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

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

**FIRST AMENDED SUPPLEMENT TO THE SECOND AMENDED DISCLOSURE STATEMENT  
FOR THE THIRD AMENDED JOINT CHAPTER 11 PLAN OF THE TSC DEBTORS**

**THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN WITHIN THE  
MEANING OF BANKRUPTCY CODE SECTION 1125. THIS FIRST AMENDED SUPPLEMENT TO  
THE DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL, BUT  
HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.**

<sup>1</sup> 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]; MVH Holdings Inc. [9756] (collectively, the "*Other TSC Debtors*" and, collectively with the February Debtors, the "*TSC Debtors*").

**IMPORTANT INFORMATION FOR YOU TO READ**

**THE SUPPLEMENTAL DEADLINE TO VOTE ON THE 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. IS [REDACTED], 2012 AT 5:00 P.M. PREVAILING EASTERN TIME.**

**FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE VOTING AND CLAIMS AGENT BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN.**

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] (the “*Second Amended Disclosure Statement*” and, as the same may be amended, modified or supplemented from time to time, the “*Disclosure Statement*”).

The TSC Debtors are providing the information in this First Amended Supplement to the Disclosure Statement (the “*First Amended Disclosure Statement Supplement*”) for the *Third 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. 513] (as may be amended, modified or supplemented from time to time, the “*Plan*”) to holders of Claims and Equity Interests entitled to vote on the Plan for the purpose of soliciting votes to accept the Plan. Capitalized terms used but not otherwise defined in this First Amended Disclosure Statement Supplement shall have the meaning given to those terms in the Plan, the terms of which are adopted and incorporated here by reference. **Nothing in this First Amended Disclosure Statement Supplement may be relied upon or used by any entity for any other purpose.**

**ON JANUARY 17, 2012, THE BANKRUPTCY COURT ENTERED AN ORDER [DOCKET NO. 343] APPROVING THE DISCLOSURE STATEMENT. EXCEPT AS EXPRESSLY MODIFIED BY THIS FIRST AMENDED DISCLOSURE STATEMENT SUPPLEMENT, THE APPROVED DISCLOSURE STATEMENT IS ADOPTED AND INCORPORATED HEREIN. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO REVIEW THIS FIRST AMENDED DISCLOSURE STATEMENT SUPPLEMENT IN CONJUNCTION WITH THE APPROVED DISCLOSURE STATEMENT. This First Amended Disclosure Statement Supplement may not be deemed as providing any legal, financial, securities, tax or business advice. The TSC Debtors urge any holder of a Claim or Equity Interest to consult with its own advisors for any legal, financial, securities, tax or business advice in reviewing this First Amended Disclosure Statement Supplement, the Disclosure Statement, the Plan and each of the proposed transactions contemplated thereby. The Bankruptcy Court’s approval of the adequacy of the disclosure contained in this First Amended Disclosure Statement Supplement does not constitute the Bankruptcy Court’s approval of the merits of the Plan. The TSC Debtors have not authorized any entity to give any information about or concerning the Plan other than the information contained in this First Amended Disclosure Statement Supplement and the Disclosure Statement. The TSC Debtors have not authorized any representations concerning the TSC Debtors or the value of their property other than as set forth in this First Amended Disclosure Statement Supplement and the Disclosure Statement.**

The TSC Debtors urge every holder of a Claim or Equity Interest entitled to vote (or to change their vote, as applicable) on the Plan to (1) read the entire First Amended Disclosure Statement Supplement, the Disclosure Statement and Plan carefully, (2) consider all of the information in this First Amended Disclosure Statement Supplement and the Disclosure Statement, including, importantly, the risk factors described in Section VI of this First Amended Disclosure Statement Supplement and (3) consult with your own advisors with respect to reviewing this First Amended Disclosure Statement Supplement, the Disclosure Statement, the Plan and all documents that are attached or were filed in connection with the Plan, the Disclosure Statement and this First Amended Disclosure Statement Supplement **before** deciding whether to vote to accept or reject the Plan or change your vote to accept or reject the Plan.

This First Amended Disclosure Statement Supplement contains summaries of the Plan as filed on June 27, 2012, certain statutory provisions, events in the TSC Debtors’ Chapter 11 Cases and certain documents

related to the Plan. Although the TSC Debtors believe that these summaries are fair and accurate, the same are all qualified in their entirety. In the event of any inconsistency or discrepancy between a description in this First Amended Disclosure Statement Supplement and the terms and provisions of the Plan or other referenced documents, the Plan or other referenced documents will govern for all purposes. Except where otherwise specifically noted, factual information contained in this First Amended Disclosure Statement Supplement has been provided by the TSC Debtors' management. The TSC Debtors do not represent or warrant that the information contained in or attached to this First Amended Disclosure Statement Supplement is without any material inaccuracy or omission.

Although the TSC Debtors have used their reasonable business judgment to ensure the accuracy of the financial information contained in, or incorporated by reference into, this First Amended Disclosure Statement Supplement, much of that financial information has not been audited. The TSC Debtors are generally making the statements and providing the financial information contained in this First Amended Disclosure Statement Supplement as of the date hereof where feasible, unless otherwise specifically noted. Although the TSC Debtors may subsequently update the information in this First Amended Disclosure Statement Supplement and the Disclosure Statement, the TSC Debtors have no affirmative duty to do so, and parties reviewing this First Amended Disclosure Statement Supplement should be aware that, at the time of their review, the facts may have changed since this First Amended Disclosure Statement Supplement was filed.

Neither this First Amended Disclosure Statement Supplement, the Disclosure Statement nor the Plan is or should be construed as an admission of fact, liability, stipulation or waiver, and nothing stated herein shall be admissible in any proceeding involving the TSC Debtors or any other person, or be deemed conclusive evidence of the tax or other legal effects of the Plan on the TSC Debtors or holders of Claims or Equity Interests. Rather, holders of Claims and Equity Interests and other parties in interest should construe this First Amended Disclosure Statement Supplement and the Disclosure Statement as statements made in settlement negotiations related to contested matters, adversary proceedings and other pending or threatened litigation or actions. The TSC Debtors or the Reorganized TSC Debtors may seek to investigate, file and prosecute Causes of Action and may object to Claims after Confirmation or the Effective Date irrespective of whether this First Amended Disclosure Statement Supplement or the Disclosure Statement identify any such Causes of Action or objections to Claims.

<b>SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS</b>
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Neither this First Amended Disclosure Statement Supplement nor the Plan has been filed with the United States Securities and Exchange Commission (the "SEC") or any state authority. The Plan has not been approved or disapproved by the SEC or any state securities commission, and neither the SEC nor any state securities commission has passed upon the accuracy or adequacy of this First Amended Disclosure Statement Supplement or the merits of the Plan. Any representation to the contrary is a criminal offense.

