

The Depository Trust Company  
**IMPORTANT**

**B#:** 0332  
**DATE:** July 21, 2000  
**TO:** All Participants  
**CATEGORY:** Reorganization  
**FROM:** DTC Proxy Department  
**ATTENTION:** Proxy/Reorganization Manager  
**SUBJECT:** In-Flight Phone Corporation  
Warrants Expiring 01/01/02  
CUSIP #45322K 11 9

The Depository Trust Company received materials, including the attached Order indicating that In-Flight Phone Corporation is soliciting acceptances by creditors of its First Amended Plan of Reorganization, dated July 5, 2000 (the "Plan"). DTC has been advised by Counsel that holders of In-Flight Phone Corporation Warrants expiring 01/01/02 **have been deemed to reject the Plan /OR/ are unimpaired** and their votes are not being solicited on the Plan. A hearing on confirmation of the Plan is scheduled to be held on August 11, 2000. Any written objections to confirmation of the Plan must be filed no later than August 7, 2000. Participants may obtain copies of the materials for voting on the Plan by contacting:

Innisfree M&A, Inc.  
At: 877-750-2689

Karl Baker

Manager

Attachments

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re: : Chapter 11  
: :  
IN-FLIGHT PHONE CORPORATION, : Case No. 97-148 (MFW)  
: :  
Debtor. :  
\_\_\_\_\_: :  
: :

**ORDER (i) APPROVING DISCLOSURE STATEMENT, (ii) ESTABLISHING VOTING RECORD HOLDER DATE, (iii) APPROVING SOLICITATION PROCEDURES, FORM OF BALLOTS, AND MANNER OF NOTICE, AND (iv) FIXING THE DATE, TIME AND PLACE FOR THE CONFIRMATION HEARING AND THE DEADLINE FOR FILING OBJECTIONS THERETO**

A hearing having been held on July 5, 2000 (the "Hearing") to consider the Debtor's Motion (the "Motion"), dated June 27, 2000, seeking, *inter alia*, approval pursuant to § 1125 of title 11 of the United States Code (the "Bankruptcy Code") of the proposed disclosure statement heretofore filed with the Court and approval of the proposed solicitation procedures in connection with confirmation of the Plan of Liquidation of In-Flight Phone Corporation Under Chapter 11 of the Bankruptcy Code (the "Plan"), having been filed by In-Flight Phone Corporation, as debtor and debtor in possession (the "Debtor") and it appearing from the affidavits of service on file with this Court that proper and timely notice of the Hearing has been given; and it appearing that such notice was adequate and sufficient; and the appearances of all interested parties having been duly noted on the record of the Hearing; and each of the objections, if any, filed to the proposed disclosure statement or the Motion having been either (a) withdrawn or rendered moot by modifications to the disclosure statement or (b) overruled by the Court; and the Debtor having made the conforming additions, changes, corrections and deletions to the disclosure statement necessary to comport with the record of the Hearing and the

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agreements, if any, reached with the parties, if any, that had filed objections, a copy of which revised disclosure statement, if any, is attached hereto as Exhibit A (the “Disclosure Statement”); and, upon the Motion, the Disclosure Statement and the record of the Hearing and upon all of the proceedings heretofore had before the Court and after due deliberation and sufficient cause appearing, therefore it is

ORDERED, FOUND AND DETERMINED THAT:

1. The Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code.
2. The Disclosure Statement and the Motion are hereby approved.
3. For voting purposes and mailing of notices pursuant to this Order, July 5, 2000 shall be the Record Holder Date<sup>1</sup> for the holders of claims and interests.
4. Only the following holders of claims in the Voting Classes<sup>2</sup> shall be entitled to vote with regards to such claims (a) the holders of filed proofs of claim as reflected, as of the close of business on the Record Holder Date, on the official claims register maintained by the Claims Agent, Logan & Company, and (b) the holders of scheduled claims that are listed in the Debtor’s schedules of liabilities filed with the Court (as amended, the “Schedules”) as not contingent, unliquidated, or disputed claims (excluding scheduled claims that have been superseded by a filed proof of claim); provided, however, that the assignee of a transferred and assigned claim (whether a filed or scheduled claim) shall be permitted to vote such claim if the

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

<sup>2</sup> Pursuant to the Plan, holders of claims in Class 2 (Secured Claims) and Class 3 (General Unsecured Claims) are impaired and are entitled to vote (collectively, the “Voting Classes”).

transfer and assignment has been approved by the Court and such approval has been noted on the Court's docket as of the close of business on the Record Holder Date.

