

Hearing Date: August 9, 2012 at 10:00 a.m. (ET)
Objection Deadline: August 2, 2012 at 5:00 p.m. (ET)

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Counsel to the TSC Debtors

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

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

**NOTICE OF HEARING ON THE TSC DEBTORS' MOTION
FOR AN ORDER AUTHORIZING CERTAIN PAYMENTS IN
CONNECTION WITH RESTRUCTURING COMPENSATION
PROGRAM *NUNC PRO TUNC* TO THE PAYMENT DATES**

PLEASE TAKE NOTICE that on June 27, 2012, the TSC Debtors filed the *TSC Debtors' Motion for an Order Authorizing the TSC Debtors To Make Certain Payments in Connection With Restructuring Compensation Program Nunc Pro Tunc to the Payment Dates* (the "**Motion**").

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal taxpayer-identification number, are: (a) TerreStar Corporation ("**TSC**") [6127] and TerreStar Holdings Inc. [0778] (collectively, the "**February Debtors**"); (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the "**Other TSC Debtors**" and, collectively with the February Debtors, the "**TSC Debtors**").

PLEASE TAKE FURTHER NOTICE that a hearing (the “*Hearing*”) to consider the Motion shall be held before the Honorable Sean H. Lane, United States Bankruptcy Judge, in Room 701 of the United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, on August 9, 2012 at 10:00 a.m. (prevailing Eastern time).

PLEASE TAKE FURTHER NOTICE that any responses to the Motion must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure, the Local Rules of the Bankruptcy Court and the Bankruptcy Court’s *Order Pursuant to Sections 105(a) and (d) of the Bankruptcy Code and Bankruptcy Rules 1015(c), 2002(m) and 9007 Implementing Certain Notice and Case Management Procedures* [Docket No. 12] (the “***Case Management Order***”), shall be filed with the Bankruptcy Court either (a) electronically in accordance with General Order M-399 (which can be found at <http://www.nysb.uscourts.gov>) by registered users of the Bankruptcy Court’s filing system, or (b) on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers), in accordance with General Order M-182 (which can be found at <http://www.nysb.uscourts.gov>), and shall be served in accordance with General Order M-399 on: (a) TerreStar Corporation, 344 Maple Avenue West, #275, Vienna, Virginia 22180, Attn: Doug Brandon, Esq.; (b) counsel to the TSC Debtors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: Ira S. Dizengoff, Esq. and Arik Preis, Esq., and 1700 Pacific Ave., Suite 4100, Dallas, Texas 75201, Attn: Sarah Link Schultz, Esq.; (c) the Office of the United States Trustee for the Southern District of New York; (d) the entities listed on the TSC Debtors’ Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (e) NexBank, SSB as agent for the lenders

under the Bridge Loan Agreement and as agent for the TSC Debtors' proposed post-petition debtor-in-possession financing agreement; (f) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners LLC and certain of its managed and affiliated funds; (g) Wachtell, Lipton, Rosen & Katz as counsel to the agent for the TSC Debtors' proposed post-petition debtor-in-possession financing agreement; (h) Richards Kibbe & Orbe LLP as counsel to West Face Long Term Opportunities Global Master L.P.; (i) the Internal Revenue Service; (j) the Securities and Exchange Commission; (k) the United States Attorney for the Southern District of New York; and (l) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002, in each case so as to be received no later than **August 2, 2012 at 5:00 p.m. (prevailing Eastern time)** (the "***Response Deadline***").

PLEASE TAKE FURTHER NOTICE that if no responses with respect to the Motion are timely filed and served in accordance with the Case Management Order, the TSC Debtors may, on or after the Response Deadline, submit to the Bankruptcy Court an order substantially in the form of the proposed order annexed to the Motion, which order may be entered with no further notice or opportunity to be heard offered to any party.

