

TerreStar Networks Inc. Petition for Declaratory Ruling Pursuant to Section 310(b)(4) of the Communications Act of 1934, File No. ISP-PDR-20080229-00004

1. TerreStar Networks, Inc. (“TerreStar Networks”) states that as of April 30, 2009, TerreStar Corporation (“TerreStar”) had 182,817,594 shares issued and outstanding of stock. *See* Supplement to Petition for Declaratory Ruling (“Supplement”) at 7. Footnote 14, in turn, provides that this figure takes into account rights that are associated with TerreStar’s preferred (nonvoting) shares to convert the preferred shares into common shares. Please clarify whether this figure treats all preferred shareholders with conversion rights as though they have already exercised those rights. In addition, please state whether TerreStar calculated foreign ownership of all issued and outstanding shares (voting and non-voting) on a fully diluted basis and, if so, whether such a calculation may understate the percentage of foreign ownership as of the date hereof. Please also provide a calculation of the foreign ownership of TerreStar as if none of the conversion rights had been exercised.

The preferred shares of TerreStar, because they are non-voting shares, are irrelevant to the calculation of the percentage of TerreStar’s voting stock that is foreign. Accordingly, in calculating the foreign ownership percentage of TerreStar’s voting stock, TerreStar Networks has not taken into account the ownership of preferred (nonvoting) shares that are convertible into common (voting) shares.

The preferred shares are relevant, however, to the calculation of the percentage of all of TerreStar’s issued and outstanding stock, voting and nonvoting, that is foreign. The common shares of TerreStar and the preferred shares of TerreStar have different values, as is reflected by the fact that each convertible preferred share can be converted into more than one common share. Because the common shares of TerreStar and the preferred shares of TerreStar have different values, there is no way to calculate the foreign ownership percentage of all of TerreStar’s issued and outstanding shares, voting and nonvoting, without assuming some ratio of equivalence between the common shares and the preferred shares.¹ For this purpose, TerreStar Networks has used the equivalence ratios reflected in the conversion rights of the preferred shares. For example, if each share of a class of preferred stock were convertible into 33.33 shares of common stock, then in calculating the percentage of all of TerreStar’s issued and outstanding stock that is foreign, TerreStar would count each share of common stock as a single share and would count each share of the class of preferred stock as 33.33 shares.

TerreStar Networks has not, however, calculated foreign ownership of voting shares or foreign ownership of all issued and outstanding shares on a fully diluted basis. Rather, consistent with the Commission’s foreign ownership policies, TerreStar Networks has not taken into account in its calculations potential future interests such as warrants that have not been exercised.²

¹ A simple example illustrates this principle. If the 100% parent company of a licensee has 100 shares of issued and outstanding stock consisting of 50 common shares and 50 preferred shares, and if each preferred share is convertible into one million common shares because the preferred shares are worth more, then giving equal weight for foreign ownership purposes to each common share owned by a non-U.S. citizen and each preferred share owned by a non-U.S. citizen would produce inaccuracies.

² *See* Foreign Ownership Guidelines for FCC Common Carrier and Aeronautical Radio Licenses, DA 04-3610 (Int’l Bur., Nov. 17, 2004), Section D.3, p. 16.

2. TerreStar Networks states that, based on addresses of record, TerreStar has determined that 28.6% of its registered voting shares are held by non-U.S. citizens. Supplement at 6. With respect to shares held in street name, address information obtained from Broadridge suggests that 6.2% of TerreStar's voting shares are held by non-U.S. citizens. *Id.* at 6-7. Please explain why a higher percentage of its registered voting shares may be held by foreign investors than its street name voting shares. Additionally, please explain why, with respect to TerreStar's total issued and outstanding shares of capital stock (voting and non-voting), there is a much smaller difference between the percentage of foreign-owned registered shares (5.3%) and foreign-owned street name shares (6.3%). *Id.* at 7-8.

TerreStar's experience and observation suggest there is no consistent relationship between whether a shareholder is foreign and whether the shareholder holds its shares in street name. Rather, there are numerous variables that affect whether foreign-owned shares are held in street name.

