

SKYTERRA COMMUNICATIONS INC
Form PRE 14A
August 22, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SkyTerra Communications, Inc.

(Name of Registrant as Specified In Its Charter)

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Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION DATED AUGUST 21, 2008

SkyTerra Communications, Inc.

10802 Parkridge Boulevard

Reston, VA 20191

, 2008

Dear Stockholders:

On behalf of your board of directors and your management, I cordially invite you to attend a special meeting of stockholders of SkyTerra Communications, Inc. The special meeting will take place at , local time, at the offices of the Company located at 10802 Parkridge Boulevard, Reston, VA 20191, on , 2008. The matters to be considered by the stockholders at the special meeting are described in detail in the accompanying materials.

It is important that you be represented at the Special Meeting regardless of the number of shares of common stock of SkyTerra Communications, Inc. that you own or whether you are able to attend the special meeting in person. I urge you to complete, sign, date and promptly mail your proxy card today in the envelope provided.

Very truly yours,

Alexander H. Good
Chairman, CEO and President
For the Board of Directors of SkyTerra Communications,
Inc.
Reston, Virginia

This Proxy Statement is dated , 2008, and is first being mailed to stockholders on or about , 2008.

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SKYTERRA COMMUNICATIONS, INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON _____, 2008

To stockholders of SkyTerra Communications, Inc.:

On behalf of your board of directors and your management, I cordially invite you to attend a special meeting (the **Special Meeting**) of holders of shares of voting common stock, par value \$0.01 per share (the **Voting Common Stock**), and non-voting common stock, par value \$0.01 per share (the **Non-Voting Common Stock**, and together with the Voting Common Stock, the **Common Stock**), of SkyTerra Communications, Inc., a Delaware corporation (**SkyTerra** or the **Company**). The Special Meeting will take place at _____, local time, at the offices of the Company located at 10802 Parkridge Boulevard, Reston, VA 20191, on _____, 2008.

At the Special Meeting, you will be asked to consider and approve the following matters, which are more completely described in the enclosed Proxy Statement:

1. to consider and vote upon a proposal to adopt an amendment to the Company's Restated Certificate of Incorporation to authorize an increase in the aggregate number of shares of Non-Voting Common Stock from 100,000,000 shares to 125,000,000 shares, and to authorize an increase in the aggregate number of shares of the Company's capital stock from 310,000,000 shares to 335,000,000 shares (**Proposal No. 1**).
2. to transact such other business as may properly come before the Special Meeting or any adjournment or postponement of the Special Meeting.

Stockholders are urged to read carefully the enclosed Proxy Statement for additional information concerning the matters to be considered at the Special Meeting. The board of directors has fixed the close of business on _____, 2008 as the record date (the **Record Date**) for the determination of stockholders entitled to notice of, and to vote at, the Special Meeting or any postponement or adjournment thereof.

You are cordially invited to attend the Special Meeting. Whether or not you plan to attend the Special Meeting in person, we respectfully urge you to complete, sign, date and promptly mail the enclosed Proxy Card. A self addressed envelope is enclosed for your convenience. No postage is required if mailed in the United States. If you attend the Special Meeting, you may vote in person, even if you have previously returned your Proxy Card.

By Order of the Board of Directors,

Randy S. Segal
Senior Vice President, General Counsel and Secretary
Reston, Virginia

_____, 2008

IMPORTANT:

PLEASE COMPLETE, SIGN, DATE AND PROMPTLY MAIL YOUR PROXY CARD

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

When and where is the Special Meeting?

The Special Meeting will be held on _____, 2008, beginning at _____, local time, at the offices of the Company located at 10802 Parkridge Boulevard, Reston, VA 20191.

What is the purpose of the Special Meeting?

At the Special Meeting, we will ask you to consider and approve Proposal No. 1 to amend our Restated Certificate of Incorporation to authorize an increase in the aggregate number of shares of Non-Voting Common Stock from 100,000,000 shares to 125,000,000 shares, and to authorize an increase in the aggregate number of shares of the Company's capital stock from 310,000,000 shares to 335,000,000 shares. The purpose of Proposal No. 1 is to permit the Company to issue up to 25,000,000 shares of Common Stock (subject to adjustment) upon the exercise of warrants issuable in connection with the financing described elsewhere in this Proxy Statement to be provided by affiliates of Harbinger Capital Partners. Affiliates of Harbinger Capital Partners own a significant amount of our outstanding capital stock, as more fully described in the section below entitled "Security Ownership of Certain Beneficial Owners and Management."

Why did I receive this Proxy Statement?

We sent you this Proxy Statement, the attached Notice of Special Meeting and the enclosed Proxy Card on or about _____, 2008 because you were a holder of record of shares of Voting Common Stock or Non-Voting Common Stock as of the Record Date, and our Board of Directors is soliciting your proxy to vote at the Special Meeting.

This Proxy Statement summarizes the information you need to know in order to vote on an informed basis at the Special Meeting; however, you do not need to attend the Special Meeting in order to vote your shares of Common Stock (please see "How Do I Vote?", below).

Who is entitled to vote?

In accordance with Section 242(b)(1) of Delaware General Corporation Law and our Amended and Restated By-laws, Proposal No. 1 will be voted upon by holders of outstanding shares of our capital stock represented and entitled to vote thereon, which is the class of Voting Common Stock. Each holder of shares of Voting Common Stock as of the close of business on _____, 2008, the Record Date, is entitled to receive notice of the Special Meeting and to vote the shares of Voting Common Stock held by such holder on the Record Date.

