

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 10, 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 17, 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 reserve the 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
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