Attorneys for Highland Capital Management, L.P.	Wachtell, Lipton, Rosen & Katz	51 West 52 nd Street New York, NY 10019

Description

Certain of the Debtors' preferred shareholders have been working collectively to negotiate a consensual restructuring with the Debtors. Although these shareholders have not characterized themselves as being an *ad hoc* committee, they are being disclosed pursuant to Local Rule 1007-2(a)(3) out of an abundance of caution.

Schedule 2 - Holders of the Debtors' 30 Largest Unsecured Claims on a Consolidated Basis

Pursuant to Local Rule 1007-2(a)(4), the following provides information with respect to the holders of the 30 largest unsecured claims against the Debtors on a consolidated basis.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim listed herein is a disputed claim or debt, and to challenge the priority, nature, amount or status of any such claim or debt. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control. The schedule estimates outstanding claim amounts (including principal and interest) as of February 16, 2011.

(1)	(2)	(3)	(4)	(5)
<i>Name of creditor and complete mailing address including zip code</i>	<i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Amount of claim [if secured, also state value of security]</i>
ELEKTROBIT INC 22745 29 TH DRIVE SE SUITE 200 BOTHELL, WA 98021	22745 29 TH DRIVE SE SUITE 200 BOTHELL, WA 98021 PH: (425) 686-3123 FAX: (425)686-3102	Litigation	Disputed	\$25,753,554.20
VAN VLISSINGEN AND CO 300 KNIGHTSBRIDGE OPERATING CO ONE OVERLOOK POINT #100 LINCOLNSHIRE, IL 60069	KAREN KRAUSE ONE OVERLOOK POINT #100 LINCOLNSHIRE, IL 60069 PH: (847) 634-2300 FAX: (847)634-9598	Leases – Non-Residential Realty	Disputed	\$444,210.00
JEFFERIES & COMPANY, INC 520 MADISON AVENUE NEW YORK, NY 10022	LEON SCHLESINGER 520 MADISON AVENUE NEW YORK, NY 10022 PH: (212) 284-2300 FAX: (646) 786-5900	Trade Payable	Contingent, Unliquidated, Disputed	\$350,000.00
MEHLMAN CAPITOL STRATEGIES INC. 1750 K STREET, NW 3RD FLR WASHINGTON, DC 20006	DAVID MARSHACK 1750 K STREET, NW 3RD FLR WASHINGTON, DC 20006 PH: (202) 457-1970 FAX: (202) 457-1971	Trade Payable		\$70,000.00
MORGAN STANLEY SMITH BARNEY LLC 1585 BROADWAY NEW YORK, NY 10036	THOMAS MONCHEK 1585 BROADWAY NEW YORK, NY 10036 PH: (212) 761-4000 FAX:	Trade Payable		\$13,823.06
COMED (AUTOMATIC ACH PAYMENT) PO BOX 805376 CHICAGO, IL 60680-5376	PO BOX 805376 CHICAGO, IL 60680-5376 PH: (312) 467-0824 FAX: (630) 576-8591	Trade Payable		\$866.48

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
IRON MOUNTAIN RECORDS MANAGEMENT 8200 PRESTON CT. SUITE 1 JESSUP, MD 20794	TODD ROBINSON C/S ASSOCIATE 8200 PRESTON CT. SUITE 1 JESSUP, MD 20794 PH: (410) 792-8971 EXT. 128 FAX: (410) 792-0776	Trade Payable		\$591.42
R4 SERVICES LLC 1301 W. 35TH STREET CHICAGO, IL 60609	GREG SMITAS C/S REPRESENTATIVE 1301 W. 35TH STREET CHICAGO, IL 60609 PH: (773) 843-3915 FAX: (773) 843-3910	Trade Payable		\$76.00

Schedule 3 - Holders of the Debtors' 5 Largest Secured Claims

Pursuant to Local Rule 1007-2(a)(5), the following lists the Debtors' five largest secured claims on a consolidated basis. The Debtors' only secured creditors are lenders under that certain Term Loan Credit Agreement in the principal amount of \$2,650,000.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim listed herein is a disputed claim or debt, and to challenge the priority, nature, amount or status of any such claim or debt. The descriptions of the collateral securing the underlying obligations are intended only as brief summaries. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control. The schedule estimates outstanding claim amounts (including principal and interest) as of February 16, 2011.

