

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

In re:)	
)	Chapter 11
TERRESTAR NETWORKS INC., <i>et al.</i> , ¹)	Case No. 10-15446 (SHL)
)	
Debtors.)	Jointly Administered
)	

**PERIODIC REPORT REGARDING VALUE, OPERATIONS
AND PROFITABILITY OF ENTITIES IN WHICH THE ESTATE OF THE
DEBTORS HOLD A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of December 31, 2009, on the value, operations and profitability of those entities in which the estates hold a substantial or controlling interest, as required by Rule 2015.3 of the Federal Rules of Bankruptcy Procedure. Specifically, the estates of TerreStar Networks and its affiliated debtors and debtors in possession (collectively, the “*Debtors*”) hold a substantial controlling interest in the following entities:

Name of Entity	% Interest of the Estate	Exhibit Number
TerreStar Global LTD.	86.5%	B
TerreStar Solutions Inc. (f.k.a. 4491190 Canada Inc.)	20.0%	B

This periodic report (the “*Periodic Report*”) contains separate reports (“*Entity Reports*”) on the value, operations, and profitability of each entity listed above. Each Entity Report shall consist of three exhibits: (1) Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report and a description of the valuation method used; (2) Exhibit B contains a balance sheet (Exhibit B-1), statement of cash flow (Exhibit B-2) and a statement of income (loss) (Exhibit B-3) as of and for the twelve month period ended December 31, 2009 covered by the Entity Report, along with summarized footnotes (Exhibit B-4); and (3) Exhibit C contains a description of the entity’s business operations.

Please note with respect to Exhibit A, it would be prohibitively expensive, unduly burdensome, and an inefficient use of estate assets for the Debtors to obtain current market valuations of the non-Debtors in which the Debtors hold a direct interest of 20% or more; therefore, the net book value of the assets of these entities is the basis for the valuation.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal taxpayer-identification number, are: 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]; TerreStar License Inc. [6537]; TerreStar National Services Inc. [6319]; TerreStar Networks Inc. [3931]; TerreStar New York Inc. [6394] (the foregoing entities are collectively referred to as the “*Domestic Debtors*”); 0887729 B.C. Ltd. [1345]; TerreStar Networks (Canada) Inc. [8766]; and TerreStar Networks Holdings (Canada) Inc. [1337] (0887729 B.C. Ltd., TerreStar Networks (Canada) Inc. and TerreStar Networks Holdings (Canada) Inc. are collectively referred to as the “*Canadian Debtors*”).

B26(Official Form 26)

With respect to Exhibit B, the balance sheet and statements of income and statements of cash flow have been included when available for each non-Debtor entity.

Nothing contained in this filing shall constitute a waiver of any rights of the Debtors, specifically including the Debtors' right to amend the information.

The undersigned, having reviewed the above listing of entities in which the estate of TerreStar Networks, et. al. holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his knowledge.

Date:

11/3/10

By:

Vincent Foracini

Chief Financial Officer
of TerreStar Networks Inc.

Exhibit A
Valuation Estimate for Entities held by TerreStar Networks Inc.

Entities Held by TerreStar Networks	% of Interest	Net Book Value
TerreStar Global LTD.	86.5%	(\$12,075,656)
TerreStar Solutions Inc. (f.k.a. 4491190 Canada Inc.)	20.0%	CDN (1,471,601)

The basis for the valuation of each entity is the net book value calculated as total liabilities of each entity subtracted from its total assets as of December 30, 2009. The book balances for the assets and liabilities of each entity are maintained based on historic cost as adjusted in accordance with the requirements of U.S. generally accepted accounting principles. The Debtors have no available analyses prepared within the past two years supporting any comprehensive alternative valuation method for the entities.

Exhibit B-1

**Balance Sheet for Entities Held by TerreStar Networks (Audited)
As of December 31, 2009**

	TerreStar Global
ASSETS	
Current Assets	\$671,387
Cash and cash equivalents	<u>13,137</u>
Other current assets	684,524
Total Current Assets	
Satellite and other assets under construction	<u>1,192,885</u>
Total Assets	\$1,887,408
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current liabilities	\$66,743
Accounts payable and accrued expenses	306,882
Due to TerreStar Networks Inc.	626,907
Due to TerreStar Corp.	<u>12,952,532</u>
Notes payable to TerreStar Corp. and Accrued Interest	13,953,064
Total current liabilities	
STOCKHOLDERS DEFICIT	
Common stock	24,000
Additional paid-in capital	10,498,004
Cumulative translation adjustment	4,516
Accumulated deficit	<u>(22,602,176)</u>
Total stockholders' deficit	(12,075,656)
Total liabilities and stockholders' deficit	\$1,877,408

Exhibit B-1**Balance Sheet for Entities Held by TerreStar Networks (Unaudited)
As of December 31, 2009**