5. With respect to claims based on the 14% Senior Discount Notes (as such term is defined in the Plan and referred to herein as the "Senior Notes"), HSBC Bank USA is the indenture trustee for the Senior Notes (the "Senior Notes Indenture Trustee"). Only the brokers, dealers, commercial banks, trust companies or other nominees (collectively, the "Nominee Senior Noteholders") through which the beneficial owners (collectively, the "Beneficial Senior Noteholders") hold the Senior Notes as reflected in the records maintained by the Senior Notes Indenture Trustee as of the close of business on the Record Holder Date shall be entitled to submit Master Ballots (as defined below) or cause prevalidated ballots (as defined below) to be forwarded to the Beneficial Senior Noteholders.

6. In connection with soliciting votes from the Nominee Senior Noteholders and Beneficial Senior Noteholders, the Court hereby directs as follows:

- I. The Debtor shall provide the Nominee Senior Noteholders with sufficient copies of the Solicitation Package and reimburse the Nominee Senior Noteholders for the costs of forwarding the Solicitation Package to the Beneficial Senior Noteholders. A Nominee Senior Noteholder can obtain the votes of the Beneficial Senior Noteholders in one of the following two ways:
- II. If the Nominee Senior Noteholder elects to "prevalidate" ballots:
  - a. the Nominee Senior Noteholders shall forward the solicitation package or copies thereof (including the Notice, a copy of the Disclosure Statement, an Individual Ballot that has "prevalidated," as indicated in paragraph (b) immediately following, and a return envelope provided by and addressed to the Voting Agent, to the Beneficial Senior Noteholders within five (5) business days of the receipt by such Nominee Senior Noteholders of the Solicitation Package;
  - b. to "prevalidate" a ballot, the Nominee Senior Noteholder should complete and execute the Senior Notes Ballot (other than Items 2 and 3), and indicate on the ballot the name of the registered holder,

the amount of securities held by the Nominee Senior Noteholder for the Beneficial Senior Noteholder, and the account number(s) for the account(s) in which such securities are held by the Nominee Senior Noteholder;

- c. the Beneficial Senior Noteholder shall return the Ballot to the Voting Agent.

III. If the Nominee Senior Noteholder elects not to "prevalidate" ballots:

- a. the Nominee Senior Noteholders shall forward the Solicitation Package (as defined below) or copies thereof (including a return envelope provided by and addressed to the Nominee Senior Noteholders and including the Individual Ballots described below) to the Beneficial Senior Noteholders within five (5) business days of the receipt by such Nominee Senior Noteholders of the Solicitation Package;
- b. the Beneficial Senior Noteholders shall return the Individual Ballots to the respective Nominee Senior Noteholders;
- c. the Nominee Senior Noteholders shall summarize the votes of their respective Beneficial Senior Noteholders on the Master Ballots (as described below), in accordance with the instructions for the Master Ballots;
- d. the Nominee Senior Noteholders shall return the Master Ballots to the Voting Agent.

7. The Debtor shall mail a ballot (with instructions), substantially in the form of the ballots (with instructions) annexed to the Motion as Exhibit B (the "Ballots"), to each holder of a claim in the Voting Classes under the Plan; except that, as described in Paragraph 6 above, for holders of Senior Notes, the Debtor shall forward Solicitation Packages to the Nominee Senior Noteholders; and the Debtor shall forward copies of the ballot (with instructions) annexed to the Motion as Exhibit C (the "Master Ballot") approximately 7 to 14 days after the initial mailing has taken place to each of the Nominee Senior Noteholders for the purpose of summarizing the votes of their respective Beneficial Senior Noteholders.