In addition, in accordance with Section 242(b)(2) of Delaware General Corporation Law, Proposal No. 1 will be voted upon by holders of outstanding shares of Non-Voting Common Stock, voting as a separate class. Each holder of shares of Non-Voting Common Stock as of the close of business on _____, 2008, the Record Date, is entitled to receive notice of the Special Meeting and to vote the shares of Non-Voting Common Stock held by such holder on the Record Date. The vote by holders of Non-Voting Common Stock will be separate and apart from the vote by holders of Voting Common Stock.

How many shares of Voting Common Stock and Non-Voting Common Stock are outstanding?

On August 18, 2008, there were 35,432,663 shares of our Voting Common Stock issued and outstanding and 72,612,414 shares of our Non-Voting Common Stock issued and outstanding.

How many votes do the holders of shares of Voting Common Stock and Non-Voting Common Stock have?

Each outstanding share of Voting Common Stock that you own entitles you to one vote for each matter to be voted upon. Accordingly, the holders of shares of Voting Common Stock as of the Record Date are entitled to an aggregate of _____ votes with respect to approval of Proposal No. 1 by the class of Voting Common Stock and any other matters to be acted upon at the Special Meeting.

Each outstanding share of Non-Voting Common Stock that you own entitles you to one vote for Proposal No. 1. Accordingly, the holders of shares of Non-Voting Common Stock as of the Record Date are entitled to an aggregate of _____ votes with respect to approval of Proposal No. 1 by the class of Non-Voting Common Stock.

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Can I attend the Special Meeting?

If you owned shares of Voting Common Stock or Non-Voting Common Stock on the Record Date, _____, 2008, you are permitted to attend the Special Meeting. You should be prepared to present photo identification for admittance. In addition, if your shares of Voting Common Stock or Non-Voting Common Stock are held in the name of your broker, bank or other nominee, you must bring an account statement or letter from the nominee indicating that you were the beneficial owner of such shares on the Record Date.

If I plan to attend the Special Meeting, should I still vote by proxy?

Whether or not you plan to attend the Special Meeting, we urge you to vote by proxy. Returning the Proxy Card will not affect your right to attend the Special Meeting and to vote at the Special Meeting.

How do I vote?

If you hold your shares of Voting Common Stock or Non-Voting Common Stock in your own name as a holder of record, you may instruct the proxy holders named in the enclosed Proxy Card how to vote your shares of Voting Common Stock or Non-Voting Common Stock, as applicable, by completing, signing, dating and promptly mailing the Proxy Card in the postage-paid envelope that has been provided to you. If you are a registered stockholder and attend the Special Meeting, you may alternatively deliver your completed Proxy Card in person.

If your shares of Voting Common Stock or Non-Voting Common Stock are held by a broker, bank or other nominee (*i.e.*, in _____ street name _____), you will receive instructions from your nominee that you must follow in order to have your shares of Voting Common Stock or Non-Voting Common Stock, as applicable, voted by proxy by such nominee. _____ Street name _____ stockholders who wish to vote their shares of Voting Common Stock or Non-Voting Common Stock at the meeting will need to obtain a proxy form from the broker, bank or other nominee that holds their shares of record.

Can I revoke my proxy?

Any stockholder who executes and returns a proxy or voting instructions to a nominee may revoke such proxy or instructions at any time before it is voted at the Special Meeting by:

- (1) filing with the Secretary of SkyTerra Communications, Inc. at 10802 Parkridge Boulevard, Reston, Virginia 20191, written notice of revocation bearing a later date than the proxy; or
- (2) filing a duly executed proxy bearing a later date; or
- (3) appearing in person and voting by ballot at the Special Meeting.

Any holder of record of shares of Voting Common Stock or Non-Voting Common Stock as of the Record Date attending the Special Meeting may vote in person whether or not a proxy has been previously delivered, but the presence (without further action) of such stockholder at the Special Meeting will not constitute revocation of a previously delivered proxy.

What does it mean if I get more than one Proxy Card?

If your shares are registered under different names and are in more than one account, or if you hold shares of both Voting Common Stock and Non-Voting Common Stock, you may receive more than one Proxy Card, each of which would indicate the number of shares you are entitled to vote on that particular card or form. Please sign and return all Proxy Cards that you receive in order to ensure that all of your shares are properly voted.

Am I entitled to appraisal rights?

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No. You will have no right under Delaware law to seek appraisal of the value of your shares of Voting Common Stock or Non-Voting Common Stock in connection with any matter being voted upon, including Proposal No. 1.

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How does the Board of Directors recommend I vote on Proposal No. 1?

The Board of Directors unanimously recommends that you vote in favor of Proposal No. 1.

What constitutes a quorum and why is it necessary?

In order to carry on the business of the Special Meeting, we must have a quorum. In accordance with our Amended and Restated Bylaws and Delaware law, the holders of a majority of the total number of shares of our Voting Common Stock, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Special Meeting, including with respect to the vote on Proposal No. 1. The holders of a majority of the total number of shares of our Non-Voting Common Stock, present in person or represented by proxy, will constitute a quorum with respect to the vote on Proposal No. 1 by holders of the class of Non-Voting Common Stock. Abstentions and broker non-votes, if any, will count for purposes of calculating the quorum. If you submit a properly executed Proxy Card, even if you abstain from voting, you will be considered to be part of the quorum.

What is a broker non-vote?

A broker non-vote occurs with respect to any proposal when a broker holds your shares in its name and is not permitted to vote on that proposal without instruction from the beneficial owner of the shares and no instruction is given.

What vote is required for approval of Proposal No. 1?