Asset	TerreStar Solutions Inc.
Current asset	
Cash	56,963
Receivable GST/PST	152,869
Receivable	292,388
Prepaid	69,394
Total current asset	571,614
Capital asset	
Leasehold improvements	70,269
Office equipment	85,492
Computer & Telecommunication hardware	42,847
Total capital asset	198,609
Intangible asset	
Licence	6,000
Total asset	776,223
Liabilities	
Payable	191,932
Accruals	9,939
TerreStar Solutions Holding loan	2,045,952
Total liabilities	2,247,823
Equity	
Capital	
Common share	100
Loss	(1,471,701)
Total equity	(1,471,601)
Total liabilities & capital	776,223

Exhibit B-2

**Statement of Cash Flows for Entities Held by TerreStar Networks (Audited)
As of December 31, 2009**

	<u>TerreStar Global</u>
Cash Flows from Operating Activities	
Net loss	\$(2,203,614)
Adjustments to reconcile net loss to net cash used in continuing operations:	
Stock based compensation expense	51,646
Changes in assets and liabilities	
Other assets	(12,918)
Accounts payable and accrued expenses	56,953
Due to TerreStar Networks Inc.	78,764
Due to TerreStar Corp.	-
Accrued interest	<u>1,357,608</u>
Net cash used in operating activities	(671,561)
Cash Flow from Investing Activities	
Additions to satellite and other assets under construction	<u>(250,000)</u>
Net cash used in investing activities	(250,000)
Cash Flows from Financing Activities	
Notes payable from TerreStar Corp.	-
Proceeds from stock issuances	-
Net cash provided by financing activities	-
Effect of exchange rate on cash	(3,191)
Net decrease (increase) in cash and cash equivalents	(924,752)
Cash and cash equivalents, beginning of period	1,596,139
Cash and cash equivalents, end of period	\$ 671,387

Exhibit B-2**Statement of Cash Flows for Entities Held by TerreStar Networks (Unaudited)
As of December 31, 2009**

(\$ CDN)

	<u>TerreStar Solutions Inc.</u>
Cash flows provided by (used in) operating activities	
Net loss	(627,574)
Working Capital Items:	
Increase in accounts receivable and prepaid expenses	(494,372)
Increase in accounts payable and other liabilities	0
Decrease in accounts payable and other liabilities	(504,266)
Net cash used in operating activities	<u>(1,626,212)</u>
Cash flows provided by (used in) investing activities	
Capital expenditure - Leaseholds, equipment & furniture	(228,724)
Licence	(6,000)
Net cash used in investing activities	<u>(234,724)</u>
Cash flows provided by (used in) financing activities	
Increase in TerreStar Solutions Holding loan	1,882,879
Initial investment in common share	0
Net cash flow from financing activities	<u>1,882,879</u>
Net increase (decrease) in cash	<u>21,943</u>
Cash balance opening year	<u>35,020</u>
Cash balance closing year	<u>56,963</u>

Exhibit B-3

Statement of Operations for Entities Held by TerreStar Networks (Audited)
As of December 31, 2009

	<u>TerreStar Global</u>
Revenues	\$ -
Operating Expenses	
General and administrative (excluding \$51,646 of stock based compensation)	841,707
Research and development	-
Total operating expenses	841,707
Operating loss	(841,707)
Interest expense	(1,357,608)
Other expense	<u>(4,298)</u>
Net loss	\$ (2,203,614)

Exhibit B-3**Statement of Income/(Loss) for Entities Held by TerreStar Networks (Unaudited)
As of December 31, 2009**

	<u>TerreStar Solutions</u>
Revenues	
Interest	38
Recharge	259,037
Total revenues	<u>259,075</u>
Expenses	
Management fees	
Quadrel	180,000
Nucleus	80,000
Total management fees	<u>260,000</u>
Project expenses	
Consulting fees	137,204
Travelling	60,925
Total project expenses	<u>198,130</u>
Operating costs	
Salaries	282,974
Rent and related costs	26,188
Computer and telecommunication	32,819
Office expenses	4,950
Various	3,246
Financial expenses	78,344
Total operating cost	<u>428,519</u>
Total expenses	<u>886,649</u>
Loss	<u>(627,574)</u>

Exhibit B-4

Notes to Exhibit B-1 to B-3 for TerreStar Global Ltd.

TerreStar Global Ltd. (the “*Company*” or “*Us*”) was formed in July 2005 as TerreStar Networks Bermuda Ltd., a wholly owned subsidiary of TerreStar Networks Inc. (“*TerreStar*”), with the intention of independently pursuing a global expansion strategy that leveraged TerreStar’s intellectual property and experience. The Company was incorporated under the laws of Bermuda on July 21, 2005 and maintains a registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Since inception, the Company has been in the development stage and has not commenced planned principal operations. TerreStar Networks Bermuda Ltd. was subsequently spun-off in February 2006 and changed its name to TerreStar Global Ltd. in December 2006.

As a result of the spin-off, Motient Ventures Holding Inc. (“*MVH*”), a wholly-owned subsidiary of TerreStar Corporation (“*TerreStar Corp.*”), became the majority holder of the Company. TerreStar Corp. is the controlling stockholder of TerreStar and its stock is currently traded on the NASDAQ under the symbol (“*TSTR*”). As of December 31, 2009, TerreStar Corp. owned approximately 86.5% of the outstanding shares of the Company.