8. In connection with soliciting votes from claimants other than Senior Noteholders, on or before July 10, 2000, the Debtor shall deposit or cause to be deposited in the United States mail, postage prepaid, a sealed solicitation package (the "Solicitation Package") which shall include:

- a. notice of the confirmation hearing and related matters, substantially in the form of Exhibit D annexed to the Motion (the "Confirmation Hearing Notice"), setting forth the time fixed for filing acceptances and rejections to the Plan, the time fixed for filing objections to confirmation of the Plan, and the date and time of the hearing on confirmation;
- b. a copy of the Disclosure Statement, as approved by the Court (with exhibits including the Plan); and
- c. a ballot (with instructions), in substantially the form approved by the Court.

9. In connection with soliciting votes from claimants other than Senior Noteholders, the Debtor shall mail the Solicitation Packages to the following holders of claims or interests in the Voting Classes under the Plan:

- a. holders of claims, as of the Record Holder Date, that are listed in the Debtors' Schedules as not contingent, unliquidated, or disputed (excluding scheduled claims that have been superseded by filed claims), provided, however, that the assignee of a transferred and assigned scheduled claim shall be permitted to vote such claim only if the transfer and assignment has been approved by the Court and such approval has been noted on the Court's docket as of the close of business on the Record Holder Date;
- b. subject to subsection (c) below, holders of claims, as of the Record Holder Date, that are the subject of a filed proof of claim which has not been disallowed, disqualified or suspended prior to computation of the vote on the Plan, provided, however, that the assignee of a transferred and assigned filed claim shall be permitted to vote such claim only if the transfer and assignment has been approved by the Court and such approval has been noted on the Court's docket as of the close of business on the Record Holder Date; and

- c. with respect to the Senior Notes, the amount of the claim for voting purposes shall be the principal amount held, according to the records of the Trustee of the Senior Notes, The Depository Trust Company, and the individual Nominee Senior Noteholders holding Senior Notes through The Depository Trust Company, except that in no event shall a Nominee Senior Noteholder be permitted to vote in excess of its position at The Depository Trust Company as of the Voting Record Date.

10. In lieu of mailing the Solicitation Package, on or before July 10, 2000, the Debtor shall deposit or cause to be deposited in the United States mail, postage prepaid, the Notice of Non-Voting Status to each holder of a claim in an unimpaired class.

11. With respect to the holders of claims in Class 4 (Subordinated Notes Claims), the Notice of Non-Voting Status shall be sent to the holders of such notes as reflected in the records of the company.

12. The Debtor shall cause the Confirmation Hearing Notice to be published once in *The Wall Street Journal (National Edition)* on a date not less than twenty-five (25) or more than thirty-five (35) calendar days prior to the hearing to consider confirmation of the Plan.

13. Except as noted below, all persons and entities entitled to vote on the Plan shall deliver their ballots by mail, hand delivery or overnight courier no later than 4:00 o'clock p.m. Eastern Time on August 7, 2000 (the "Voting Deadline") to the Voting Agent at:

INNISFREE M&A INCORPORATED.  
501 Madison Avenue, 20<sup>th</sup> Floor  
New York, New York

Beneficial Senior Noteholders instructed to return their ballots to their Nominee Senior Noteholder should do so in ample time to allow their vote to be processed by their Nominee Senior Noteholder. Any ballot received after such time shall not be counted.

14. The Debtor shall have the ability to extend the voting deadline at the

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Debtor's sole discretion. If the Debtor chooses to extend the voting deadline, the Debtor shall provide notice of such extension.

15. For purposes of voting, the amount of a claim used to tabulate acceptance or rejection of the Plan shall be the amount set forth on the ballots for that particular creditor which shall be one of the following:

- a. the amount set forth as a claim in the Debtor's Schedules as not contingent, unliquidated, or disputed (excluding scheduled claims that have been superseded by filed claims);
- b. the amount set forth on a filed proof of claim which has not been disallowed, disqualified, suspended, reduced or estimated and temporarily allowed for voting purposes prior to computation of the vote on the Plan; or
- c. the amount estimated and temporarily allowed pursuant to an order of this Court.