This First Amended Disclosure Statement Supplement has been prepared pursuant to Bankruptcy Code section 1125 and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws. The securities to be issued on or after the Effective Date will not have been the subject of a registration statement filed with the SEC under the Securities Act of 1933, as amended (the "Securities Act") or any securities regulatory authority of any state under any state securities law ("Blue Sky Law"). The TSC Debtors are relying on the exemption from the Securities Act and equivalent state law registration requirements provided by Bankruptcy Code section 1145(a), to exempt the issuance of new securities in connection with the solicitation and the Plan from registration under the Securities Act and Blue Sky Law.

This First Amended Disclosure Statement Supplement contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology, such as "may," "expect," "anticipate," "estimate" or "continue" or the negative thereof, as well as any similar or comparable language. You are cautioned that all forward looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The Liquidation Analysis, financial projections and other information contained herein and in the Disclosure Statement are estimates only, and the timing and

amount of actual distributions to holders of Allowed Claims and Equity Interests may be affected by many factors that cannot be predicted. Any analyses, estimates or recovery projections may or may not turn out to be accurate.

**QUESTIONS AND ADDITIONAL INFORMATION**

**If you would like to obtain copies of this First Amended Disclosure Statement Supplement, the Disclosure Statement, the Plan or any of the documents attached hereto or referenced herein, or if you have questions about the solicitation and voting process or these Chapter 11 Cases generally, please contact The Garden City Group, Inc. by (i) calling 1-888-872-9182, (ii) emailing [TerreStarCorp@gcginc.com](mailto:TerreStarCorp@gcginc.com) or (iii) visiting [www.TerreStarCorpRestructuring.com](http://www.TerreStarCorpRestructuring.com).**

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## I. INTRODUCTION

On October 19, 2010 (the “*October Petition Date*”), the Other TSC Debtors, together with TerreStar Networks Inc. (“*TSN*”) and certain other of its affiliates (collectively, excluding the Other TSC Debtors, the “*TSN Debtors*” and, including the Other TSC Debtors, the “*October Debtors*”), each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the “*Bankruptcy Court*”). Subsequently, on February 16, 2011 (the “*February Petition Date*”), the February Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Chapter 11 Cases of the February Debtors and the Other TSC Debtors (collectively, the “*TSC Debtors*”) are being jointly administered under lead case number 11-10612 (SHL).<sup>2</sup>

On January 17, 2012, the Bankruptcy Court entered an order [Docket No. 343] (the “*Disclosure Statement Order*”) approving the Disclosure Statement. Since that date, certain events have occurred in the TSC Debtors’ chapter 11 cases that have delayed confirmation of the Plan contemplated by the Disclosure Statement. As discussed below, the TSC Debtors, in working with their stakeholders, are now prepared to move forward with prosecution of the Plan, as amended. In that regard, the TSC Debtors (and, as reorganized pursuant to the Plan, the “*Reorganized TSC Debtors*”) submit this First Amended Disclosure Statement Supplement pursuant to Bankruptcy Code section 1125 to holders of Claims against and Equity Interests in the TSC Debtors because the TSC Debtors are asking holders of Claims and Equity Interests to accept the Plan.<sup>3</sup> A copy of the Plan is attached hereto as **Exhibit A**.

Before soliciting acceptances of a proposed chapter 11 plan of reorganization, Bankruptcy Code section 1125 requires a debtor to prepare a disclosure statement that contains information of a kind, and in sufficient detail, to permit a hypothetical reasonable investor to make an informed judgment regarding acceptance of the plan of reorganization. Except as expressly modified by this First Amended Disclosure Statement Supplement, the Disclosure Statement previously approved by the Bankruptcy Court is adopted and incorporated herein. Accordingly, holders of Claims and Equity Interests are urged to review this First Amended Disclosure Statement Supplement in conjunction with the approved Disclosure Statement.

A hearing to consider Confirmation of the Plan is scheduled to be held before the Honorable Sean H. Lane at \_\_:\_\_\_.m. prevailing Eastern time on [\_\_\_\_], 2012, at the Bankruptcy Court, located at One Bowling Green, New York, New York 10004-1408. Additional details with respect to Confirmation are provided in Section V of this First Amended Disclosure Statement Supplement, entitled “Confirmation of the Plan.”

This First Amended Disclosure Statement Supplement contains, among other things, a description of certain material events that have occurred since the entry of the Disclosure Statement Order and descriptions and summaries of certain provisions of, and financial transactions contemplated by, the Plan being proposed by the TSC Debtors. Importantly, the Plan includes modifications to the treatment of certain Classes of Claims and Equity Interests, as explained herein. The TSC Debtors believe that allowing holders of such Claims and Equity Interests the opportunity to read the Disclosure Statement, this First Amended Disclosure Statement Supplement and review the Plan is appropriate before deciding whether to change their votes or, if they did not previously vote on the Plan, to vote to accept or reject the Plan.

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<sup>2</sup> On March 29, 2012, the TSN Debtors emerged from chapter 11.

<sup>3</sup> Capitalized terms used but not otherwise defined in this First Amended Disclosure Statement Supplement will have the meanings set forth in the Plan or the Disclosure Statement, as applicable. **Please note that the description of the Plan provided throughout this First Amended Disclosure Statement Supplement is only a summary provided for convenience. In the case of any inconsistency between the summary of the Plan in this First Amended Disclosure Statement Supplement and the Plan, the Plan will govern.**

## II. DEVELOPMENTS DURING THE CHAPTER 11 CASES

### A. Termination of the Spectrum Lease

TSC's primary asset is its equity interest in TerreStar Holdings Inc. ("**TS Holdings**"), its wholly owned subsidiary, which owns non-debtor TerreStar 1.4 Holdings LLC ("**1.4 Holdings**"). 1.4 Holdings has the rights to use 1.4 GHz terrestrial spectrum ("**1.4 Spectrum**") pursuant to 64 FCC licenses (the "**FCC Licenses**") held by 1.4 Holdings.

To maintain their interest in the 1.4 Spectrum, 1.4 Spectrum licensees must make a showing of "substantial service" in their license area within the initial license term (10 years). Substantial service is defined as service that is sound, favorable, and substantially above a level of mediocre service that might minimally warrant renewal. Any licensee that fails to meet this requirement will forfeit its license, and the licensee will be ineligible to regain it.