The relative influence of these factors will vary from foreign shareholder to foreign shareholder and from foreign shareholder to U.S. shareholder. So the percentage of foreign-owned shares of a single class of a company's stock that are held in street name may well be different than the percentage of U.S.-owned shares of the class of stock that are held in street name. Similarly, the limited group of foreign shareholders owning one class of a company's stock (*e.g.*, voting stock) may well hold a different percentage of their shares in street name than the larger group of foreign shareholders owning all classes of a company's issued and outstanding stock. No significance can be attributed, therefore, to the differing percentages referred to above and restated below.

- Voting Shares: 139,202,289 issued and outstanding.
 - 7,101,894 shares are registered
 - 2,030,000 shares are foreign owned
 - Dividing 2,030,000 by 7,101,894 is 28.6%
 - 132,100,395 shares are held in street name
 - 8,172,224 are foreign owned.
 - Dividing 8,172,224 by 132,100,395 is 6.2%
- All Issued and Outstanding Shares: 182,817,594³
 - 38,268,444 shares are registered.
 - 2,030,000 shares are foreign owned.
 - Dividing 2,030,000 by 38,268,444 is 5.3%.
 - 144,549,150 shares are held in street name.
 - 9,084,066 shares are foreign owned.
 - Dividing 9,084,066 by 144,549,150 is 6.3%.

³ As explained in the response to question 1, above, this figure takes into account the differing values of TerreStar's common and preferred shares.

3. Please confirm and provide a certification from Broadridge to the following effect, that none of the addresses they reviewed and called “street addresses” are the addresses of a bank, brokerage house or similar organization that has, as part of its business, the business of holding stock in “street name.”

A copy of a statement provided by Broadridge is attached to this response. As explained in the statement, Broadridge “consistently requested the address provided by the shareholder to which official correspondence should be sent” but “cannot rule out definitively the possibility that in some cases the address ... [Broadridge was] given is one used by the broker.”

4. Please provide the percentage of voting stock and the percentage of total capital stock (equity) held in TerreStar Corporation by each of the following entities: Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., EchoStar Corporation (“EchoStar”), and SOLA Ltd. (“SOLA”).

Harbinger Capital Partners Master Fund I, Ltd. holds 23.80% of TerreStar’s voting stock and 32.18% of TerreStar’s total capital stock.⁴ Harbinger Capital Partners Special Situations Fund, L.P. holds 8.36% of TerreStar’s voting stock and 11.40% of TerreStar’s total capital stock.⁵ EchoStar holds 21.55% of TerreStar’s voting stock and 16.41% of TerreStar’s total capital stock.⁶ SOLA holds 6.17% of TerreStar’s voting stock and 7.58% of TerreStar’s total capital stock.⁷

⁴ These figures are based on reports that Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P., must file with the SEC because Harbinger entities own more than 10% of TerreStar’s common stock. The reports identify the stock held by the two Harbinger funds in greater detail than the SEC filings made by SOLA. Because of this additional detail, TerreStar Networks is aware of all of the shares held by the two Harbinger funds, including shares held in street name.

⁵ See n. 4, above.

⁶ These figures are based on the 30 million shares of TerreStar’s common stock that EchoStar is known to hold because the shares were issued in connection with a financing transaction to which TerreStar was a party and because, like Harbinger, EchoStar is subject to enhanced SEC reporting rules triggered by its greater than 10% ownership interest in TerreStar’s common stock. EchoStar holds its 30 million shares in street name (EchoStar is not on the list of registered shareholders), and EchoStar must be an objecting beneficial owner, because it does not appear on the list of non-objecting beneficial owners.

⁷ The voting stock figure is based on the 8,586,971 shares of TerreStar’s common stock that SOLA is known to hold because the shares were listed on a proxy. The total capital stock figure is based on SOLA’s common stock holding and on notes and convertible preferred stock that SOLA, in an SEC filing, reported are convertible into 5,263,805 shares of common stock. Because the SEC filing does not provide a breakout between the convertible notes and the convertible preferred stock held by SOLA, TerreStar has assumed on a “worst case” basis that all of SOLA’s convertible holdings are held in the form of convertible preferred stock. It is possible, moreover, that SOLA holds additional shares in street name that are not known to TerreStar because they were not identified on SOLA’s proxy. SOLA holds its shares in street name (SOLA is not on the list of registered shareholders), and SOLA must be an objecting beneficial owner, because it does not appear on the list of non-objecting beneficial owners.