	Creditor	Contact: Mailing Address & Telephone Number & Fax Number	Amount of Claim	Type of Collateral
1.	NexBank, SSB, as administrative agent	13455 Noel Road 22nd Floor Dallas, TX 75240	\$2,650,000	Perfected security interest and lien on all of the assets of TerreStar Corporation as borrower and TerreStar Holdings Inc. as guarantor.
2.	Colbeck Capital Management, LLC	888 Seventh Avenue 40th Floor New York, NY 10106	\$125,000	Perfected security interest and lien on all of the assets of TerreStar Corporation and TerreStar Holdings Inc. as borrowers, subordinate only to the perfected security interest of NexBank, SSB above.
3.	Colbeck Capital Management, LLC	888 Seventh Avenue 40th Floor New York, NY 10106	\$750,000	Perfected security interest and lien on all of the assets of TerreStar Corporation and TerreStar Holdings Inc. as borrowers, subordinate only to the perfected security interest of NexBank, SSB above.
4.	None			
5.	None			

Schedule 4 - Summary of Debtors' Assets and Liabilities

Pursuant to Local Rule 1007-2(a)(6), the following financial data (unaudited) is the latest available information and reflects the Debtors' financial condition as of December 31, 2010. The following financial data shall not constitute an admission of liability by the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt or challenge the priority, nature, amount or status of any claim or debt.

<u>Total Assets (Book Value):</u>	\$184,708,260.91
<u>Total Liabilities:</u>	\$494,506,694.18 ¹

¹ Total liabilities include the following amounts: (1) \$1,570,479.18 of unsecured debt; (2) \$2,650,000.00 of principal aggregate amount borrowed pursuant to that certain Term Loan Credit Agreement entered into by TSC, as borrower, and TerreStar Holdings, as guarantor, the lenders party thereto, which included Solus Alternative Asset Management LP ("Solus"), Harbinger, Highland Capital Management, L.P. ("Highland"), and/or affiliates thereof, and NexBank, SSB, as agent; (3) a \$25,659,839.00 contingent claim asserted by Elektrobit and disputed by the Debtors; (4) a \$13,847,991.00 contingent claim asserted by Jefferies & Company, Inc. and disputed by the Debtors, comprised of alleged total liquidated fees in the amount of \$1,347,991 and total unliquidated and contingent fees in the amounts of \$5,000,000 and \$7,500,000; (5) a \$100,000.00 contingent claim asserted against each Debtor by Sprint and disputed by the Debtors; (6) a \$450,578,385.00 redemption payment outstanding as of April 15, 2010 pursuant to the terms of the TSC Series A and B Cumulative Convertible Preferred Stock.

Schedule 5 - Schedule of Publicly Held Securities

Series A Cumulative Convertible Preferred Stock

Series A Cumulative Convertible Preferred Stock (90,000 shares issued and outstanding in the face amount of \$90 million at January 27, 2011).

Series B Cumulative Convertible Preferred Stock

Series B Cumulative Convertible Preferred Stock (318,500 shares issued and outstanding in the face amount of \$318.5 million at January 27, 2011).

Series C Preferred Stock

Series C Preferred Stock (\$0.01 par value, 1 share authorized and 1 share issued and outstanding at January 27, 2011).

Series D Preferred Stock

Series D Preferred Stock (\$0.01 par value, 1 share authorized and 1 share issued and outstanding at January 27, 2011).

Series E Junior Convertible Preferred Stock

Series E Junior Convertible Preferred Stock (\$0.01 par value, 1,900,000 shares authorized and 1,200,000 shares issued and outstanding at January 27, 2011).