In September 2009, 1.4 Holdings entered into a lease agreement (the "**Spectrum Lease**") with One Dot Four Corp. ("**One Dot Four**"), a subsidiary of LightSquared, Inc. ("**LightSquared**"), whereby One Dot Four leased the rights to use the 1.4 Spectrum for which 1.4 Holdings holds the FCC Licenses. Pursuant to the Spectrum Lease, One Dot Four was obligated to pay 1.4 Holdings \$2 million per month on the first day of each month (each, a "**Lease Agreement Payment**"). Under the Spectrum Lease, One Dot Four agreed to use the 1.4 Spectrum in a manner and within the time period that would satisfy the "substantial service" requirement. On or about April 1, 2012, One Dot Four defaulted on the Lease Agreement Payment due 1.4 Holdings. As a result, 1.4 Holdings issued a notice of default to One Dot Four with respect to the Spectrum Lease on or about April 3, 2012. Thereafter, One Dot Four and 1.4 Holdings agreed to terminate the Spectrum Lease, effective as of April 20, 2012.

### B. The Spectrum Transaction

Because the 1.4 Spectrum is no longer encumbered by the Spectrum Lease,<sup>4</sup> the TSC Debtors are exploring their options with respect to their indirect ownership of the 1.4 Spectrum. To that end, the TSC Debtors are examining a number of potential scenarios, including (a) marketing the 1.4 Spectrum through a sale of either the 1.4 Spectrum or the sale of the TSC's equity interest in TS Holdings, (b) marketing a lease of the 1.4 Spectrum, or (c) maintaining their equity interest in, and reorganizing around, the 1.4 Spectrum. While each of these scenarios is possible at this time, on June 27, 2012, the TSC Debtors filed an amended Plan [Docket No. 513], which is similar in many respects to the version of the Plan filed on January 12, 2012 [Docket No. 336], but includes, among other things, a larger exit facility and the possibility that certain Claims may be paid in Cash under certain circumstances.

To assist in the above-referenced analysis, the TSC Debtors filed a motion seeking to engage RKF Engineering Solutions, LLC ("**RKF**") to perform an analysis of the 1.4 Spectrum by analyzing services for the band and the ability to share with the adjacent bands, which analysis is available to any party seeking diligence in connection with potential interest in a transaction regarding the 1.4 Spectrum [Docket No. 497].<sup>5</sup>

On July 9, 2012, the Bankruptcy Court entered an order approving the motion and authorizing the TSC Debtors to engage RKF [Docket No. 533]. On July 13, 2012, the TSC Debtors received a draft analysis report from RKF (the "**RKF Report**"). The final version of the RKF Report will be referenced in and utilized in connection with the updated valuation of the 1.4 Spectrum, which will be reflected in the TSC Debtors' updated Valuation Analysis.

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<sup>4</sup> Since the termination of the Spectrum Lease, 1.4 Holdings entered into a short-term lease agreement with FirstEnergy Service Company ("**FirstEnergy**") whereby FirstEnergy is leasing the right to use a geographically small portion of the 1.4 Spectrum over the next year subject to certain termination rights. This lease provides the TSC Debtors with approximately \$40,000 per month in revenue.

<sup>5</sup> For the avoidance of doubt, the Designated Holders shall be permitted to make as well as seek Transaction Offers.

### C. Elektrobit Settlement

As described in Sections IV.E(ii) and VII.B(iv) of the Disclosure Statement, on or about April 20, 2011, Elektrobit filed an unliquidated claim against TSC in the amount of at least \$27,869,769.82 (the “*TSC Elektrobit Claim*”), which the TSC Debtors [Docket No. 275] and certain of the Preferred Shareholders [Docket No. 276] objected to on or about November 16, 2011.<sup>6</sup>

In August 2012, after months of extensive arms-length negotiations regarding the TSC Elektrobit Claim and certain other Plan-related issues, (a) the TSC Debtors, (b) Elektrobit, (c) Highland and certain of its affiliated and managed funds, in their capacities as holders of TSC Series A Preferred Shares, Bridge Lenders, and lenders under the TSC Debtors’ 2012 DIP Facility (as defined below), (d) Solus and certain of its affiliated and managed funds, in their capacities as holders of TSC Series B Preferred Shares, Bridge Lenders, and lenders under the TSC Debtors’ 2012 DIP Facility, (e) West Face and certain of its affiliated and managed funds, as successors in interest to Harbinger and in their capacities as holders of TSC Series B Preferred Shares and lenders under the TSC Debtors’ 2012 DIP Facility and (f) Och-Ziff and certain of its affiliated and managed funds, in their capacities as successors in interest to Harbinger and as holders of TSC Series B Preferred Shares and lenders under the TSC Debtors’ 2012 DIP Facility (collectively, the “*Settlement Parties*”) reached a settlement (the “*Elektrobit Settlement*”) with respect to the TSC Elektrobit Claim and various other disputes (both pending and potential) between Elektrobit, on the one hand, and the TSC Debtors, Highland, Solus, West Face and Och-Ziff, on the other hand, in the TSC Debtors’ chapter 11 cases.

These other disputes include, but are not limited to: (a) Elektrobit’s preliminary objection [Docket No. 222], dated September 30, 2011, to confirmation of the version of the Plan filed in July 2011 and Elektrobit’s stated intention to renew such objection with respect to the current version of the Plan and to raise additional objections thereto, (b) Elektrobit’s motion to designate the votes of the Bridge Lenders and NexBank, as administrative agent under the Bridge Loan, dated February 22, 2012 [Docket No. 394], (c) Elektrobit’s stated intention to object to the DIP Financing Motion (as defined below), (d) the commencement and continuation of various discovery disputes, and (e) and any other claims or disputes that Elektrobit might assert in the TSC Debtors’ cases.

Specifically, pursuant to the Elektrobit Settlement, in full and final satisfaction of the TSC Elektrobit Claim against the TSC Debtors and in resolution of any and all other issues between Elektrobit, on the one hand, and the TSC Debtors, Highland, Solus, West Face and Och-Ziff, on the other hand, related to the TSC Debtors’ chapter 11 cases, the Settlement Parties agreed that (a) Elektrobit will receive an immediate cash payment of \$13,500,000.00 within two (2) business days after the entry of an order approving the Elektrobit Settlement, (b) Elektrobit will support the Plan, and (c) the TSC Debtors, Highland, Solus, West Face and Och-Ziff, on the one hand, and Elektrobit, on the other hand, will agree to mutual releases for any and all claims and causes of action related to the TSC Debtors’ chapter 11 cases, including, but not limited to, the TSC Elektrobit Claim.

On August 2, 2012, the TSC Debtors (with the support of the other Settlement Parties) filed a motion to approve the Elektrobit Settlement [Docket No. 558]. A hearing to consider approval of the Elektrobit Settlement is scheduled for August 23, 2012.