New York, New York
Dated: June 27, 2012

/s/ Ira S. Dizengoff

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**UNITED STATES BANKRUPTCY COURT
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In re:)				Chapter 11
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TERRESTAR CORPORATION, <i>et al.</i> , ¹)				Case No. 11-10612 (SHL)
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Debtors.)				Jointly Administered
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**TSC DEBTORS’ MOTION FOR AN ORDER AUTHORIZING THE TSC DEBTORS
TO MAKE CERTAIN PAYMENTS IN CONNECTION WITH RESTRUCTURING
COMPENSATION PROGRAM *NUNC PRO TUNC* TO THE PAYMENT DATES**

The TSC Debtors seek entry of an order, substantially in the form attached hereto as Exhibit A, authorizing the TSC Debtors to make certain payments pursuant to a restructuring compensation program (the “*Restructuring Compensation Program*”), which was developed by the TSC Debtors in connection with their restructuring efforts. Although the TSC Debtors believe that the payments proposed to be paid pursuant to the Restructuring Compensation Program are authorized in the ordinary course of business without order of this Court, out of an

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer-identification number, are: (a) TerreStar Corporation (“*TSC*”) [6127] and TerreStar Holdings Inc. [0778] (collectively, the “*February Debtors*”); and (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “*Other TSC Debtors*” and, collectively with the February Debtors, the “*TSC Debtors*”).

abundance of caution, the TSC Debtors seek authority to enter into the Restructuring Compensation Program and make certain payments in connection therewith pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the “*Bankruptcy Code*”). The terms of the Restructuring Compensation Program described herein were negotiated at length with a group of the largest of TSC’s preferred equity interest holders (such group, the “*Preferred Shareholders*”) who will also, under the Plan (as defined below), comprise the overwhelming majority of the holders of the common equity of reorganized TSC. In light of the propriety of the Restructuring Compensation Program and in recognition of the valuable services to be provided by the CRO, Brandon, and Epstein as described herein, the Preferred Shareholders support the relief requested herein. Accordingly, in support of this Motion, the TSC Debtors respectfully submit as follows:

I. PRELIMINARY STATEMENT

1. In connection with the filing of a modified plan of reorganization, the TSC Debtors have determined to modify their management structure to ensure an efficient exit from chapter 11. The proposed modifications include (a) the appointment of a chief restructuring officer, Eugene I. Davis, (b) revising the employment terms of TSC’s general counsel Douglas Brandon from an unpaid to a paid position, (c) transitioning the services of TSC’s president Jeffrey Epstein to a consultant position, and (d) withdrawing the TSC Debtors’ previous request to make Transaction Payments (as defined below) to certain TSC employees.

2. The TSC Debtors anticipate that Davis, Brandon and Epstein will play an integral role in the TSC Debtors’ chapter 11 cases. These parties have industry expertise as well as extensive experience with the TSC Debtors’ business, which will be critical in determining whether the value of the 1.4 Spectrum will be maximized for all stakeholders by holding, selling

or leasing the 1.4 Spectrum. Further, the Restructuring Compensation Program set forth herein recognizes recent changes to the TSC Debtors' exit strategy while ensuring that Davis, Brandon and Epstein are adequately compensated for their services.

II. JURISDICTION

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

4. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The bases for the relief requested herein are Bankruptcy Code sections 105 and 363 and Rule 6004 of the Federal Rules of Bankruptcy Procedure (the "***Bankruptcy Rules***").

III. BACKGROUND

6. On October 19, 2010 (the "***October Petition Date***") and February 16, 2011 (the "***Petition Date***"), the Other TSC Debtors² and the February Debtors, respectively, filed petitions with this Court under chapter 11 of the Bankruptcy Code. The TSC Debtors are operating their business and managing their property as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

7. On October 29, 2010, the United States Trustee for the Southern District of New York (the "***U.S. Trustee***") appointed an official committee of unsecured creditors (the "***TSN Committee***") of the October Debtors.³ No statutory committees have been appointed or designated in the February Debtors' cases.

8. On October 20, 2010, the Court entered an order providing for the joint administration of the Other TSC Debtors' cases with the other October Debtors' cases for

² Also on the October Petition Date, TerreStar Networks Inc. ("***TSN***") and certain of its affiliated debtors (collectively, the "***TSN Debtors***," and together with the Other TSC Debtors, the "***October Debtors***") each filed a petition with this Court under chapter 11 of the Bankruptcy Code.