5. Please provide the percentage (and number) of registered voting shares that each of the entities identified in Question 4 holds in TerreStar and the number of voting shares that are held on its behalf in street name. Similarly, with respect to TerreStar's total issued and outstanding shares of capital stock (voting and non-voting), please provide the percentage (and number) of registered shares that each entity holds and the percentage (and number) of shares that are held on its behalf in street name.

Harbinger Capital Partners Master Fund I, Ltd. holds 4,895,514 registered voting shares of TerreStar and holds 28,239,601 voting shares in street name. These shares constitute, respectively, 3.52% and 20.29% of TerreStar's voting shares. Harbinger Capital Partners Master Fund I, Ltd. holds 4,895,514 of TerreStar's total issued and outstanding registered shares and holds an additional 53,933,692 of TerreStar's total issued and outstanding shares in street name. These shares constitute, respectively, 2.68% and 29.50% of TerreStar's total issued and outstanding capital stock.

Harbinger Capital Partners Special Situations Fund, L.P. holds 3,952,125 registered voting shares of TerreStar and holds 7,690,243 voting shares in street name. These shares constitute, respectively, 2.84% and 5.52% of TerreStar's voting shares. Harbinger Capital Partners Special Situations Fund, L.P. holds 3,952,125 of TerreStar's total issued and outstanding registered shares and holds an additional 16,890,296 of TerreStar's total issued and outstanding shares in street name. These shares constitute, respectively, 2.16% and 9.24% of TerreStar's total issued and outstanding capital stock.

EchoStar holds 0 registered voting shares of TerreStar and holds 30 million voting shares in street name. These shares constitute, respectively, 0% and 21.55% of TerreStar's voting shares. EchoStar holds 0 of TerreStar's total issued and outstanding registered shares and holds 30 million of TerreStar's total issued and outstanding shares in street name. These shares constitute, respectively, 0% and 16.41% of TerreStar's total issued and outstanding capital stock.

SOLA holds 0 registered voting shares of TerreStar and holds 8,586,971 voting shares in street name. These shares constitute, respectively, 0% and 6.17% of TerreStar's voting shares. SOLA holds 0 of TerreStar's total issued and outstanding registered shares and holds 13,850,776⁸ of TerreStar's total issued and outstanding shares in street name. These shares constitute, respectively, 0% and 7.58% of TerreStar's total issued and outstanding capital stock.

⁸ As stated in n. 7, above, TerreStar has assumed on a worst case basis that all of SOLA's convertible holdings, which are convertible into 5,263,805 shares of common stock, are held in the form of convertible preferred stock.

6. With respect to registered shares of TerreStar stock held by shareholders other than the Harbinger funds, EchoStar and SOLA, please state whether TerreStar is able to determine citizenship based on record information or by contacting the shareholders directly. If so, please provide the relevant calculations of equity and voting interests held in TerreStar by such shareholders.

Beyond addresses of record, there is no information concerning citizenship in the record information for registered shares of TerreStar stock that are held by shareholders other than the Harbinger funds, EchoStar and SOLA. Most of these registered shares are held by TerreStar employees and directors, however, and TerreStar believes that all but two of these employees and directors are U.S. citizens. (One director is a citizen of Canada and holds 30,000 shares. One employee is a citizen of the United Kingdom and holds 3,000 shares.) The registered shares that are held by shareholders other than the Harbinger funds and employees and directors of TerreStar account for only 3.04% of TerreStar's voting stock and 2.95% of its total issued and outstanding stock.