### D. Post-petition Financing

On June 27, 2012, the February Debtors and MV Holding filed a motion [Docket No. 512] (the “*Initial DIP Financing Motion*”) seeking approval of ongoing access to cash collateral, as well as approval of an aggregate \$3,000,000 (minus any commitment fee plus other amounts to be capitalized, each in accordance with the terms of the DIP Documents) secured debtor-in-possession financing facility (as amended, restated, amended and restated, supplemented or otherwise modified, the “*2012 DIP Facility*”), with the February Debtors as borrowers and MV Holding as guarantor.

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<sup>6</sup> Elektrobit filed an omnibus opposition to these two objections on or about December 12, 2011 [Docket No. 296].



As discussed in Section II.C above, subsequent to filing the Initial DIP Financing Motion, the TSC Debtors resolved their disputes with Elektrobit. As part of the Elektrobit Settlement, the TSC Debtors agreed to pay Elektrobit \$13,500,000.00 in cash immediately upon entry of the Elektrobit Settlement Order by the Bankruptcy Court, to be funded by the TSC Debtors' DIP Lenders in the form of an increased DIP Facility. Accordingly, on August 2, 2012, the February Debtors and MV Holding filed a supplemental motion [Docket No. 560] (the "*Supplemental DIP Financing Motion*") and together with the Initial DIP Financing Motion, the "*DIP Financing Motion*") seeking to increase the amount of the 2012 DIP Facility from \$3,000,000 to \$16,500,000 to provide the TSC Debtors with sufficient cash to fund the Elektrobit Settlement.

The 2012 DIP Facility is secured by a first lien on all of the February Debtors' assets, subject to certain existing liens. The 2012 DIP Facility carries a 10.5% interest rate. The 2012 DIP Facility contains negative and affirmative covenants standard for debtor-in-possession financing facilities, as well as various operational performance covenants. The February Debtors believe they will be able to comply with these covenants.

On August 2, 2012, Elektrobit filed a reservation of rights with respect to the DIP Financing Motion, the CRO and Compensation Motion (as defined below) and the TSC Debtors' motion to approve the Disclosure Statement, as supplemented [Docket No. 559], preserving its position with respect to such motions in the event that the Elektrobit Settlement is not approved by the Bankruptcy Court.

A hearing to consider approval of the DIP Financing Motion is currently scheduled for August 23, 2012.

#### **E. Appointment of a Chief Restructuring Officer and Modification of Compensation for Certain Parties**

The TSC Debtors have filed a motion [Docket No. 514] seeking to (a) appoint current TSC Board member Eugene I. Davis ("*Davis*") as chief restructuring officer ("*CRO*") and president of TSC and of each of the remaining TSC Debtors, (b) revise the employment terms of TSC's general counsel Douglas Brandon ("*Brandon*") from an unpaid to a paid position and (c) transition the services of TSC's president Jeffrey Epstein ("*Epstein*") to a consultant position (the "*CRO and Compensation Motion*"). In addition to his position as CRO, Davis will be appointed as the sole member of a restructuring subcommittee that will be authorized to take any and all actions necessary to facilitate the restructuring of the TSC Debtors including, but not limited to, authorizing the TSC Debtors to obtain post-petition financing and exit financing as well as authorizing the filing of an amended plan of reorganization.

Given the current circumstances surrounding the TSC Debtors' cases, including the termination of the Spectrum Lease, it is anticipated that Davis will assist the TSC Debtors in developing a strategy to allow the TSC Debtors to extract value from the 1.4 Spectrum. In addition, it is expected that Davis will assist the TSC Debtors' advisors with the negotiation of additional post-petition financing and, potentially, an exit financing facility in connection with the TSC Debtors' confirmation of the Plan and emergence from chapter 11. Accordingly, the TSC Debtors believe that the CRO will allow the successful and efficient completion of the restructuring of the TSC Debtors and their subsequent emergence from chapter 11. Brandon has agreed to continue his role as general counsel to the TSC Debtors and to act as secretary and treasurer of TSC and each of the other TSC Debtors, and will lend his valuable experience with the FCC to the TSC Debtors to assist them with the FCC issues that may arise in connection with the sale or lease of the 1.4 Spectrum. In his modified position as consultant to the TSC Debtors, Epstein will continue to assist the TSC Debtors in resolving outstanding claims against their estates and other issues as may be reasonably requested by Brandon or Davis in furtherance of the TSC Debtors' restructuring.

A hearing to consider approval of the CRO and Compensation Motion is currently scheduled for August 23, 2012.

### **III. DESCRIPTION OF THE JOINT PLAN OF REORGANIZATION**

#### **A. Summary of Classification**

The following chart represents the general classification of Claims and Equity Interests against the TSC Debtors pursuant to the Plan:

<b>Class</b>	<b>Claim</b>	<b>Status</b>	<b>Voting Rights</b>
1	Other Priority Claims	Unimpaired	No (deemed to accept)
2	Other Secured Claims	Unimpaired	No (deemed to accept)
3a	Bridge Loan Claims Against TSC	Impaired	Yes
3b	Bridge Loan Claim Against TS Holdings	Impaired	Yes
4a	Unsecured Claims Against TSC	Impaired	Yes
4b	Unsecured Claims Against TS Holdings	Impaired	Yes
4c	Unsecured Claim Against MVH Holdings Inc.	Impaired	Yes
4d	Unsecured Claims Against Motient Ventures Holding Inc.	Impaired	Yes
4e	Unsecured Claim Against Motient Holdings Inc.	Impaired	Yes
4f	Unsecured Claims Against Motient Communications Inc.	Impaired	Yes
4g	Unsecured Claim Against Motient Services Inc.	Impaired	Yes
4h	Unsecured Claims Against Motient License Inc.	Impaired	Yes
4i	Unsecured Claim Against TerreStar New York Inc.	Impaired	Yes
5	Convenience Claims	Unimpaired	No (deemed to accept)
6	Sprint Settlement Claim	Impaired	Yes
7	Intercompany Claims	Unimpaired	No (deemed to accept)
8a	Preferred Series A TSC Interests	Impaired	Yes
8b	Preferred Series B TSC Interests	Impaired	Yes
8c	Preferred Series C TSC Interests	Impaired	No (deemed to reject)
8d	Preferred Series D TSC Interests	Impaired	No (deemed to reject)
8e	Preferred Series E TSC Interests	Impaired	No (deemed to reject)
9a	Other TSC Equity Interests	Impaired	No (deemed to reject)
9b	Other Equity Interests in TS Holdings	Unimpaired	No (deemed to accept)
9c	Other Equity Interests in MVH Holdings Inc.	Unimpaired/ Impaired	No (deemed to accept)/ No (deemed to reject)
9d	Other Equity Interests in Motient Ventures Holding Inc.	Unimpaired/ Impaired	No (deemed to accept)/ No (deemed to reject)
9e	Other Equity Interests in Motient Holdings Inc.	Unimpaired/ Impaired	No (deemed to accept)/ No (deemed to reject)
9f	Other Equity Interests in Motient Communications Inc.	Unimpaired/ Impaired	No (deemed to accept)/ No (deemed to reject)
9g	Other Equity Interests in Motient Services Inc.	Unimpaired/ Impaired	No (deemed to accept)/ No (deemed to reject)
9h	Other Equity Interests in Motient License Inc.	Unimpaired/ Impaired	No (deemed to accept)/ No (deemed to reject)
9i	Other Equity Interests in TerreStar New York Inc.	Unimpaired/ Impaired	No (deemed to accept)/ No (deemed to reject)

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
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**B. Treatment of Claims and Equity Interests**

The treatment of Claims and Equity Interests described below is provided in “marked form,” to reflect the changes that have been made to the Second Amended Disclosure Statement.