On September 12, 2008, TerreStar Europe Ltd. (“*TerreStar Europe*”) was incorporated. It is a wholly owned subsidiary of the Company. On October 7, 2008, TerreStar Europe filed an application with the European Commission for a Pan-European 2GHz MSS S-band spectrum authorization. TerreStar Europe was not awarded a 2GHz MSS S-band spectrum authorization in the European Commission proceeding. TerreStar Europe was dissolved on October 12, 2010. TerreStar Global continues to explore ways in which it can participate in the European market.

The Company’s ability to operate its planned network depends on its ability to license certain intellectual property from Mobile Satellite Ventures LP (“*MSV*”), a related party, and TerreStar. TerreStar will provide MSS in the S-band in conjunction with ancillary terrestrial component, or ATC, which would allow TerreStar to integrate satellite-based two-way communications services with land-based two-way communications services. The Company’s ability to use ATC effectively depends on TerreStar’s continued ability to license certain intellectual property from MSV, including patents covering ATC operations. TerreStar has a perpetual, royalty free license to such technology pursuant to its agreement with MSV and is able to sublicense such technology to us. The Company will enter into a number of intellectual property and co-marketing agreements with TerreStar, including the sublicense to use the patents held by ATC Technologies, a wholly-owned subsidiary of MSV.

The Company has historically funded its operations primarily through sales of its common stock to TerreStar Corp. and more recently, through loans from TerreStar Corp. In connection with the spin-off, TerreStar made capital contributions of approximately \$5.0 million. In late 2006, the Company also raised an additional \$5.0 million in a rights offering from its shareholders, principally TerreStar Corp.

The Company’s operations are subject to significant risks and uncertainties including technological, competitive, financial, operational and regulatory risks associated with the mobile satellite system and associated terrestrial segment.

Going Concern, Liquidity and Capital Resources

The Company is a development stage company and has never generated any revenues from operations. At present, the Company does not expect to generate significant revenues in the near future. Through December 31, 2009, the Company had accumulated a deficit during the development stage of approximately \$22.8 million.

As of December 31, 2009, the Company had approximately \$0.7 million of cash on hand. The Company will need additional funds for satellite construction and terrestrial ground network development, if it is successful in obtaining 2GHz MSS S-band spectrum authorizations. Based on our current plans, there is substantial doubt that the available cash and cash equivalents as of December 31, 2009 will be sufficient to satisfy the projected funding needs for 2010. The Company will need to raise funds in the near future and/or extend its debt with TerreStar Corp. to meet its commitments and to fund its operating requirements.

As of December 31, 2009, TerreStar Corp. loaned an aggregate of \$10.1 million to the Company. These notes accrue interest at a rate of 15.15%. The notes mature on December 31, 2010.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company applies the Financial Accounting Standards Board (FASB)'s relevant accounting guidance for Development Stage Enterprises which requires that a development stage enterprise disclose certain additional information. These items include statements of operations and cash flows from the Company's inception. The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America.

The consolidated financial statements include the accounts of the Company, and its wholly-owned subsidiary TerreStar Europe. All intercompany accounts are eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Exhibit B-1 to B-3 for TerreStar Solutions Inc.

TerreStar Solutions Inc. ("*TS Solutions*") was incorporated under the laws of Canada in December 2008. TS Solutions maintains a registered office at 1035 Laurier St West, Outremont, Qc, Canada, H2V 2L1.

TerreStar Networks Inc. ("*TerreStar*") currently holds 20% of the voting interest and 46.7% of the equity interest in TS Solutions. The remaining 80% voting interest and 53.3% equity interest is held by TerreStar Solutions Holding Inc. ("*Holdings*").

The TerreStar-1 satellite (the "*Satellite*") was launched into its assigned orbital slot on July 1, 2009. The title to the Satellite is fully held by TerreStar Networks (Canada) Inc. ("*TerreStar Canada*"). Under the terms of an amended and restated Indefeasible Right of Use Agreement dated August 11, 2009 between TerreStar and TerreStar Canada, TerreStar has been granted the right to use 90% of the capacity of TerreStar-1 and TS Solutions has right to the remaining 10%.

TS Solutions has entered into certain cost sharing arrangements (the "*Cost Sharing Arrangement*") with TerreStar Canada whereby TS Solutions and TerreStar Canada share several operational costs and expenses, including but not limited to employees, utilities and rent. Under the Cost Sharing Arrangement, operational costs are primarily paid in full by TS Solutions on behalf of itself and TerreStar Canada. TS Solutions then invoices TerreStar Canada for its proportional share.

TS Solutions is a development stage company and has never generated any material revenues from operations.

SIGNIFICANT ACCOUNTING POLICIES

The financial statements of TS Solutions are unaudited and as such cannot be considered to have been prepared in accordance with accounting principles generally accepted in Canada.

Exhibit C

Name of Entity	Description of Business
TerreStar Global LTD.	Development stage European Mobile Satellite Services (MSS) business
TerreStar Solutions Inc. (f.k.a. 4491190 Canada Inc.)	Development of a retail satellite and mobile telephone business