7. With respect to shares of TerreStar stock held in street name (*i.e.*, held by banks/brokers) other than shares held on behalf of the Harbinger funds, EchoStar and SOLA, what percentage are held by non-objecting beneficial owners; by objecting beneficial owners? Is TerreStar able to determine the citizenship or principal place of business of the non-objecting beneficial owners from information maintained by brokers or by contacting the beneficial owners directly? If so, please provide the relevant calculations of equity and voting interests held in TerreStar by such shareholders.

Non-objecting beneficial owners hold 43.63% of the voting shares of TerreStar stock held in street name other than shares held on behalf of the Harbinger funds, EchoStar and SOLA. These shares constitute 18.05% of all of TerreStar's voting stock. Objecting beneficial owners hold the remaining 56.37% of the voting shares of TerreStar stock held in street name other than shares held on behalf of the Harbinger funds, EchoStar and SOLA.

Non-objecting beneficial owners hold 41.96% of all of the issued and outstanding shares of TerreStar stock held in street name other than shares held on behalf of the Harbinger funds, EchoStar and SOLA. These shares constitute 13.74% of all of TerreStar's issued and outstanding stock. Objecting beneficial owners hold the remaining 58.04% of all of the issued and outstanding shares of TerreStar stock held in street name other than shares held on behalf of the Harbinger funds, EchoStar and SOLA.

TerreStar is not able to determine the citizenship or principal place of business of the non-objecting beneficial owners from information maintained by brokers. And attempting to gather this information directly would require that TerreStar contact over 1,700 non-objecting beneficial owners, which would be a heavy burden.

In investigating the relative benefits and burdens of such an effort, TerreStar spoke with Broadridge and other organizations with experience in outreach to shareholders. Without exception, these organizations informed TerreStar that requests for information that were personal, such as citizenship, or confusing, such as principal place of business, were highly

unlikely to engender a statistically useful response. Such information goes well beyond the basic “name and address” disclosures agreed to by non-objecting beneficial owners. Moreover, financial advisors tend to be conservative when giving advice concerning voluntarily sharing information, because of concerns about privacy obligations and the complexity and variety of privacy policies. In TerreStar’s estimation, requiring companies to contact large numbers of shareholders directly would produce minimal benefit; at best would be impractical; and at worst would be prohibitively burdensome.

8. Please explain the methodology Broadridge used to determine citizenship of beneficial owners of TerreStar shares and its ultimate findings and provide us with a copy of any report provided to TerreStar by Broadridge.

A copy of the report provided to TerreStar by Broadridge is attached to this response. As indicated in the statement provided by Broadridge that is also attached to this response, Broadridge used the following methodology: “Broadridge contacted the brokers holding ... [TerreStar’s] street name shares and asked for the addresses of the shares’ beneficial owners. Based on the address information it received, Broadridge prepared a geographic survey showing, for each state in the United States and for each country in which at least one beneficial owner has an address, the number of shares and the number of shareholders associated with the state/country. For example, two street name shareholders with addresses in Alaska collectively hold 1,565 shares, so there is a line item for Alaska in the geographic survey showing two shareholders and 1,565 shares.”⁹

⁹ TerreStar did not request from Broadridge, and Broadridge did not provide, a geographic survey relating to the beneficial owner of TerreStar’s Class A preferred shares. Although the Class A preferred shares are not registered, the identity and geographic location of the holder of these shares are already known to TerreStar as a result of pending litigation.

BROADRIDGE STATEMENT

August 13, 2009

Terrestar Corporation
Attn: Christy Reyes
12010 Sunset Hills Road
9th Floor
Reston VA 20190

Dear Christy,

In response to the FCC's request for additional information, I am taking this opportunity to describe the procedure Broadridge followed in collecting information concerning the shares of TerreStar Corporation that are held in the street name.

Broadridge contacted the brokers holding these street name shares and asked for the addresses of the shares' beneficial owners. Based on the address information it received, Broadridge prepared a geographic survey showing, for each state in the United States and for each country in which at least one beneficial owner has an address, the number of shares and the number of shareholders associated with the state/country. For example, two street name shareholders with addresses in Alaska collectively hold 1,565 shares, so there is a line item for Alaska in the geographic survey showing two shareholders and 1,565 shares.