Approval and adoption of the amendment to our Restated Certificate of Incorporation to authorize additional shares of Non-Voting Common Stock and capital stock requires the affirmative vote of (i) the holders of a majority of the total number of shares of our outstanding Voting Common Stock entitled to vote thereon, voting as a class, and (ii) the holders of a majority of the total number of shares of outstanding Non-Voting Common Stock, voting as a class. Abstentions from voting and broker non-votes, if any, will have the same effect as votes against the adoption of the amendment. As of August 18, 2008, our directors and executive officers had the right to vote 1,860,000 shares of our Voting Common Stock and zero shares of our Non-Voting Common Stock. Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. have committed to vote an aggregate of 17,098,565 shares of our Voting Common Stock and 20,580,940 shares of our Non-Voting Common Stock in favor of Proposal No. 1. As of August 18, 2008, the shares owned by affiliates of Harbinger Capital Partners represented 48.3% and 28.3% of the outstanding shares of our Voting Common Stock and Non-Voting Common Stock, respectively.

Will other matters be voted on at the Special Meeting?

We are not aware of any other matters to be presented at the Special Meeting other than those described in this Proxy Statement. If any other matters not described in the Proxy Statement are properly presented at the meeting, proxies will be voted in accordance with the best judgment of the proxy holders.

Will a representative of the Company's principal accountants be present at the Special Meeting?

No representative of Ernst & Young LLP, the Company's principal accountants, is expected to be present at the Special Meeting to make any statements or answer questions.

What are the costs of soliciting these proxies and who pays them?

All expenses of soliciting proxies, including clerical work, printing and postage, will be paid by us. Our directors, officers and other employees may solicit proxies in person, by mail, by telephone, by facsimile, e-mail, through the Internet or by other means of communication, but such persons will not be specifically compensated for such services. We will reimburse American Stock Transfer & Trust Company for forwarding proxy materials to beneficial owners and serving as inspectors of election. We have retained _____ to assist us in the solicitation of proxies and expect to pay _____ a fee of approximately \$ _____. The total estimated cost for this solicitation is approximately \$ _____.

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What other information should I review before voting?

For your further review, a copy of our Current Report on Form 8-K filed with the Securities and Exchange Commission (the SEC) on July 25, 2008, our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008 filed with the SEC on August 5, 2008, and our Annual Report on Form 10-K for the year ended December 31, 2007 filed with the SEC on February 28, 2008, as amended on Form 10-K/A filed on April 29, 2008, which are incorporated by reference into this Proxy Statement, are available free of charge on the SEC's web site at www.sec.gov and may also be obtained without charge by writing to or telephoning the Secretary of SkyTerra at 10802 Parkridge Boulevard, Reston, Virginia 20191, telephone: 703-390-1899. Please also read the section entitled "Additional Information" on page 12 of this Proxy Statement for further information on our SEC filings.

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PROPOSAL NO. 1:

**ADOPT AN AMENDMENT TO OUR RESTATED CERTIFICATE OF INCORPORATION TO
AUTHORIZE AN INCREASE IN THE AGGREGATE NUMBER OF SHARES OF OUR NON-VOTING
COMMON STOCK FROM 100,000,000 SHARES TO 125,000,000 SHARES AND AN INCREASE IN THE
AGGREGATE NUMBER OF SHARES OF OUR CAPITAL STOCK FROM 310,000,000 SHARES TO
335,000,000 SHARES**

Description of the Amendment and Vote Required

The Board of Directors is requesting approval of an amendment to the Company's Restated Certificate of Incorporation to increase the total number of shares of Non-Voting Common Stock that the Company is authorized to issue from 100,000,000 shares to 125,000,000 shares, and the total number of shares of Common Stock that the Company is authorized to issue from 310,000,000 shares to 335,000,000 shares (the Proposed Amendment). If approved by the holders of a majority of the outstanding shares of Non-Voting Common Stock and the holders of a majority of the outstanding shares of Voting Common Stock, the Proposed Amendment will become effective upon the filing of a Certificate of Amendment to the Company's Restated Certificate of Incorporation with the Delaware Secretary of State. The Proposed Amendment does not affect the number of preferred shares that the Company is authorized to issue, which remains at 10,000,000 shares of preferred stock.

If the Proposed Amendment is approved by our stockholders, the additional authorized shares of Non-Voting Common Stock will become part of the existing class of our shares of Non-Voting Common Stock, and the additional shares of Non-Voting Common Stock, when issued, will have the same rights and privileges as the shares of Non-Voting Common Stock now issued and outstanding. Adoption of the Proposed Amendment will not affect the rights of the holders of currently outstanding Common Stock.

Purpose of the Proposal

The purpose of this Proposal No. 1 is to permit the Company to issue up to the aggregate number of shares of Non-Voting Common Stock that are issuable upon the exercise of warrants (the Warrants) issuable in connection with the financing described below to be provided to us by affiliates of Harbinger Capital Partners. The Warrants will be exercisable for up to an aggregate of 25,000,000 shares of Common Stock (subject to adjustment). The Warrants are exercisable for shares of either Voting Common Stock or Non-Voting Common Stock at the election of the holders thereof (the Warrantheolders). Any Non-Voting Common Stock for which the Warrants are exercised is exchangeable on a one-for-one basis for shares of Voting Common Stock at the election of the stockholder. The Company currently has a sufficient number of shares of Voting Common Stock authorized for issuance (and not otherwise reserved) in order to permit the Warrants to be exercised in full for shares of Voting Common Stock, but the Company does not have a sufficient number of shares of Non-Voting Common Stock authorized for issuance (and not otherwise reserved) to permit the Warrants to be exercised in full for shares of Non-Voting Common Stock.

Background to the Proposal

Notes and Warrants. The Warrants are issuable to Harbinger Capital Partners Master Fund I, Ltd. (the Master Fund) and Harbinger Capital Partners Special Situations Fund, L.P. (the Special Fund) pursuant to, and subject to the conditions contained in, the Securities Purchase Agreement dated July 24, 2008 (Securities Purchase Agreement) among the Company, Mobile Satellite Ventures L.P. (MSV LP), Mobile Satellite Ventures Finance Co. (MSV Finance Co.) and together with MSV LP, the Issuers, the Master Fund and the Special Fund.