³ The TSN Debtors have confirmed and consummated their chapter 11 plan. Therefore, the TSN Committee is no longer in existence.

procedural purposes styled as *In re TerreStar Networks Inc., et al.*, Case No. 10-15446 (SHL). However, given the complete separation of the businesses of the TSN Debtors and the TSC Debtors, contemporaneously with the filing of the petitions for the February Debtors, the Other TSC Debtors requested that their cases be de-consolidated from the cases of the TSN Debtors, and the TSC Debtors sought procedural consolidation and joint administration of the chapter 11 cases of the Other TSC Debtors and the February Debtors under the case number of TSC. On February 23, 2011, the Court entered orders amending joint administration of the October Debtors' chapter 11 cases and providing for the joint administration of the TSC Debtors' cases for procedural purposes, styled as *In re TerreStar Corporation, et al.*, Case No. 11-10612 (SHL). Accordingly, since the Petition Date, the TSN Debtors' cases and the TSC Debtors' cases have proceeded according to completely separate timetables and with independent goals.⁴

9. On January 12, 2012, the TSC Debtors filed the *Second Amended Joint Chapter 11 Plan of TerreStar Corporation, Motient Communications Inc., Motient Holdings Inc., Motient License Inc., Motient Services Inc., Motient Ventures Holding Inc., MVH Holdings Inc., TerreStar Holdings Inc. and TerreStar New York Inc.* [Docket No. 336] and its accompanying disclosure statement [Docket No. 338] (as amended, the "**Disclosure Statement**"). The Court approved the adequacy of the Disclosure Statement and the TSC Debtors' proposed solicitation and voting procedures by order entered January 17, 2012 [Docket No. 343]. On February 8, 2012, the TSC Debtors filed the plan supplement documents, as contemplated by the Plan [Docket No. 364].

⁴ On February 15, 2012, the Court confirmed the TSN Debtors' plan of reorganization, and on March 29, 2012, such plan became effective.

10. As the Court is aware, on April 20, 2012—well after the Disclosure Statement was approved—the Spectrum Lease,⁵ which was TSC’s primary revenue source, was terminated. Because the 1.4 Spectrum is no longer encumbered by the Spectrum Lease,⁶ the TSC Debtors and their advisors have engaged in extensive discussions with the Preferred Shareholders regarding the best method to extract value from the 1.4 Spectrum and exit from chapter 11. Specifically, the TSC Debtors and the Preferred Shareholders have examined several potential scenarios with respect to the 1.4 Spectrum, including whether it is in the best interests of the TSC Debtors’ estates, stakeholders and creditors to lease or sell the 1.4 Spectrum or to reorganize around the 1.4 Spectrum, and, if a sale process is to be conducted, the most efficient manner in which to do so. Accordingly, on June 27, 2012, the TSC Debtors filed a revised plan of reorganization providing for the potential disposition of the 1.4 Spectrum [Docket No. 513] (the “*Plan*”).

IV. THE RESTRUCTURING COMPENSATION PROGRAM

11. Although the TSC Debtors anticipated that their restructuring would have been concluded and they would have exited chapter 11 in early 2012, various circumstances outside of their control have prevented that. Most critically, the recent termination of the Spectrum Lease transformed an asset that generated \$2 million per month into one that generates less than \$50,000 per month. This has forced the TSC Debtors to revisit their plan of reorganization and to negotiate and develop, in conjunction with the Preferred Shareholders, an alternative exit strategy whereby either the TSC Debtors’ stakeholders will provide a cash infusion or the TSC

⁵ In September 2009, 1.4 Holdings entered into a lease agreement (the “*Spectrum Lease*”) with One Dot Four Corp. (“*One Dot Four*”), whereby One Dot Four leased the rights to use the 1.4 Spectrum. Pursuant to the Spectrum Lease, One Dot Four was obligated to pay 1.4 Holdings \$2 million per month.

⁶ Since the termination of the Spectrum Lease, 1.4 Holdings has entered into a lease for a geographically small portion of the 1.4 Spectrum, which will provide the TSC Debtors with approximately \$40,000 per month in revenue.