**(i) Class 1 – Other Priority Claims**

- (a) *Classification:* Class 1 consists of Other Priority Claims against each TSC Debtor. Although all Other Priority Claims have been placed in one Class for the purposes of nomenclature, the Other Priority Claims against each TSC Debtor shall be treated as being in a separate sub-Class for the purpose of receiving distributions under the Plan.
- (b) *Treatment:* Except to the extent that a holder of an Allowed Other Priority Claim (i) has been paid by the applicable TSC Debtor, in whole or in part, prior to the Effective Date or (ii) agrees to a less favorable treatment, each holder of an Allowed Other Priority Claim shall receive from the TSC Debtor that is obligated on such Other Priority Claim, in full satisfaction, settlement, release and discharge of, and in exchange for such Other Priority Claim, Cash in the full amount of such Allowed Other Priority Claim.
- (c) *Voting:* Class 1 is Unimpaired and the holders of Other Priority Claims are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f). Therefore, holders of Other Priority Claims are not entitled to vote to accept or reject the Plan.

**(ii) Class 2 – Other Secured Claims**

- (a) *Classification:* Class 2 consists of Other Secured Claims. Although all Other Secured Claims have been placed in one Class for the purposes of nomenclature, each Other Secured Claim, to the extent secured by a Lien on any property or interest in property of the TSC Debtors different than that securing any other Other Secured Claims, shall be treated as being in a separate sub-Class for the purpose of receiving distributions under the Plan.
- (b) *Treatment:* Except to the extent that a holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full satisfaction, settlement, release and discharge of, and in exchange for such Allowed Other Secured Claim, each holder of an Allowed Other Secured Claim shall, at the option of the TSC Debtors (with the reasonable consent of each of the Designated Holders), be paid: (i) in Cash in full on the first Distribution Date after such claim becomes due and payable in the ordinary course of business or (ii) in Cash on such other terms and conditions as may be agreed between the holder of such claim and the TSC Debtors.
- (c) *Voting:* Class 2 is Unimpaired and the holders of Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f). Therefore, holders of Other Secured Claims are not entitled to vote to accept or reject the Plan.

**(iii) Class 3 – Bridge Loan Claims**

- (a) *Classification:* Classes 3a and 3b consist of the Bridge Loan Claims against TSC and TS Holdings, respectively.

- (b) *Treatment:* Except to the extent that a holder of an Allowed Bridge Loan Claim agrees to a less favorable treatment, in full satisfaction, settlement, release and discharge of, and in exchange for such Allowed Bridge Loan Claim, each holder of an Allowed Bridge Loan Claim shall be paid in Cash within two Business Days after the Effective Date in an amount equal to such Bridge Loan Claim less any interest that has accrued pursuant to Section 2.8(c) of the Bridge Loan Agreement solely as a result of a continuing default thereunder.
- (c) *Voting:* Classes 3a and 3b are Impaired by the Plan. Therefore, holders of Bridge Loan Claims are entitled to vote to accept or reject the Plan.
- (iv) ***Class 4 – Unsecured Claims***

  - (a) *Classes 4a – 4b*

    - (i) *Classification:* Classes 4a and 4b consist of Unsecured Claims against TSC and TS Holdings, respectively.
    - (ii) *Treatment:* Except to the extent that a holder of an Allowed Unsecured Claim in Classes 4a and 4b agrees to a less favorable treatment, each holder of an Allowed Unsecured Claim in Class 4a or 4b shall, at the option of the applicable TSC Debtors, receive, in full satisfaction, settlement, release and discharge of, and in exchange for such Allowed Unsecured Claim in Class 4a or 4b, either (a) its Pro Rata share (calculated with reference to all Allowed Unsecured Claims in Classes 4a and 4b) of New TSC Notes in an aggregate amount such that each holder of an Allowed Unsecured Claim in Class 4a or 4b receives a 100% recovery on account of such Allowed Unsecured Claim in Class 4a or 4b, including post-petition interest at the federal judgment rate. or (b) payment in Cash in full, including post-petition interest at the federal judgment rate, on the first Distribution Date after such Claim becomes due and payable in the ordinary course of business (provided that no payment shall be made under this Article III.C.4.(a)(ii)(b) without the consent of each of the Designated Holders); provided, however, that in the event of the sale and/or liquidation of all or substantially all of the TSC Debtors' assets pursuant to an order entered by the Bankruptcy Court, each holder of an Allowed Unsecured Claim in Class 4a or 4b shall receive, on the first Distribution Date after such Claim becomes due and payable in the ordinary course of business, payment in Cash in full, including post-petition interest at the federal judgment rate.
    - (iii) *Voting:* Classes 4a and 4b are Impaired by the Plan. Therefore, holders of Unsecured Claims in these Classes are entitled to vote to accept or reject the Plan.
  - (b) *Classes 4c – 4i*

    - (i) *Classification:* Classes 4c – 4i consist of Unsecured Claims against MVH Holdings Inc. (Class 4c); Motient Ventures Holding Inc. (Class 4d); Motient Holdings Inc. (Class 4e); Motient Communications Inc. (Class 4f); Motient Services Inc. (Class 4g); Motient License Inc. (Class 4h); and TerreStar New York Inc. (Class 4i).
    - (ii) *Treatment:* Except to the that extent a holder of an Allowed Unsecured Claim in Classes 4c – 4i agrees to a less favorable treatment, to the extent that any holder of an Allowed Unsecured Claim in Classes 4c – 4i is also the holder of an Allowed Unsecured Claim in Class 4a or 4b arising out of the same agreement,

transaction or circumstance, such Claim shall be satisfied in full by TSC or TS Holdings, as applicable, in accordance with the terms of this Plan, *provided, however*, that each holder of an Allowed Unsecured Claim in Classes 4c – 4i that (a) is not also the holder of an Allowed Unsecured Claim in Class 4a or 4b arising out of the same agreement, transaction or circumstance or (b) is the holder of an Allowed Unsecured Claim in Class 4a or 4b, but such Allowed Unsecured Claim in Classes 4c – 4i is greater in amount than such Allowed Unsecured Claim in Class 4a or 4b, shall, at the option of the applicable TSC Debtors, with the **reasonable** consent of each of the Designated Holders, receive: (i) payment in Cash in full, including post-petition interest at the federal judgment rate, on the first Distribution Date after such Claim becomes due and payable in the ordinary course of business or (ii) its Pro Rata share of the equity of the reorganized entity corresponding to such Allowed Unsecured Claim.