The Securities Purchase Agreement provides for the purchase by the Master Fund and Special Fund of up to \$500.0 million aggregate principal amount of 16.0% Senior Unsecured Notes due July 1, 2013 (the Notes) in four tranches of \$150.0 million, \$175.0 million, \$75.0 million and \$100.0 million to be issued on January 6, 2009 (the First Closing Date), April 1, 2009 (the Second Closing Date), July 1, 2009, and January 4, 2010, respectively. The aggregate purchase price for the Notes and Warrants is \$500.0 million payable at the various closings. The Notes will have the benefit of subsidiary guarantees similar to the guarantees of the Issuers' existing high yield notes. The Indenture governing the Notes will have covenants similar to those contained in the Issuers' existing high yield indentures, with such modifications as appropriate to reflect the financial terms of the Notes.

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The Securities Purchase Agreement also provides for issuance of the Warrants in two tranches for 7,500,000 shares of Common Stock on the First Closing Date and 17,500,000 shares of Common Stock on the Second Closing Date in conjunction with the first two issuances of Notes. The Warrants are exercisable for five years from the date of their first issuance for shares of either Voting Common Stock or Non-Voting Common Stock at the election of the Warrantholders. Any Non-Voting Common Stock for which the Warrants are exercised is exchangeable on a one-for-one basis for shares of Voting Common Stock at the election of the stockholder.

The Notes will bear interest at a rate of 16.0% per annum, payable in cash or in-kind, at the Issuers' option until January 1, 2011, and thereafter will be payable in cash, subject to increase upon the Company's failure to have authorized a sufficient number of shares of Non-Voting Common Stock to permit the exercise in full of the Warrants for shares of Non-Voting Common Stock. If our Restated Certificate of Incorporation does not provide for at least 7,500,000 shares of Non-Voting Common Stock authorized for issuance (and not otherwise reserved) as of the First Closing Date, the annual interest rate on the Notes will increase to 16.5% for a period of 90 days, and to 17.0% thereafter, until the earlier of the effective date of an amendment to our Restated Certificate of Incorporation under Delaware law that would permit the exercise in full of the Warrants for shares of Non-Voting Common Stock (the Effective Date) or the Second Closing Date. If our Restated Certificate of Incorporation does not provide for at least 25,000,000 shares of Non-Voting Common Stock (less the number of shares of Common Stock for which the Warrants have then been exercised) authorized for issuance (and not otherwise reserved) as of the Second Closing Date, the annual interest rate on the Notes will become 16.5% for a period of 90 days (unless it was previously 17.0%), and will increase to 17.0% thereafter, until the earlier of the Effective Date or the date on which the Notes are repaid in full.

The Issuers may redeem some or all of the Notes anytime after January 1, 2011 at a redemption price starting at 108.0% of the accreted value of the Notes and declining to par after January 1, 2013. In addition, at any time before January 1, 2011, the Issuers may redeem up to 35.0% of the aggregate principal amount at maturity of the Notes with the net proceeds of certain equity offerings at a redemption price equal to 116.0% of the accreted value of the Notes plus interest, if any, if at least 65.0% of the originally issued aggregate principal amount of the Notes remain outstanding. At any time before January 1, 2011, the Issuers may redeem all or a portion of the Notes on one or more occasions at a price equal to 100.0% of the outstanding principal amount of the Notes redeemed, plus all accrued unpaid interest thereon through the date of redemption, plus a make-whole premium. Upon the occurrence of certain change of control events, the Issuers must offer to repurchase all of the Notes at a price of 101.0% of the accreted value, plus all accrued unpaid interest on the Notes purchased to (but excluding) the date of purchase.

The terms of the Notes will require the Issuers to comply with certain covenants that restrict some of the Issuers' corporate activities, including the Issuers' ability to incur additional debt, pay dividends, create liens, make investments, sell assets, make capital expenditures, repurchase equity or subordinated debt, and engage in specified transactions with affiliates. Noncompliance with any of the covenants without cure or waiver would constitute an event of default under the Notes. An event of default resulting from a breach of a covenant may result, at the option of the Note holders, in an acceleration of the principal and interest outstanding. The Notes also contain other customary events of default (subject to specified grace periods), including defaults based on events of bankruptcy and insolvency, and nonpayment of principal, interest or fees when due.

Until January 5, 2009, the Company and the Issuers have the right to initiate, solicit and encourage alternate financing proposals to the funding provided for in the Securities Purchase Agreement, subject to certain conditions (the Go Shop Provision). If the Company accepts an alternate financing proposal, the Company is obligated to issue 10% convertible notes to the Master Fund and the Special Fund in an aggregate principal amount equal to 1.5% of the amount received by the Company in such alternative financing. The convertible notes would be convertible into shares of Voting Common Stock at a conversion price of \$10.00 per share and mature seven years from the date of issuance.

The implementation of Proposal No.1 is not conditioned on the Company's issuance of the Notes or the Warrants.

Master Agreement. Concurrently with the execution of the Securities Purchase Agreement, the Company, MSV LP and Mobile Satellite Ventures Subsidiary LLC (MSV LLC) entered into a Master Contribution and Support Agreement (the Master Agreement) with the Master Fund, the Special Fund, Harbinger Capital Partners

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Fund I, L.P., and Harbinger Co-Investment Fund, L.P. (collectively, Harbinger) with respect to the possible combination of the Company and Inmarsat plc (Inmarsat), a UK public listed company and a leading provider of global mobile satellite communications services in which Harbinger owns approximately 28.8% of the issued and outstanding ordinary shares. Pursuant to the terms of the Master Agreement, the proposed business combination would be structured as an offer by the Company to acquire all issued and to be issued shares of Inmarsat not owned by Harbinger (the Offer), on terms to be determined by Harbinger following the receipt of required regulatory approvals. Harbinger is not obligated to proceed with the Offer or the other transactions contemplated by the Master Agreement, and may terminate the Master Agreement at any time prior to the date an Offer is commenced. There can be no assurance that an agreement with respect to a business combination between Inmarsat and the Company will be entered into, or, if entered into, will be completed.