Although we consistently requested the address provided by the shareholder to whom official correspondence should be sent, we cannot rule out definitively the possibility that in some cases the address we were given is one used by the broker. Moreover, the address provided by the broker could be out of date if the shareholder's address has changed but the shareholder has not notified the broker.

Sincerely,



Tina Mone

BROADRIDGE REPORT

BROADRIDGE - US SHAREHOLDERS

Location	Shares	Holders
**	10,428,707	156
ALASKA	1,565	2
ALABAMA	25,713,634	28
Armed Forces Pacific	3,000	1
ARKANSAS	15,400	5
ARIZONA	59,603	29
CALIFORNIA	11,632,224	211
COLORADO	30,153,390	38
CONNECTICUT	563,830	70
DISTRICT OF COLUMBIA	7,117,542	31
DELAWARE	9,772	7
FLORIDA	1,081,173	133
GEORGIA	119,704	46
GUAM	372	1
HAWAII	23,450	7
IOWA	1,330	3
IDAHO	43,927	9
ILLINOIS	975,465	63
INDIANA	101,065	14
KANSAS	16,398	5
KENTUCKY	12,175	14
LOUISIANA	13,254	11
MASSACHUSETTS	564,541	70
MARYLAND	3,406,037	249
MAINE	11,200	2
MICHIGAN	33,338	15
MINNESOTA	34,898	15
MISSOURI	41,588	22
MISSISSIPPI	5,170	8
MONTANA	10,689	6
NORTH CAROLINA	29,480	33
NEBRASKA	3,161	6
NEW HAMPSHIRE	6,595	7

NEW JERSEY	1,383,422	110
NEW MEXICO	3,350	4
NEVADA	12,062	14
NEW YORK	20,444,237	364
OHIO	53,924	33
OKLAHOMA	45,859	14
OREGON	6,683	10
PENNSYLVANIA	5,927,761	83
PUERTO RICO	2,000	1
RHODE ISLAND	25,960	3
SOUTH CAROLINA	217,292	23
SOUTH DAKOTA	15,506	4
TENNESSEE	49,360	19
TEXAS	2,208,073	208
UTAH	85,109	12
VIRGINIA	466,131	91
VERMONT	18,780	13
WASHINGTON	21,132	32
WISCONSIN	6,366	9
WEST VIRGINIA	25,960	9
WYOMING	112	1
TOTAL	123,252,756	2,374

BROADRIDGE - INTERNATIONAL HOLDERS

Location	Shares	Holders
ALBERTA	2,000	1
BRITISH COLUMBIA	58,075	7
MANITOBA	19,500	14
ONTARIO	29,784	18
QUEBEC	2,400	2
CANADA	4,913,751	2
MEXICO	3,000	1
AUSTRIA	2,670	3
BELGIUM	31,700	1
BERMUDA	888,362	5
SWITZERLAND	130,215	5

CHINA	1,000	1
GERMANY	3,000	1
FINLAND	4,250	3
FRANCE	203	2
UNITED KINGDOM - ENGLAND	99,948	10
GREECE	7,000	1
HONG KONG	5,700	2
ISREAL	1,967	1
ITALY	6,635	3
CAYMAN ISLAND	1,933,292	9
LUXEMBOURG	1,000	1
MONACO	260	1
PERU	900	1
PUERTO RICO	1,000	1
SWEDEN	5,800	1
SINGAPORE	10,350	2
TAIWAN	4,100	2
VIRGIN ISLAND	4,362	4
TOTAL	8,172,224	105

Geographical**Broadridge Analysis
Series B**

Country/State	Shareholders	Series B Preferred Shares
Cayman Island	3	27,358
**	4	62,358
Alabama	1	24,004
California	1	122,835
NY	10	74,303
Total		310,858

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of August, 2009, a true and correct copy of the foregoing answers was mailed by first class United States mail, postage prepaid, to the following:

Lawrence R. Krevor
Vice President, Government Affairs - Spectrum
Trey Hanbury
Director, Government Affairs
Sprint Nextel Corporation
2001 Edmund Halley Drive
Reston, VA 20191

/s/ Deborah Wiggins
Deborah Wiggins