For the avoidance of doubt, with respect to Allowed Class 4c – 4i Unsecured Claims, to the extent that Cash is distributed to any of the Other TSC Debtors pursuant to the TSN Debtors' chapter 11 plan, such Cash will be used to satisfy such Allowed Class 4c – 4i Unsecured Claims, as applicable; provided, however, that, to the extent that any TSC Debtor(s) advance(s) Cash to any of the Other TSC Debtors to satisfy Allowed Class 4c – 4i Unsecured Claims prior to any of the Other TSC Debtors' receipt of any distribution pursuant to the TSN Debtors' chapter 11 plan, any such distribution pursuant to the TSN Debtors' chapter 11 plan will be paid over to such TSC Debtor(s) in repayment of such Cash advance(s).

(iii) *Voting:* Classes 4c – 4i are Impaired by the Plan. Therefore, holders of Unsecured Claims in these Classes are entitled to vote to accept or reject the Plan.

(v) ***Class 5***

(a) *Classification:* Class 5 consists of Convenience Claims against TSC and TS Holdings.

(b) *Treatment:* Except to the extent that a holder of an Allowed Convenience Claim (i) has been paid by TSC or TS Holdings, as applicable, in whole or in part, prior to the Effective Date or (ii) agrees to a less favorable treatment, each holder of an Allowed Convenience Claim shall receive, from TSC or TS Holdings, as applicable, in full satisfaction, settlement, release and discharge of, and in exchange for such Convenience Claim, Cash in the full amount of such Allowed Convenience Claim, including post-petition interest at the federal judgment rate, on the first Distribution Date after such Convenience Claim becomes Allowed.

(c) *Voting:* Class 5 is Unimpaired by the Plan, and the holders of Convenience Claims are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f). Therefore, holders of Convenience Claims are not entitled to vote to accept or reject the Plan.

(vi) ***Class 6 – Sprint Settlement Claim***

(a) *Classification:* Class 6 consists of the Sprint Settlement Claim against TSC.

(b) *Treatment:* The holder of the Sprint Settlement Claim shall receive, on the Effective Date, in full satisfaction, settlement, release and discharge of, and in exchange for the Sprint Settlement Claim, Cash in an amount equal to the difference (if any) between \$2.6 million and the amount paid to Sprint by the TSN Debtors on account of the

Intercompany Funding Claim pursuant to the terms of the Sprint Settlements, which amount shall be funded solely from any amount actually received by TSC on account of the Intercompany Funding Claim. In the event that the allowed amount of the Sprint Settlement Claim exceeds the total amount actually received by TSC on account of the Intercompany Funding Claim, the holder of the Sprint Settlement Claim shall receive in full satisfaction, settlement, release and discharge of, and in exchange for the Sprint Settlement Claim only Cash in an amount equal to the total amount actually received by TSC on account of the Intercompany Funding Claim.

- (c) *Voting:* Class 6 is Impaired under the Plan. Therefore, the holder of the Sprint Settlement Claim is entitled to vote to accept or reject the Plan. The TSC Debtors anticipate that the amount paid to Sprint by the TSN Debtors on account of the Intercompany Funding Claim will be \$2.6 million and, thus, that the amount of the Sprint Settlement Claim will be zero. If the amount of the Sprint Settlement Claim is zero, then Class 6 shall be deemed automatically eliminated and any such votes cast in Class 6 shall be disregarded.

(vii) ***Class 7 – Intercompany Claims***

- (a) *Classification:* Class 7 consists of Intercompany Claims against each TSC Debtor. Although all Intercompany Claims have been placed in one Class for the purposes of nomenclature, the Intercompany Claims against each TSC Debtor shall be treated as being in a separate sub-Class for the purpose of receiving distributions under the Plan.
- (b) *Treatment:* No distribution shall be made on account of Intercompany Claims. Except as otherwise determined by the TSC Debtors, with the consent of each of the Requisite Designated Holders, each Allowed Intercompany Claim shall be reinstated on the Effective Date. After the Effective Date, the Reorganized TSC Debtors shall have the right to resolve or compromise Disputed Intercompany Claims without approval of the Bankruptcy Court.
- (c) *Voting:* Class 7 is Unimpaired and the holders of Intercompany Claims are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f). Therefore, holders of Intercompany Claims are not entitled to vote to accept or reject the Plan.

(viii) ***Class 8 – Preferred TSC Interests***

(a) *Classes 8a and 8b*

- (i) *Classification:* Classes 8a and 8b consist of Preferred Series A TSC Interests and Preferred Series B TSC Interests, respectively.
- (ii) *Treatment:* On the Effective Date, except to the extent a holder of an Allowed Preferred Series A TSC Interest or an Allowed Preferred Series B TSC Interest agrees to a less favorable treatment, each holder of an Allowed Preferred Series A TSC Interest or an Allowed Preferred Series B TSC Interest shall receive its Pro Rata share (calculated with reference to all Allowed Preferred Series A and B TSC Interests) of the New Common Stock, provided, however, that in the event of the sale and/or liquidation of all or substantially all of the TSC Debtors' assets pursuant to an order entered by the Bankruptcy Court, each holder of an Allowed Preferred Series A TSC Interest or an Allowed Preferred Series B TSC Interest shall receive its Pro Rata share (calculated with reference to all Allowed Preferred Series A and B TSC Interests) of the Sale Distribution. On the Effective Date, all Preferred Series A TSC Interests and Preferred Series B TSC

Interests shall be deemed cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise.

(iii) *Voting:* Classes 8a and 8b are Impaired by the Plan. Therefore, holders of Preferred Series A TSC Interests and Preferred Series B TSC Interests are entitled to vote to accept or reject the Plan.

(b) *Classes 8c – 8e*

(i) *Classification:* Classes 8c – 8e consist of the Preferred Series C TSC Interests, the Preferred Series D TSC Interests and the Preferred Series E TSC Interests, respectively.

(ii) *Treatment:* On the Effective Date, all Preferred Series C TSC Interests, Preferred Series D TSC Interests and Preferred Series E TSC Interests shall be deemed cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and there shall be no distribution to the holders of Preferred Series C TSC Interests, Preferred Series D TSC Interests and Preferred Series E TSC Interests.