The Master Agreement provides that the Company shall take all actions reasonably necessary to effect stockholder approval of an amendment to the Restated Certificate of Incorporation in order to increase the aggregate number of authorized shares of Non-Voting Common Stock such that the Warrants may be exercised in full for shares of Non-Voting Common Stock. However, neither the issuance of the Notes or Warrants nor the implementation of Proposal No.1 is conditioned on a combination of the Company with Inmarsat.

Registration Rights Agreement. The Company granted Harbinger certain registration rights pursuant to a Registration Rights Agreement dated July 24, 2008 (the Registration Rights Agreement) with respect to all shares of Voting Common Stock and Non-Voting Common Stock owned by Harbinger and its affiliates as of the date of the Master Agreement, and all shares issuable pursuant to the Securities Purchase Agreement, the Master Agreement and a related stock purchase agreement pursuant to which Harbinger may purchase newly issued shares of Common Stock to provide equity financing for the Offer (the Stock Purchase Agreement). Holders of 25% or more of registrable shares under the Registration Rights Agreement may request that the Company register their Common Stock with the SEC, and subject to certain conditions, may request an aggregate of ten underwritten offerings whereby such securities are sold to one or more underwriters for resale to the public. The Company will not be obligated to effectuate more than one underwritten offering in any six month period. The Registration Rights Agreement supersedes a similar agreement entered into among the parties in January 2008 and an agreement of the Company pursuant to which Harbinger holds registration rights dated January 2006.

The foregoing descriptions of the Master Agreement, Stock Purchase Agreement, Securities Purchase Agreement, Indenture, Warrants and Registration Rights Agreement are qualified in their entirety by reference to the full text of those documents or the forms thereof filed as Exhibits 10.1 through 10.6, respectively, to our Current Report on Form 8-K filed with the SEC on July 25, 2008, which is incorporated by reference into this Proxy Statement.

Equity Purchase Rights

The Non-Voting Common Stock is not subject to any preemptive rights if issued in connection with the exercise of the Warrants. However, the Master Fund and the Special Fund have certain equity purchase rights with respect to issuances by the Company of any equity-related securities other than in connection with the Master Agreement, Securities Purchase Agreement (except pursuant to the Go-Shop Provision) or Stock Purchase Agreement. Specifically, the Securities Purchase Agreement provides that prior to March 1, 2012 (or such time that the Master Fund and the Special Fund and their affiliates no longer collectively own at least 5% of the outstanding shares of Common Stock), the Master Fund and the Special Fund will have the right of first negotiation relating to the purchase of any equity-related securities to be sold by the Company in any private placement. In addition, under the terms of the Securities Purchase Agreement dated December 15, 2007 among the Company, MSV, MSV Finance Co., the Master Fund and the Special Fund, if at any time prior to December 31, 2011 (or such time that the Master Fund and the Special Fund and their affiliates no longer collectively own at least 5% of the outstanding shares of Common Stock), Harbinger will have the right of first negotiation relating to the purchase of any equity-related securities to be sold by the Company.

No Appraisal Rights

Under Delaware law, our Restated Certificate of Incorporation and our Amended and Restated Bylaws, holders of Common Stock are not entitled to any dissenters' rights of appraisal with respect to the authorization of additional shares of Non-Voting Common Stock and capital stock.

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Recommendation of the Board of Directors

The Board of Directors has carefully considered Proposal No. 1 and unanimously recommends that holders of Voting Common Stock and Non-Voting Common Stock vote for the approval of Proposal No. 1.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL NO. 1.

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The following table and notes thereto set forth certain information, as of August 18, 2008 (except as noted otherwise), regarding beneficial ownership of the shares of our Voting Common Stock and Non-Voting Common Stock by (i) each person who is known to us to be the beneficial owner of more than 5% of the outstanding shares of either our Voting Common Stock or Non-Voting Common Stock, (ii) each of our executive officers, (iii) each of our directors, and (iv) all of our executive officers and directors as a group. Unless otherwise indicated, the stockholders listed below possess sole voting and investment power with respect to the shares indicated as owned by them.

| Name and Address | Position | Number of Shares of Voting Common Stock Beneficially Owned (1) | Percent of Class | Number of Shares of Non-Voting Common Stock Beneficially Owned (1) | Percent of Class |
|--|---|--|------------------|--|------------------|
| Officers and Directors | | | | | |
| Alexander H. Good (2) | Chairman, CEO and | | | | |
| | President | 2,692,000(3) | 7.3% | | |
| Scott Macleod (2) | Executive Vice President, Chief Financial Officer and Treasurer | 1,319,100(4) | 3.6% | | |
| Randy S. Segal (2) | Senior Vice President, General Counsel and Secretary | 423,000(5) | 1.2% | | |
| James A. Wiseman (2) | Vice President and Corporate Controller | 56,400(6) | * | | |
| Andrew Caplan (2) | Chief Network Officer | 425,000(7) | 1.2% | | |
| Paul S. Latchford, Jr. (2) | Director | 20,000(8) | * | | |
| Jose A. Cecin, Jr. (2) | Director | 20,000(9) | * | | |
| Jeffrey Killen (2) | Director | 142,500(10) | * | | |
| William Stasior (2) | Director | 127,500(11) | * | | |
| Aaron J. Stone (2) | Director | 45,000(12) | * | | |
| Michael D. Weiner (2) | Director | 45,000(13) | * | | |
| All officers and directors as a group (11 persons) | | 5,315,500 | 13.7% | | |
| 5% Stockholders | | | | | |
| Harbinger Capital Partners Master Fund I, Ltd., | | | | | |
| Harbinger Capital Partners Special Situations | | | | | |
| Fund, L.P., and | | | | | |
| Harbinger Capital Partners Fund I, L.P. (14) | | 29,612,259(15) | 61.8% | 29,724,978(16) | 36.4% |
| Columbia Capital III, LLC (17) | | 5,552,665(18) | 15.7% | | |
| Bay Harbour Management L.C. (19) | | 3,054,575(20) | 8.6% | | |
| Motient Ventures Holding Inc. (21) | | | | 29,926,074 | 41.2% |
| BCE Inc. (22) | | | | 22,105,400 | 30.4% |