6.5% Senior Exchangeable PIK Notes

On February 7, 2008, TerreStar Networks Inc. (“TSN”) issued \$150 million aggregate principal amount of 6.5% Senior Exchangeable PIK Notes due 2014 (the “Senior Exchangeable Notes”) pursuant to an Indenture (the “Senior Exchangeable Note Indenture”) among TSN, as issuer, the guarantors from time to time party thereto (the “Senior Exchangeable Note Guarantors”) and U.S. Bank National Association, as trustee (the “Senior Exchangeable Note Indenture Trustee”). The Senior Exchangeable Notes are exchangeable for TerreStar Corporation common stock at a conversion price of \$5.57 per share.

On October 28, 2010, pursuant to a tripartite agreement, Deutsche Bank National Trust Company replaced U.S. Bank National Association as the Senior Exchangeable Notes Indenture Trustee. The Senior Exchangeable Notes bear interest at a rate of 6.5% per annum, payable on a quarterly basis (on each of March 15, June 15, September 15 and December 15). Until and including June 15, 2011, interest on the Senior Exchangeable Notes has been and will continue to be payable in additional Senior Exchangeable Notes quarterly. Thereafter, interest on the Senior Exchangeable Notes will be payable in cash quarterly. The Senior Exchangeable Notes are scheduled to mature on June 15, 2014. As of the Petition Date, approximately [\$178.7] million of principal and accrued interest was outstanding on account of the Senior Exchangeable Notes

Common Stock

Voting common stock (par value \$0.01; 240,000,000 shares authorized, 143,348,942 shares issued, 139,397,740 shares outstanding at January 27, 2011).

Securities Held by Officers and Directors

Jeffrey Epstein: 894,202 shares of common stock and options.
Douglas Brandon: 150,000 shares of common stock and options.
Vincent Loiacono: 135,000 shares of common stock and options.
William Freeman: 85,600 shares of common stock and options.
David Andonian: 75,000 shares of common stock and options.
Jacques Leduc: 75,000 shares of common stock and options.
Eugene Davis: 27,000 shares of common stock and options.
David Meltzer: 70,000 shares of common stock and options.

Schedule 6 - Debtors' Property Not in the Debtors' Possession

None.

Schedule 7 - Debtors' Property

Pursuant to Local Rule 1007-2(a)(9), the following lists the property or premises owned, leased or held under other arrangement from which the Debtors operate their businesses as of February 16, 2011.

Owned Real Property

None.

Leased Property

Address	City	State	Country	Zip Code
12010 Sunset Hills Road, Suite 600	Reston	VA	USA	20190

Schedule 8 - Location of Debtors' Assets, Books and Records

Pursuant to Local Rule 1007-2(a)(10), the following lists the locations of the Debtors' substantial assets, the location of their books and records, and the nature, location and value of any assets held by the Debtors outside the territorial limits of the United States.

The books and records for all Debtors are primarily located at 12010 Sunset Hills Road - 6th Floor, Reston, VA 20190.

The Debtors' primary assets consist of (i) various financial accounts located at SunTrust Bank, Attn: Linda Jameson, 8330 Boone Boulevard, 7th Floor, Vienna, VA 22182; (ii) intangible assets, including intercompany receivables and pre-paid expenses; and (iii) ownership interests in subsidiaries.

Schedule 9 - Litigation

Pursuant to Local Rule 1007-2(a)(11), the following is a list of the nature and present status of each action or proceeding, pending or threatened against the Debtors or their properties. This list reflects all actions or proceedings currently pending against the Debtors however, the Debtors reserve the right, if necessary, to supplement this list in the corresponding Schedules to be filed by the Debtors in these chapter 11 cases.