Debtors can extract value through either leasing or selling the 1.4 Spectrum and successfully emerge from chapter 11. To ensure a streamlined and efficient exit from chapter 11, the TSC Debtors, in consultation with their advisors, believed it was prudent to assess its staffing and management needs, to modify the positions of certain of those persons employed by TSC, to appoint a chief restructuring officer and to form a restructuring subcommittee.

A. TSC's Historical Employees

12. The TSC Debtors have not historically had any paid employees. Rather, all of the TSC Debtors' employees were employed and compensated by TSC's indirect subsidiary, TerreStar Networks, Inc. This employment structure was practical because substantially all of the work performed by such employees related to the TSN Debtors and their business.

13. Since the Petition Date, however, certain of TSC's officers, including TSC general counsel Douglas Brandon⁷ and TSC president Jeffrey Epstein,⁸ have spent considerable time and effort assisting the TSC Debtors in connection with their chapter 11 restructuring. Throughout the TSC Debtors' chapter 11 cases, Brandon and Epstein have assisted the TSC Debtors by, among other things, participating in the resolution of significant claims against the TSC estate and in the Plan process.

14. In recognition of the services Brandon, Epstein and Vincent Loiacono⁹ were providing to the TSC Debtors during the TSC Debtors' cases, on August 9, 2011, the TSC Debtors filed the *TSC Debtors' Motion for Entry of an Order Approving the TSC Debtors' Management Compensation Program Nunc Pro Tunc to the Petition Date* [Docket No. 155] (the

⁷ Brandon is currently general counsel and secretary of TSC and secretary of each of the other TSC Debtors.

⁸ Epstein is currently president and CEO of TSC and president of each of the other TSC Debtors.

⁹ Vincent Loiacono previously served as chief financial officer of TSC and the treasurer for each of the other TSC Debtors. Loiacono is not included in the relief requested in this Motion, and instead, until his resignation in May 2012, worked on discrete projects for TSC and received minimal hourly compensation in connection therewith.

“*Original Compensation Motion*”). First, the management compensation program authorized payment of a small monthly salary to Epstein, Brandon and Loiacono (of \$12,000, \$10,500 and \$7,500 per month, respectively), up to an aggregate cap of \$300,000 (the “*Monthly Compensation*”). Second, the proposed program provided for an aggregate payment of \$200,000 to Brandon, Epstein and Loiacono if they were able to successfully reduce the size of the pool of general unsecured claims (the “*Transaction Payment*”). To resolve the objection of Elektrobit, Inc. to the Original Compensation Motion, the TSC Debtors agreed to defer consideration of the Transaction Payment component until the hearing on confirmation of a plan of reorganization. On August 26, 2011, the Court entered an order approving the Monthly Compensation [Docket No. 177] (the “*Original Compensation Order*”).¹⁰

15. In December 2011, the cap on the Monthly Compensation payments was reached. Accordingly, although Brandon and Epstein are continuing to assist the TSC Debtors with their chapter 11 restructuring,¹¹ neither has received any compensation for their services to the TSC Debtors since December 2011. Specifically, Brandon and Epstein continue to act as the primary business contacts for the TSC Debtors, providing assistance with day-to-day tasks as well as assisting with, *inter alia*, entry into a lease for a small portion of the 1.4 Spectrum and with continued efforts to resolve disputed unsecured claims that have been asserted against the TSC Debtors.

¹⁰ Upon the entry of an order granting this Motion, the TSC Debtors intend to withdraw their request to pay the Transaction Payment component as requested in the Original Compensation Motion.

¹¹ Although Loiacono was never an officer of the TSC Debtors, he received certain Monthly Compensation from the TSC Debtors pursuant to the Original Compensation Order in exchange for his efforts in assisting the TSC Debtors with their restructuring after the Petition Date. Loiacono has not received any Monthly Compensation from the TSC Debtors since December 2011.