* Represents beneficial ownership of less than 1%.

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- (1) Beneficial ownership has been determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended.
- (2) Address is c/o SkyTerra Communications, Inc., 10802 Parkridge Boulevard, Reston, Virginia 20191.
- (3) Includes options to purchase 1,692,000 shares of Common Stock that are currently exercisable and 1,000,000 shares of restricted stock, subject to vesting.
- (4) Includes options to purchase 719,100 shares of Common Stock that are currently exercisable and 600,000 shares of restricted stock, subject to vesting.
- (5) Includes options to purchase 423,000 shares of Common Stock that are currently exercisable.
- (6) Includes options to purchase 56,400 shares of Common Stock that are currently exercisable.
- (7) Includes options to purchase 300,000 shares of Common Stock that are currently exercisable and 125,000 shares of restricted stock, subject to vesting.
- (8) Includes options to purchase 20,000 shares of Common Stock that are currently exercisable.
- (9) Includes options to purchase 20,000 shares of Common Stock that are currently exercisable.

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- (10) Includes options to purchase 62,500 shares of Common Stock that are currently exercisable and 80,000 shares of restricted stock, subject to vesting.
- (11) Includes options to purchase 72,500 shares of Common Stock that are currently exercisable and 55,000 shares of restricted stock, subject to vesting.
- (12) Includes options to purchase 45,000 shares of Common Stock that are currently exercisable.
- (13) Includes options to purchase 45,000 shares of Common Stock that are currently exercisable.
- (14) Address is c/o International Fund Services, Third Floor, Bishop Square, Redmonds Hill, Dublin Ireland L2.
- (15) Based on an amended report on Schedule 13D filed with the SEC on July 25, 2008, and Form 4 filed with the SEC on April 11, 2008, includes (i) 11,806,968 shares of Voting Common Stock owned by Harbinger Capital Partners Master Fund I, Ltd., (ii) 4,274,641 shares of Voting Common Stock owned by Harbinger Capital Partners Special Situations Fund, L.P., (iii) 12,513,694 shares of Voting Common Stock issuable upon the exercise of outstanding warrants held by Harbinger Capital Partners Master Fund I, Ltd. and Harbinger Capital Partners Special Situations Fund, L.P. that are exercisable within 60 days of August 18, 2008, and (iv) 1,016,956 shares of Voting Common Stock owned by Harbinger Capital Partners Fund I, L.P. 6,096,026 of the warrants held by Harbinger Capital Partners Master Fund I, Ltd. and 3,048,012 of the warrants held by Harbinger Capital Partners Special Situations Fund, L.P. are exercisable for either shares of Voting Common Stock or shares of Non-Voting Common Stock.
- The shares of Voting Common Stock exclude 442,825 shares of Voting Common Stock held by Akin Gump Strauss Hauer and Feld LLP, in its capacity as escrow agent under an escrow agreement among Akin Gump Strauss Hauer and Feld LLP, Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, LP and the stockholders named therein.
- Harbinger Capital Partners Master Fund I, Ltd. may be deemed to share beneficial ownership of and voting power with respect to shares of our Voting Common Stock that it beneficially owns with Harbinger Capital Partners Offshore Manager L.L.C., HMC Investors L.L.C., Harbert Management Corporation, Philip Falcone, Raymond J. Harbert and Michael D. Luce. Harbinger Capital Partners Special Situations Fund, L.P. may be deemed to share beneficial ownership of and voting power with respect to shares of our Voting Common Stock that it beneficially owns with Harbinger Capital Partners Special Situations GP, LLC, HMC-New York, Inc., Harbert Management Corporation, Philip Falcone, Raymond J. Harbert and Michael D. Luce. Harbinger Capital Partners Fund I, L.P. may be deemed to share beneficial ownership of and voting power with respect to shares of our Voting Common Stock that it beneficially owns with Harbert Management Corporation, Philip Falcone, Raymond J. Harbert and Michael D. Luce. Such persons disclaim beneficial ownership in the shares except to the extent of their pecuniary interest therein.
- (16) Based on an amended report on Schedule 13D filed with the SEC on July 25, 2008, and a Form 4 filed with the SEC on April 11, 2008, includes (i) 1,028,362 shares of Non-Voting Common Stock owned by Harbinger Capital Partners Master Fund I, Ltd., (ii) 5,145,235 shares of Non-Voting Common Stock owned by Harbinger Capital Partners Special Situations Fund, L.P., (iii) 14,407,343 shares of Non-Voting Common Stock owned by Harbinger Capital Partners Fund I, L.P., (iv) 6,096,026 shares of Non-Voting Common Stock issuable upon exercise of outstanding warrants held by Harbinger Capital Partners Master Fund I, Ltd., and (v) 3,048,012 shares of Non-Voting Common Stock issuable upon exercise of outstanding warrants held by Harbinger Capital Partners Special Situations Fund, L.P. The warrants are exercisable for either shares of Voting Common Stock or shares of Non-Voting Common Stock.
- (17) Address is 201 North Union Street, 39th Floor, New York, NY 10019.