(iii) *Voting:* Classes 8c – 8e are Impaired and the holders of Preferred Series C TSC Interests, Preferred Series D TSC Interests and Preferred Series E TSC Interests are conclusively presumed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g). Therefore, holders of Preferred Series C TSC Interests, Preferred Series D TSC Interests and Preferred Series E TSC Interests are not entitled to vote to accept or reject the Plan.

(ix) ***Class 9 – Equity Interests***

(a) *Class 9a*

(i) *Classification:* Class 9a consists of the Other TSC Equity Interests.

(ii) *Treatment:* On the Effective Date, all Other TSC Equity Interests shall be deemed cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and there shall be no distribution to the holders of Other TSC Equity Interests.

(iii) *Voting:* Class 9a is Impaired and the holders of Other TSC Equity Interests are conclusively presumed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g). Therefore, holders of Other TSC Equity Interests are not entitled to vote to accept or reject the Plan.

(b) *Classes 9b – 9i*

(i) *Classification:* Classes 9b – 9i consist of Other Equity Interests in TS Holdings (Class 9b); MVH Holdings Inc. (Class 9c); Motient Ventures Holding Inc. (Class 9d); Motient Holdings Inc. (Class 9e); Motient Communications Inc. (Class 9f); Motient Services Inc. (Class 9g); Motient License Inc. (Class 9h) and TerreStar New York Inc. (Class 9i).

(ii) *Treatment:* In full satisfaction, settlement, release and discharge of and in exchange for the Reorganized TSC Debtors' agreement to make distributions, if any, to the holders of Allowed Unsecured Claims and Other Equity Interests under the Plan, to provide management services to certain other Reorganized



TSC Debtors and to use certain funds and assets, to the extent authorized in the Plan, to satisfy certain obligations between and among such Reorganized TSC Debtors, each and every Other Equity Interest in Classes 9b – 9i shall, subject to any Restructuring Transaction, at the option of the Reorganized TSC Debtors (in consultation with the Designated Holders), either (i) be retained, in which case the TSC Debtor holding such Other Equity Interests shall continue to hold such Other Equity Interests, and the legal, equitable and contractual rights to which the holders of such Other Equity Interests are entitled shall remain unaltered or (ii) be cancelled and new Other Equity Interests in the applicable Other TSC Debtor shall be issued pursuant to the Plan to the Reorganized TSC Debtor that holds such Other Equity Interests. For the avoidance of doubt, if the holders of Allowed Unsecured Claims in Classes 4c – 4i receive the equity in the reorganized entity corresponding to their respective Allowed Unsecured Claim, the holders of the applicable 9c – 9i Other Equity Interests will receive no distribution.

- (iii) *Voting:* Class 9b is Unimpaired and the holders of Class 9b Other Equity Interests are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f). Classes 9c – 9i are either (a) Unimpaired and the holders of the applicable Class 9c – 9i Other Equity Interests are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f) or (b) Impaired and the holders of the applicable Class 9c – 9i Other Equity Interests are conclusively presumed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g). Therefore, holders of Other Equity Interests in Classes 9b – 9i are not entitled to vote to accept or reject the Plan.

**C. New TSC Notes**

The Plan provides that, if a Spectrum Sale Transaction does not occur, each holder of a Class 4a or 4b Allowed Unsecured Claim may receive on the Initial Distribution Date and in full satisfaction, settlement, release and discharge of, and in exchange for such Class 4a and/or 4b Allowed Unsecured Claim, its Pro Rata share (calculated with reference to all Allowed Unsecured Claims in Classes 4a and 4b) of New TSC Notes in an aggregate amount such that each holder of an Allowed Unsecured Claim in Class 4a or 4b receives a 100% recovery on account of such Allowed Unsecured Claim in Class 4a or 4b, including post-petition interest at the federal judgment rate. Furthermore, if a Spectrum Sale Transaction does not occur, each holder of Preferred Series A TSC Interests or Preferred Series B TSC Interests in Classes 8a and 8b, respectively, shall receive their Pro Rata share (calculated with reference to all Allowed Preferred Series A and B TSC Interests) of the New Common Stock.

On or prior to the Amended Plan Supplement Filing Date, the TSC Debtors will file an amended form of indenture for the New TSC Notes. The following chart summarizes the changes to the key terms of the New TSC Notes as compared with the form of indenture filed on February 3, 2012.

	<b>Form of Indenture Dated February 3, 2012</b>	<b>Amended Form of Indenture Dated August [ ], 2012<sup>7</sup></b>
<b>Term</b>	Seven years from the Effective Date	36 months from the Effective Date; provided, however, that the maturity of the New Notes may be extended by 12 months, at the option of TSC, upon notice to the holders of the New Notes, in exchange for an increase in the interest rate by 150 bps for the additional 12 months and a certification from the principal officer that TSC will be able to

<sup>7</sup> The Amended Form of Indenture will be filed on the Amended Plan Supplement Filing Date.



		repay or refinance the New Notes during such 12 month period
<b>Interest Rate</b>	6.0% per annum to be paid semi-annually in cash	10.5% per annum paid-in-kind, subject to the above
<b>Covenants</b>	See covenants in the form of indenture filed as Exhibit G to the <i>Plan Supplement to 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.</i> , on February 3, 2012 [Docket No. 364].	The New TSC Notes shall include standard high-yield covenants intended to be consistent with the form of indenture dated February 3, 2012 (and which in all events will be no tighter or more restrictive than those found in the Exit Facility), subject to the following change:  The Restricted Payment covenant will be revised such that there will be no circumstances under which a Restricted Payment will be permitted under the Indenture.
<b>Liens and Priorities</b>	Unsecured; <i>pari passu</i> with other senior indebtedness of the Issuer and each of the Guarantors	Secured by a “silent” second-priority lien on substantially all of the assets of the Reorganized TSC Debtors; junior to the Exit Facility and <i>pari passu</i> with other senior indebtedness of the Issuer and the Guarantor.
<b>Events of Default</b>	Usual and customary Events of Default, including, without limitation, upon (a) non-payment upon maturity and (b) acceleration of any other incurred debt obligations (including the Exit Facility) in excess of \$5 million.  Additionally, it shall be an event of default if any payment default under the 1.4 Lease or any Replacement Lease, as applicable, continues for a period of six months immediately following such payment default (the “ <i>Non-Payment Period</i> ”); provided that the Non-Payment Period shall be extended for an additional six months before there is an event of default under the Notes in respect of such payment default under the 1.4 Lease or any Replacement Lease, as applicable, if within 30 days after the commencement of the Non-Payment Period, TSC shall have issued equity securities for cash or otherwise received cash contributions to the capital of TSC, which cash shall be deposited in an escrow account with the Trustee for the benefit of noteholders in an amount sufficient to pay the semi-annual interest payment required to be made in respect of the Notes that is next due after the initial six month Non-Payment Period; provided further that any such event of default shall be cured if (i) the lessee under the applicable 1.4 Lease or Replacement Lease pays all outstanding amounts due or (ii) TSC and/or its	Usual and customary Events of Default, including, without limitation, upon (a) non-payment upon maturity and (b) acceleration of any other incurred debt obligations (including the Exit Facility) in excess of \$5 million.  Additionally, it shall be an event of default if (a) the second priority liens on all or substantially all the collateral cease to be valid and enforceable subject to certain terms and conditions and (b) the Issuer or any Subsidiary Pledgor fails to comply for 60 days after notice with its other agreements contained in the Security Documents except for a failure that would not materially affect the Holders of the Notes or the value of the Collateral taken as a whole.  There will be no event of default with respect to the 1.4 Lease or any other spectrum lease agreement.