B. Proposed Restructuring Compensation Program for TSC Employees

16. The TSC Debtors, in consultation with their advisors recognize that as the restructuring has evolved, the needs of the TSC Debtors have changed. As a result, the TSC Debtors have determined that it is in best interest of their estates to implement a restructuring compensation program on the terms set forth below:¹²

(a) Douglas Brandon

(1) Term: Effective from May 1, 2012 through and including the effective date of the TSC Debtors' plan of reorganization (the "***Effective Date***"), Brandon shall be employed by TSC as general counsel, secretary and treasurer and he shall be appointed secretary and treasurer for each of the remaining TSC Debtors.

(2) Compensation: Brandon will receive \$15,000 per month, retroactive to May 1, 2012 (the "***Brandon Payment Date***").

(b) Jeffery Epstein

(1) Term: Effective June 1, 2012, Epstein shall resign all of his positions and offices with each of the TSC Debtors and he shall be retained as a consultant. In his role as consultant, and in light of his knowledge of various facts relevant to the TSC Debtors' cases, Epstein will continue to assist the TSC Debtors with the resolution of unsecured claims.

(2) Compensation: Upon the entry of an order approving this Motion, Epstein will receive a one-time consultation fee of \$50,000.

(c) Eugene I. Davis

(1) Term: Effective June 1, 2012, the TSC Debtors shall appoint current member of the TSC Board of Directors (the "***Board***") Eugene I. Davis as chief restructuring officer ("***CRO***") and president of TSC and of each of the remaining TSC Debtors. Davis will also be appointed as the sole member of a restructuring subcommittee that will be authorized to take any and all actions necessary to facilitate the restructuring of the TSC Debtors including, but not limited to, authorizing the TSC Debtors to incur post-petition financing, authorizing the TSC Debtors to enter into a commitment letter to secure exit financing, and authorizing the filing of an amended plan of reorganization.

¹² In connection with the payments proposed by the Motion, the TSC Debtors' financial advisor Blackstone Advisory Partners L.P. ("***Blackstone***") has agreed to reduce its success fee from \$500,000 to \$450,000; provided, however, that Blackstone reserves the right at the conclusion of the cases to ask the Court to approve an additional success fee in an amount not to exceed \$300,000 (for a total success fee not to exceed \$750,000) for services provided in the TSC Debtors' cases.

- (2) Compensation: Davis shall receive \$20,000 per month (the “*CRO Fee*”), retroactive to June 1, 2012 (the “*CRO Payment Date*” and together with the Brandon Payment Date, the “*Payment Dates*”), for the period between June 1, 2012 and September 1, 2012 (the “*Initial Period*”). If, prior to the end of the Initial Period, the Preferred Shareholders notify the TSC Debtors and Davis that they wish to modify the CRO Fee for the period commencing not less than thirty days from the date of such notice (the “*Notice*”), the TSC Debtors, Davis and the Preferred Shareholders shall enter into good-faith negotiations with respect to the amount of the CRO Fee; *provided, however*, that in no event will the CRO Fee be less than \$15,000 per month for the period of September 1, 2012 through the Effective Date. If no Notice is so provided, Davis will continue to receive \$20,000 per month through the Effective Date as compensation for his services as CRO to the TSC Debtors.
- (3) Indemnification: The CRO shall be indemnified by the TSC Debtors to the fullest extent permitted or authorized by the General Corporation Law of the State of Delaware or any other applicable laws as presently or hereafter in effect.

17. In formulating the Restructuring Compensation Program, the TSC Debtors sought assistance from their restructuring professionals, including Blackstone Advisory Partners, L.P. (“*Blackstone*”) and Akin Gump Strauss Hauer & Feld LLP (“*Akin Gump*”). In addition, the TSC Debtors submit that the payments the TSC Debtors propose to make pursuant to the Restructuring Compensation Program described herein are, in fact, minimal for a public company with assets of almost \$200 million.

V. RELIEF REQUESTED

18. By this Motion, the TSC Debtors request the entry of an order, pursuant to Bankruptcy Code sections 363(b) and Bankruptcy Rule 6004, authorizing the TSC Debtors to implement the Restructuring Compensation Program as set forth herein.