(18)

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As reported in Schedule 13G filed with the SEC on March 29, 2007 by Columbia Capital III, LLC, individually and as part of a group of affiliates.

- (19) Address is 885 Third Avenue, 34th Floor, New York, NY 10022.
- (20) As reported in Schedule 13G filed with the SEC on January 29, 2008 by Bay Harbour Management, L.C.
- (21) Address is c/o TerreStar Corporation, One Discovery Square, 12010 Sunset Hills Road, Suite 600, Reston, VA 20910.
- (22) Address is 1000 rue de La Gauchetiere, Bureau 3700, Quest Montreal, Quebec #H3B 4Y7.

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OTHER BUSINESS

Our Board of Directors knows of no business other than the matters set forth herein which will be presented at the Special Meeting. Inasmuch as matters not known at this time may come before the Special Meeting, the enclosed Proxy Card confers discretionary authority with respect to such matters as may properly come before the Special Meeting on the persons named in the Proxy Card, and it is the intention of such persons to utilize their discretionary authority to vote shares of Common Stock in accordance with their judgment on such matters.

STOCKHOLDER PROPOSALS

Stockholders who wish to submit proposals pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, for inclusion in the Proxy Statement for the 2008 Annual Meeting of Stockholders must submit the same within a reasonable time before the Company begins to print and mail its proxy materials for such meeting to the Secretary, SkyTerra Communications, Inc., 10802 Parkridge Boulevard, Reston, Virginia 20191. In order for a stockholder proposal at the Special Meeting submitted outside of Rule 14a-8 to be considered timely within the meaning of Rule 14a-4(c) of the Securities Exchange Act of 1934, as amended, such proposal must be received by the Company at the same address within a reasonable time before the Company mails its proxy materials for its 2008 Annual Meeting of Stockholders.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference information that we file with them, which means that we can disclose important information to you by referring you to those documents. Specifically, we are incorporating by reference:

our Current Report on Form 8-K filed with the SEC on July 25, 2008;

our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008 filed with the SEC on August 5, 2008; and

our Annual Report on Form 10-K for the year ended December 31, 2007 filed with the SEC on February 28, 2008, as amended on Form 10-K/A filed on April 29, 2008.

These filings are available free of charge on the SEC's web site at www.sec.gov and may also be obtained without charge by writing to or telephoning the Secretary of SkyTerra at 10802 Parkridge Boulevard, Reston, Virginia 20191, telephone: 703-390-1899.

ADDITIONAL INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended. You may read and copy this information at public reference facilities maintained by the SEC. You may also obtain copies of this information by mail at prescribed rates from the Public Reference Room of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The Internet address of that site is www.sec.gov.

HOUSEHOLDING

The SEC has adopted rules that permit companies and intermediaries (*e.g.*, brokers, banks or other nominee record holders) to satisfy delivery requirements of our proxy statements, annual reports and/or information statements with respect to two or more stockholders sharing the same address by delivering a single copy addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and reduces printing and postage costs for companies.

Some brokers, banks or other nominee record holders may be participating in the practice of householding this Proxy Statement. This means that only one copy of this Notice of Special Meeting and Proxy Statement may have been sent to multiple stockholders in your household. If you would prefer to receive a separate copy of this Notice of Special Meeting and Proxy Statement, or would like to receive separate Proxy Statements, annual reports and/or information statements of the Company in the future, or if you are receiving multiple copies of Proxy Statements, annual reports and/or information statements at an address shared with another stockholder and would like to participate in householding, please notify (a) your bank, broker or other nominee record holder if your shares are held in a brokerage account or (b) the Company, if you hold your shares directly as a SkyTerra stockholder of record. You can notify the Company by sending a written request to SkyTerra Communications, Inc., 10802 Parkridge Boulevard, Reston, Virginia 20191, or by calling SkyTerra at (703) 390-1899.

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ANNEX A

CERTIFICATE OF AMENDMENT
TO THE
RESTATED CERTIFICATE OF INCORPORATION
OF
SKYTERRA COMMUNICATIONS, INC.

Pursuant to Section 242 of the General
Corporation Law of the State of Delaware

SkyTerra Communications Inc., a Delaware corporation (hereinafter called the Company), does hereby certify as follows:

FIRST: The first sentence of Article FOURTH of the Company s Restated Certificate of Incorporation is hereby amended to read in its entirety as set forth below:

The aggregate number of shares which the Company shall have authority to issue shall be: Three Hundred Thirty Five Million (335,000,000) shares, consisting of Two Hundred Million (200,000,000) shares of Common Stock, with a par value of One Cent (\$0.01) per share, One Hundred Twenty Five Million (125,000,000) shares of Non-Voting Common Stock, with a par value of One Cent (\$0.01) per share, and Ten Million (10,000,000) shares of Preferred Stock, with a par value of One Cent (\$0.01) per share.

SECOND: The foregoing amendment was duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Company has caused this Certificate to be duly executed in its corporate name this day of , 2008.

SKYTERRA COMMUNICATIONS, INC.

By:
Name:
Title:

A-1

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PRELIMINARY PROXY CARD SUBJECT TO COMPLETION DATED AUGUST 21, 2008

- Please Detach and Mail in the Envelope Provided -

PROXY

VOTING COMMON STOCK

SKYTERRA COMMUNICATIONS, INC.