	subsidiaries enter into a new Replacement Lease.	
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**IV. VOTING PROCEDURES**

**The Voting Deadline is 5:00 p.m. prevailing Eastern Time on [\_\_\_\_], 2012.** In order to be counted as votes to accept or reject the Plan (or changes to votes, as applicable), all ballots must be properly executed, completed and delivered (either by using the return envelope provided, by first class mail, overnight courier or personal delivery) so that it is **actually received** on or before the Voting Deadline by the Voting and Claims Agent at the following address:

<b>DELIVERY OF BALLOTS</b>
Ballots must be <b><u>actually received</u></b> by the Voting and Claims Agent by the Voting Deadline of 5:00 p.m. (prevailing Eastern time) on [____], 2012 at the following addresses:  <b><i>Voting and Claims Agent:</i></b> If by mail:  TerreStar Corporation c/o The Garden City Group, Inc. P.O. Box 9680 Dublin, OH 43017-4980  If by hand or overnight courier:  TerreStar Corporation c/o The Garden City Group, Inc. 5151 Blazer Parkway, Suite A Dublin, OH 43017  The Voting and Claims Agent will <b><u>not</u></b> accept ballots submitted by facsimile or electronic means.  * * * * *  If you have any questions on the procedure for voting on the Plan, please call the Voting and Claims Agent at the following telephone number:  1-888-872-9182

**V. CONFIRMATION OF THE PLAN**

**A. The Confirmation Hearing**

Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after notice, to hold a hearing to consider Confirmation. Bankruptcy Code section 1128(b) provides that any party in interest may object to Confirmation.

The Bankruptcy Court has scheduled the Confirmation Hearing for [\_\_\_\_], 2012 at [\_\_:\_\_\_.]m. (prevailing Eastern Time) before the Honorable Judge Sean H. Lane, United States Bankruptcy Judge, in Room 701 of the Bankruptcy Court, located at Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

**B. Deadline to Object to Confirmation of the Plan**

Objections to Confirmation must be filed and served at or before 5:00 p.m. (prevailing Eastern time) on [\_\_\_\_], 2012 in accordance with the notice of the Confirmation Hearing that accompanies this First Amended Disclosure Statement Supplement. This means that written objections to Confirmation, if any, that conform to the applicable provisions of the Disclosure Statement Order, the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules for the Bankruptcy Court must be filed, together with a proof of service, with the Bankruptcy Court and served so as to be actually received on or before the Plan Objection Deadline by the following parties:

- Counsel to the TSC Debtors: Akin Gump Strauss Hauer & Feld LLP, Attn: Ira S. Dizengoff and Arik Preis, One Bryant Park, New York, New York 10036 and Attn: Sarah Link Schultz, 1700 Pacific Avenue, Suite 4100, Dallas, Texas 75201; and
- U.S. Trustee: Office of the United States Trustee for the Southern District of New York, Attn: Susan Golden, Whitehall Street, 21st Floor, New York, New York 10004.

**Unless objections to Confirmation are timely served and filed, they may not be considered by the Bankruptcy Court.**

**C. Notice of the Confirmation Hearing**

The Confirmation Hearing will commence at [\_\_:\_\_]m. prevailing Eastern time on [\_\_\_\_], 2012. The Confirmation Hearing will be held before the Honorable Sean H. Lane in the Bankruptcy Court, One Bowling Green, New York, New York 10004-1408. At least 28 days before the Voting Deadline, the TSC Debtors will (a) serve the Confirmation Hearing Notice upon all known creditors of the TSC Debtors and (b) publish the Confirmation Hearing Notice in the national editions of The Washington Post and USA Today, which will contain, among other things, details regarding voting on and objecting to Confirmation, including the Voting Deadline and the Plan Objection Deadline, and the date, time and location of the Confirmation Hearing. The Confirmation Hearing Notice will also be posted on the TSC Debtors' restructuring website, [www.TerreStarCorpRestructuring.com](http://www.TerreStarCorpRestructuring.com). The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

**D. Effect of Confirmation and Consummation of the Plan**

Following Confirmation, subject to Article X of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Article IX of the Plan will become effective. As such, it is important to read the provisions contained in Article IX of the Plan very carefully so that you understand how Confirmation and consummation of the Plan—which effectuates such provisions—will affect you and any Claim or Equity Interest you may hold against the TSC Debtors and other claim or interest holders so that you cast your vote accordingly. Further discussion of the releases contemplated in the Plan is provided in Section VIII.D of the Disclosure Statement.

**VI. RISK FACTORS**

*Holders of Claims and Equity Interests should read and consider carefully the risk factors set forth below, as well as the other information set forth in the Disclosure Statement, this First Amended Disclosure Statement Supplement and the documents delivered together herewith, referred to or incorporated by reference herein, before voting to accept or reject the Plan. Although these risk factors are many, they should not be regarded as constituting the only risks present in connection with the TSC Debtors' business or the Plan and its implementation.*

**A. The Value of the 1.4 Spectrum May Be Less than Projected**

The valuation of the 1.4 Spectrum is based on a number of estimates and assumptions that are subject to significant economic, competitive and operational uncertainties and contingencies. Although the TSC Debtors'

management has prepared the valuation in good faith and believes the assumptions to be reasonable, it is important to note that the TSC Debtors can provide no assurance that such valuation and assumptions will be realized. Accordingly, while the information contained in the valuation of the 1.4 Spectrum is presented with numerical specificity, the actual asset values presented in the analysis could vary materially from those presented in the valuation.

Dated: August 10, 2012

Respectfully submitted,

TerreStar Corporation  
(for itself and on behalf of each of the TSC Debtors)

By: /s/ Douglas Brandon  
Name: Douglas Brandon  
Title: General Counsel and Secretary

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