VI. SUPPORTING AUTHORITY

19. Bankruptcy Code section 363(c) provides that a debtor in possession may use property of the estate in the ordinary course of business without notice or a hearing. 11 U.S.C. § 363(c)(1). Although the TSC Debtors believe that the payments proposed to be paid pursuant to the Restructuring Compensation Program are authorized in the ordinary course of business

without order of this Court, out of an abundance of caution, the TSC Debtors seek authority to enter into the Restructuring Compensation Program pursuant to Bankruptcy Code sections 105(a) and 363(b). Section 363(b)(1) provides, in relevant part, that “the trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate” 11 U.S.C. § 363(b)(1). A court can authorize a debtor to use property of the estate pursuant to Bankruptcy Code section 363(b)(1) when such use is an exercise of the debtor’s sound business judgment and when the use of the property is proposed in good faith. *Official Comm. of Unsecured Creditors v. Enron Corp. (In re Enron Corp.)*, 335 B.R. 22, 27-28 (S.D.N.Y. 2005) (quoting *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir. 1983)); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003) (stating the business judgment of the debtor is the standard applied under the laws of this district). Courts in this District consistently have declined to interfere with corporate decisions absent a showing of bad faith, self-interest, or gross negligence, and have upheld a board’s decisions as long as such decisions are attributable to any “rational business purpose.” *Integrated*, 147 B.R. at 656 (quoting *CRTF Corp. v. Federated Dep’t Stores*, 683 F. Supp. 422, 436 (S.D.N.Y. 1988)). In addition, courts in this District have upheld debtors’ decisions to retain consultants pursuant to Bankruptcy Code section 363(b) when such decision is supported by a sound business justification. *See In re Chemtura Corp.*, No. 09-11233 (REG) (Bankr. S.D.N.Y. Aug. 30, 2010) (authorizing debtors’ retention of consultants pursuant to section 363(b)(1)); *In re 1031 Tax Group, LLC*, 2007 WL 2085384, at *5 (Bankr. S.D.N.Y. July 17, 2007) (same); *see also In re Pilgrim’s Pride Corp.*, 401 B.R. 229, 237-40 (Bankr. N.D. Tex. 2009) (same).

20. When a valid business justification exists, the law vests the debtor’s decision to use property out of the ordinary course of business with a strong presumption that “in making a

business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)). “Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Thus, if a debtor’s actions satisfy the business judgment rule, then the transaction in question should be approved under Bankruptcy Code section 363(b)(1).

21. Moreover, Bankruptcy Code section 105(a) gives this Court broad authority under its equitable powers to fashion any order or decree that would preserve or protect the value of a debtor’s assets. 11 U.S.C. § 105(a) (“The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.”). Pursuant to Bankruptcy Code section 105(a), orders are appropriate where they are essential to the debtor’s reorganization efforts and do not pose an inequitable burden on the debtor’s creditors. *See U.S. Lines, Inc. v. Am. S.S. Owners Mut. Prot. & Indem. Ass’n (In re U.S. Lines, Inc.)*, 197 F.3d 631, 640 (2d Cir. 1999); *Momentum Mfg. Corp. v. Emp. Creditors Comm. (In re Momentum Mfg. Corp.)*, 25 F.3d 1132, 1136 (2d Cir. 1994) (“It is well settled that bankruptcy courts are courts of equity, empowered to invoke equitable principles to achieve fairness and justice in the reorganization process.”).

A. Modification of Brandon Compensation

22. Since the Petition Date, in his capacity as general counsel of TSC, Brandon has played a critical role in the TSC Debtors’ chapter 11 cases by assisting the TSC Debtors with

their day-to-day needs and acting (together with Epstein) as the primary business contact for the TSC Debtors throughout their chapter 11 cases. However, as described above, Brandon has not received any compensation since December 2011 for his services rendered to the TSC Debtors. At the time the Original Compensation Order was entered and the cap was established, it was anticipated that the TSC Debtors' plan of reorganization would be confirmed in early 2012. However, due to circumstances beyond the TSC Debtors' control—most particularly, One Dot Four's default under the Spectrum Lease—the TSC Debtors' plan process was delayed.