10802 PARKRIDGE BOULEVARD, RESTON, VIRGINIA 20191

SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

FOR THE SPECIAL MEETING TO BE HELD ON _____, 2008

The undersigned hereby appoints Randy Segal, Senior Vice President, General Counsel and Secretary of SkyTerra Communications, Inc. (the Company), and Scott Macleod, Executive Vice President, Chief Financial Officer and Treasurer of the Company, and each of them, with full power of substitution, proxies to represent the undersigned holder of voting common stock, par value \$0.01 per share (Voting Common Stock), at the Special Meeting of holders of common stock of the Company to be held at _____, local time, at the offices of the Company located at 10802 Parkridge Boulevard, Reston, VA 20191, on _____, 2008, and at any adjournment or postponement thereof, and thereat to vote all of the shares of Voting Common Stock that the undersigned would be entitled to vote, with all the powers the undersigned would possess if personally present.

This proxy is solicited on behalf of the Board of Directors of the Company. Unless otherwise specified in the boxes provided on the reverse side of this Proxy Card, this Proxy Card will be voted for Proposal No. 1 and in the discretion of the above named persons as to any other matter that may properly come before the Special Meeting.

(Continued and to be Dated and Signed on Other Side)

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**PLEASE COMPLETE, DATE, SIGN AND MAIL YOUR
PROXY CARD BACK AS PROMPTLY AS POSSIBLE!
SPECIAL MEETING OF THE STOCKHOLDERS OF
SKYTERRA COMMUNICATIONS, INC.**

, 2008

VOTING COMMON STOCK

Please Detach and Mail in the Envelope Provided

x Please mark your votes as in this example

The Board of Directors recommends that you vote for Proposal No. 1 listed below.

| VOTING COMMON STOCK | | |
|----------------------------|----------------|----------------|
| FOR | AGAINST | ABSTAIN |
| .. | .. | .. |

1. Adopt an amendment to the Company's Restated Certificate of Incorporation to authorize an increase in the aggregate number of shares of the Company's non-voting common stock, par value \$0.01 per share, from 100,000,000 shares to 125,000,000 shares, and an increase in the aggregate number of shares of the Company's capital stock from 310,000,000 shares to 335,000,000 shares.

This proxy, when properly executed, will be voted in the manner directed above. If this proxy is executed but no instruction is given, this proxy will be voted FOR Proposal No. 1. The proxies are hereby authorized to vote in their discretion upon such other matters as may properly come before the meeting or any postponements or adjournments thereof.

Please complete, sign, date and promptly return this Proxy Card, using the enclosed envelope.

Signature: _____ Signature: _____ Date: _____, 2008

NOTE: In case of joint owners, each joint owner must sign. If signing for a corporation or partnership or an agent, attorney or fiduciary, indicate the capacity in which you are signing.

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PRELIMINARY PROXY CARD SUBJECT TO COMPLETION DATED AUGUST 21, 2008

- Please Detach and Mail in the Envelope Provided -

PROXY

NON-VOTING COMMON STOCK

SKYTERRA COMMUNICATIONS, INC.

10802 PARKRIDGE BOULEVARD, RESTON, VIRGINIA 20191

SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

FOR THE SPECIAL MEETING TO BE HELD ON _____, 2008

The undersigned hereby appoints Randy Segal, Senior Vice President, General Counsel and Secretary of SkyTerra Communications, Inc. (the Company), and Scott Macleod, Executive Vice President, Chief Financial Officer and Treasurer of the Company, and each of them, with full power of substitution, proxies to represent the undersigned holder of non-voting common stock, par value \$0.01 per share (Non-Voting Common Stock), at the Special Meeting of holders of common stock of the Company to be held at _____, local time, at the offices of the Company located at 10802 Parkridge Boulevard, Reston, VA 20191, on _____, 2008, and at any adjournment or postponement thereof, and thereat to vote all of the shares of Non-Voting Common Stock that the undersigned would be entitled to vote, with all the powers the undersigned would possess if personally present.

This proxy is solicited on behalf of the Board of Directors of the Company. Unless otherwise specified in the boxes provided on the reverse side of this Proxy Card, this Proxy Card will be voted for Proposal No. 1 and, if applicable, in the discretion of the above named persons as to any other matter that may properly come before the Special Meeting.

(Continued and to be Dated and Signed on Other Side)

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**PLEASE COMPLETE, DATE, SIGN AND MAIL YOUR
PROXY CARD BACK AS PROMPTLY AS POSSIBLE!
SPECIAL MEETING OF THE STOCKHOLDERS OF
SKYTERRA COMMUNICATIONS, INC.**

, 2008

NON-VOTING COMMON STOCK

Please Detach and Mail in the Envelope Provided

x Please mark your votes as in this example

The Board of Directors recommends that you vote for Proposal No. 1 listed below.

| NON-VOTING COMMON STOCK | | |
|--------------------------------|----------------|----------------|
| FOR | AGAINST | ABSTAIN |
| .. | .. | .. |

1. Adopt an amendment to the Company's Restated Certificate of Incorporation to authorize an increase in the aggregate number of shares of the Company's Non-Voting Common Stock from 100,000,000 shares to 125,000,000 shares, and an increase in the aggregate number of shares of the Company's capital stock from 310,000,000 shares to 335,000,000 shares.

This proxy, when properly executed, will be voted in the manner directed above. If this proxy is executed but no instruction is given, this proxy will be voted FOR Proposal No. 1. The proxies are hereby authorized to vote in their discretion upon such other matters as may properly come before the meeting or any postponements or adjournments thereof as to which shares of Non-Voting Common Stock are entitled to vote.

Please complete, sign, date and promptly return this Proxy Card, using the enclosed envelope.

Signature: _____ Signature: _____ Date: _____, 2008

NOTE: In case of joint owners, each joint owner must sign. If signing for a corporation or partnership or an agent, attorney or fiduciary, indicate the capacity in which you are signing.