No.	Matter Name	Jurisdiction	Type	Status
1.	<i>Elektrobit, Inc. v. TerreStar Corporation</i>	New York County, New York (State)	Contract default	Answer to complaint filed in January 2011
2.	Van Vlissingen and Company		Contract default	Demand letter received on December 6, 2010
3.	<i>Highland Crusader Offshore Partners, L.P.; Highland Equity Focus Fund, L.P.; Highland Capital Management Services, Inc. v. Motient Corporation</i> ("Rescission Litigation")	Dallas County, Texas (State)	Contract dispute	Dismissed by agreement
4.	<i>Highland Crusader Offshore Partners, L.P., et al v. TerreStar Corporation</i>	New York County, New York (State)	Contract dispute	Dismissed by agreement
5.	<i>Highland Crusader Offshore Partners, L.P., et al v. TerreStar Corporation</i>	New Castle County Delaware (State)	Contract dispute	Dismissed by agreement

Schedule 10 - Senior Management

Pursuant to Local Rule 1008-2(a)(12), the following provides the names of the individuals who comprise the Debtors' existing senior management and a brief summary of their relevant responsibilities and experience.

Name	Title	Tenure	Prior Experience
Jeffrey W. Epstein	President and Chief Executive Officer	Since February 2010	<p>Mr. Epstein previously served as principal executive officer of the Debtors from April 2008 through January 2010. Additionally, he served as senior vice president, general counsel and secretary of the board from October 2006 through December 2008 and as general counsel and secretary of the board from July 2006 through December 2006.</p> <p>From October 2003 to July 2006, Mr. Epstein served as Director, Assistant General Counsel, Transactions, for Capital One Financial Corporation. From March 2000 to September 2003, he was an associate at the law firm Piper Rudnick LLP.</p> <p>Mr. Epstein earned a B.A. in Business Administration from the University of Florida, a J.D. from St. Thomas University School of Law and a L.L.M. in Securities and Financial Regulation from Georgetown University Law Center.</p>
Vincent Loiacono	Chief Financial Officer	Since February 2010	<p>Mr. Loiacono previously served as Chief Accounting Officer of the Debtors from November 2008 to February 2010.</p> <p>Mr. Loiacono served as Senior Vice President and Corporate Controller of WorldSpace, Inc. from May 2005 to October 2008. Mr. Loiacono served in senior financial management roles in AT&T Government Solutions and Nextel Communications from May 1996 to May 2005. Mr. Loiacono also held senior manager and manager roles at public accounting firms KPMG and Deloitte and Touche.</p> <p>Mr. Loiacono holds a B.B.A. in accounting from Bernard Baruch College and is a Certified Public Accountant.</p>

Name	Title	Tenure	Prior Experience
Douglas Brandon	General Counsel and Secretary	Since December 2008	<p>Prior to joining TerreStar, Mr. Brandon was Vice President of External Affairs & Law, Chief Counsel for Federal Affairs, and Associate General Counsel at AT&T Wireless Services, Inc. Prior to AT&T Wireless, Mr. Brandon had been a Vice President of McCaw Cellular Communications, Inc. Mr. Brandon is a member of the New York, District of Columbia and Virginia (Corporate Counsel) Bars.</p> <p>Mr. Brandon received his bachelor's degree from the University of Virginia and his law degree from Vanderbilt University.</p>

Schedule 11 - Payroll

Pursuant to Local Rules 1007-2(b)(1)-(2)(A) and (C), the following provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors and stockholders) and the estimated amount to be paid to officers, stockholders, directors and financial and business consultants retained by Debtors, for the 30-day period following the Petition Date.

Payments to Employees (Not Including Officers, Directors and Stockholders)	None.
Payments to Officers, Directors and Stockholders	<u>Officers</u> : \$0 <u>Directors</u> : \$0 <u>Stockholders</u> : \$0
Payments to Financial and Business Consultants	Approximately \$200,000 for the 30-day period following the Petition Date.

**Schedule 12 - Cash Receipts and Disbursements, Net Cash Gain or Loss,
Unpaid Obligations and Receivables**

Estimated Financial Data for 30-Day Period Postpetition:

Pursuant to Local Rule 1007-2(b)(3), the following provides the estimated aggregated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid (other than professional fees) for the 30-day period following the Petition Date.

Cash Receipts	\$0
Cash Disbursements (excluding professional fees)	\$0
Net Cash Loss	\$0
Unpaid Obligations (excluding professional fees)	\$0
Unpaid Receivables (excluding professional fees)	\$0