23. To assist the TSC Debtors in exiting chapter 11, Brandon has agreed to continue his role as general counsel to the TSC Debtors and to act as secretary and treasurer of TSC and each of the other TSC Debtors. It is anticipated that Brandon will continue to play a crucial role in the TSC Debtors' cases as they pursue the Plan. Significantly, Brandon has valuable experience with the TSC Debtors' business and with the FCC that will allow him to assist the TSC Debtors with the FCC issues that may arise in connection with the sale, lease or retention of the 1.4 Spectrum. Further, Brandon will continue to assist the TSC Debtors in resolving the disputed claims asserted against their estates and implementing a plan of reorganization that will allow the TSC Debtors to emerge from chapter 11.

B. Modification of Epstein Compensation

24. Epstein has also played an integral role in the TSC Debtors' restructuring since the Petition Date by acting (together with Brandon) as their primary business contact and by participating in all aspects of the Plan process but, as with Brandon, and for the same reasons, Epstein has not received any compensation since December 2011 the services he has rendered to the TSC Debtors.

25. In his modified position as a consultant to the TSC Debtors, Epstein will continue to perform a vital function for the TSC Debtors as they pursue an amended plan and appropriate

treatment for the 1.4 Spectrum and will assist the TSC Debtors with resolving outstanding disputed claims against their estates and such other issues as may be reasonably requested by Brandon and/or the CRO in the furtherance of the TSC Debtors' restructuring process.

C. Davis Compensation

26. As stated above, the TSC Debtors, in consultation with their advisors, decided to appoint Davis as CRO of each of the TSC Debtors to act on behalf of the Board as necessary to facilitate the TSC Debtors' restructuring. Given the current circumstances surrounding the TSC Debtors' cases, including the termination of the Spectrum Lease, it is anticipated that Davis will assist the TSC Debtors in developing a strategy to allow the TSC Debtors to extract value from the 1.4 Spectrum. In addition, it is expected that Davis will assist Akin Gump and Blackstone with the negotiation of an exit financing facility in connection with the TSC Debtors' confirmation of the Plan and emergence from chapter 11. Accordingly, the TSC Debtors believe that the CRO is necessary to successfully and efficiently complete the restructuring of the TSC Debtors and their subsequent emergence from chapter 11.

27. For all of the reasons articulated herein, the TSC Debtors believe that implementation of the Restructuring Compensation Program and the payments to be made thereto are well within their sound business judgment. The TSC Debtors believe it is in the best interests of their estates and creditors to expeditiously identify and aggressively pursue scenarios to maximize the value of the 1.4 Spectrum and to successfully emerge from chapter 11. Entry into the Restructuring Compensation Program will facilitate that process and ultimately assist the TSC Debtors in their restructuring process for the benefit of their creditors and other parties in interest. Accordingly, the TSC Debtors respectfully submit that authorizing the TSC Debtors to compensate the CRO, Brandon, and Epstein through the Restructuring Compensation Program as

set forth herein is in the best interest of the TSC Debtors, their creditors, and all parties in interest.

VII. WAIVER OF THE STAY PROVIDED BY BANKRUPTCY RULE 6004

28. The TSC Debtors further seek a waiver of any stay of the effectiveness of the order approving this motion. Pursuant to Bankruptcy Rule 6004(h), “[an] order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). The TSC Debtors submit that the waiver of the stay under Bankruptcy Rule 6004 is appropriate here to allow the TSC Debtors to reorganize and exit chapter 11 expeditiously. The payments pursuant to the Restructuring Compensation Program are necessary to ensure that the CRO, Brandon, and Epstein are available and willing to continue assisting the TSC Debtors in their restructuring efforts. Accordingly, the TSC Debtors submit that a waiver of the stay under Bankruptcy Rule 6004 is appropriate and necessary.

VIII. MOTION PRACTICE

29. This Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated and a discussion of their application to this Motion. Accordingly, the TSC Debtors respectfully submit that this Motion satisfies Local Rule 9013-1(a).