16. With respect to ballots submitted by a holder of a claim:

- a. Any ballot which is properly completed, executed and timely returned to the Voting Agent that does not indicate an acceptance or rejection of the Plan shall not be counted;
- b. any ballot which is returned to the Voting Agent indicating acceptance or rejection of the Plan but which is unsigned shall not be counted;
- c. whenever a creditor casts more than one ballot voting the same claim prior to the Voting Deadline, only the last timely ballot received by the Voting Agent shall be counted,
- d. if a creditor casts simultaneous duplicative ballots voted inconsistently, then such ballots shall not be counted;
- e. each creditor shall be deemed to have voted the full amount of its claim;
- f. creditors shall not split their vote within a claim, thus each creditor shall vote all of its claim within a particular class either to accept or reject the Plan;
- g. any Individual Ballots that partially reject and partially accept the Plan shall not be counted; and

- h. with the exception of Master Ballots, any ballot received by the Voting Agent by telecopier, facsimile or other electronic communication shall not be counted.

17. With respect to the tabulation of ballots cast by Beneficial Senior

Noteholders:

- a. all Nominee Senior Noteholders to which Beneficial Senior Noteholders return their Individual Ballots shall summarize on the Master Ballot all Individual Ballots cast by the Beneficial Senior Noteholders and return the Master Ballot to the Voting Agent, provided, however, that each Nominee Senior Noteholder shall be required to retain the Individual Ballots cast by the respective Beneficial Senior Noteholders for inspection for one year following submission of a Master Ballot;
- b. votes cast by the Beneficial Senior Noteholders through a Nominee Senior Noteholder by means of Master Ballots or Prevalidated Ballots shall be applied against the positions held by such Nominee Senior Noteholder as evidenced by the list of record holders compiled as of the Record Holder Date, provided, however, that votes submitted by a Nominee Senior Noteholder on Master Ballots or Prevalidated Ballots shall not be counted in excess of the position maintained by such Nominee Senior Noteholder as of the Record Holder Date;
- c. to the extent that there are over-votes submitted by a Nominee Senior Noteholder on Master Ballots or Prevalidated Ballots, votes to accept and to reject the Plan shall be applied by the Voting Agent in the same proportion as the votes to accept or reject the Plan submitted on the Master Ballots or Prevalidated Ballots that contain the over-vote, but only to the extent of the position maintained by such Nominee Senior Noteholder as of the Record Holder Date;
- d. multiple Master Ballots or Prevalidated Ballots may be completed by a single Nominee Senior Noteholder and delivered to the Voting Agent and such votes will be counted, except to the extent that such votes are inconsistent with or are duplicative of other Master Ballots or Prevalidated Ballots, in which case the latest dated Master Ballot or Prevalidated Ballot received before the Voting Deadline will supersede and revoke any prior Master Ballot or Prevalidated Ballot; and
- e. each Beneficial Senior Noteholder shall be deemed to have voted the full amount of its claim.

18. The hearing on confirmation of the Plan is scheduled for August 11, 2000 at 10:30 a.m. Eastern Time, at the Bankruptcy Court, Marine Midland Plaza, 824 North Market Street, Sixth Floor, Wilmington, Delaware. This hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date(s) at said hearing and at any adjourned hearing(s).

19. Any objection to confirmation of the Plan must be filed with the Clerk of the Bankruptcy Court, together with proof of service, no later than 4:00 o'clock p.m., Eastern Time, on August 7, 2000, and must be served on each of the persons listed on Exhibit G to the Motion so as to be received by them no later than 4:00 p.m., Eastern Time, on August 7, 2000. Any objection to confirmation of the Plan must be in writing and (a) must state the name and address of the objecting party and the amount of its claims or the nature of its interest and (b) must state, with particularity, the nature of its objection. Any confirmation objection not filed and served as set forth herein shall be deemed waived and shall not be considered by the Bankruptcy Court.

Dated: July 5, 2000  
Wilmington, Delaware

/s/ Mary F. Walrath  
UNITED STATES BANKRUPTCY JUDGE