IX. NOTICE

30. The TSC Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of New York; (b) the entities listed on the TSC Debtors’ Consolidated List of Creditors Holding the 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) NexBank, SSB as agent for the lenders under the Bridge Loan Agreement and as agent for the TSC Debtors’ proposed post-petition debtor-in-possession

financing facility; (d) Weil, Gotshal & Manges LLP as counsel to Harbinger Capital Partners LLC and certain of its managed and affiliated funds; (e) Wachtell, Lipton, Rosen & Katz as counsel to the agent for the TSC Debtors' proposed post-petition debtor-in-possession financing facility; (f) Richards Kibbe & Orbe LLP as counsel to West Face Long Term Opportunities Global Master L.P.; (g) the Internal Revenue Service; (h) the Securities and Exchange Commission; (i) the United States Attorney for the Southern District of New York; (j) the Federal Communications Commission; and (k) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the TSC Debtors respectfully submit that no further notice is necessary.

WHEREFORE, for the reasons set forth herein, the TSC Debtors respectfully request that the Court enter an order, substantially in the form of the proposed order attached hereto as Exhibit A, (a) authorizing the TSC Debtors to make the payments in connection with the Restructuring Compensation Program as described herein and (b) granting such other and further relief as is just and proper.

New York, New York
Dated: June 27, 2012

/s/ Ira S. Dizengoff

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EXHIBIT A

Proposed Order

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

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

**ORDER AUTHORIZING THE TSC DEBTORS TO MAKE CERTAIN
PAYMENTS IN CONNECTION WITH RESTRUCTURING
COMPENSATION PROGRAM *NUNC PRO TUNC* TO THE PAYMENT DATES**

Upon the motion (the “*Motion*”)² of the TSC Debtors for the entry of an order, pursuant to section 363(b) of title 11 of the United States Code (the “*Bankruptcy Code*”) authorizing the TSC Debtors to make certain payments in connection with Restructuring Compensation Program; this Court finds and concludes that the Court has jurisdiction over the subject matter of the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; this is a core proceeding pursuant to 28 U.S.C. § 157(b); the legal and factual bases set forth in the Motion and on the record at the hearing establish just cause for the relief granted herein; the relief requested in the Motion is in the best interests of the TSC Debtors, their estates and their creditors; notice of the Motion was sufficient, and no other or further notice need be provided; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED** that:

1. The Motion is granted to the extent set forth herein.

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor’s federal taxpayer-identification number, are: (a) TerreStar Corporation [6127] and TerreStar Holdings Inc. [0778] (collectively, the “*February Debtors*”) and (b) TerreStar New York Inc. [6394]; Motient Communications Inc. [3833]; Motient Holdings Inc. [6634]; Motient License Inc. [2431]; Motient Services Inc. [5106]; Motient Ventures Holding Inc. [6191]; and MVH Holdings Inc. [9756] (collectively, the “*Other TSC Debtors*” and together with the February Debtors, the “*TSC Debtors*”).

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

2. Eugene I. Davis is hereby appointed as the chief restructuring officer (“CRO”) and president of TSC and of each of the remaining TSC Debtors. The CRO is hereby also appointed as the sole member of a restructuring subcommittee of the board of directors of each of the TSC Debtors that will be authorized to take any and all actions necessary to facilitate the restructuring of the TSC Debtors including, but not limited to, authorizing the TSC Debtors to incur post-petition financing, authorizing the TSC Debtors to enter into a commitment letter to secure exit financing and authorizing the filing of an amended plan of reorganization.

3. Pursuant to Bankruptcy Code section 363(b), the TSC Debtors are hereby authorized to implement the Restructuring Compensation Program and to make certain payments to (a) Epstein as of the date of entry of this order and (b) the CRO and Brandon, *nunc pro tunc* to May 1, 2012 or June 1, 2012, as applicable, all as set forth in the Motion.

4. The CRO shall be indemnified by the TSC Debtors to the fullest extent permitted or authorized by the General Corporation Law of the State of Delaware or any other applicable laws as presently or hereafter in effect.

5. The TSC Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order and in accordance with the Motion.

6. This Court shall retain jurisdiction with respect to all matters arising from or relating to the implementation of this order.

7. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this order shall be immediately effective and enforceable upon its entry.

Date: _____, 2012
New York, New York

United States Bankruptcy Judge