

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

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**In re:** : **Chapter 11**
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**WORLDSPACE, INC., et al.,<sup>1</sup>** : **Case No. 08 – 12412 (PJW)**
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**Debtors.** : **(Jointly Administered)**
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: **Related Docket No. \_\_\_\_\_**
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**MOTION TO SHORTEN NOTICE OF AND TO SCHEDULE EMERGENCY HEARING  
ON EMERGENCY MOTION OF THE DEBTORS FOR AUTHORITY TO EXTEND  
THE MATURITY OF THEIR DEBTOR IN POSSESSION FINANCING, TO INCREASE  
THE BORROWINGS THEREUNDER ON AN INTERIM BASIS AND SCHEDULING A  
FINAL HEARING**

WorldSpace, Inc. (“WorldSpace”),<sup>2</sup> on behalf of itself and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), hereby submits this motion (this “Motion to Shorten”), pursuant to Local Rule 9006-1(e), to shorten notice of the hearing on the Emergency Motion of the Debtors for Authority to Extend the Maturity of Their Debtor in Possession Financing, to Increase the Borrowings Thereunder on an Interim Basis and Scheduling a Final Hearing (the “Motion”).

In support of this Motion to Shorten, the Debtors respectfully represent and set forth as follows:

<sup>1</sup> The Debtors in these proceedings, along with the last four digits of each Debtor’s federal tax identification number, are: WorldSpace, Inc. (2881); AfriSpace, Inc. (3956); and WorldSpace Systems Corporation (0695); each with a mailing address of 8515 Georgia Avenue, Silver Spring, MD 20910.

<sup>2</sup> All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.



## **Preliminary Statement**

1. As previously disclosed to the Court, the Debtors are negotiating a strategic transaction with their debtor in possession financing provider, Liberty Satellite Radio, Inc. (“Liberty”).<sup>3</sup> The Debtors anticipate filing a motion to approve a transaction in the near future. In order to pay certain critical expenses and conclude those negotiations, Liberty has agreed to provide up to \$2 million in additional funding to enable the Debtors to, among other things, meet their payroll obligations. Liberty is the only available source of financing for the Debtors, and is willing to fund the Debtors’ operating expenses as described in the amended budget attached as Exhibit B to the Sixth DIP Amendment. The Debtors hope that such funding will provide a bridge to a strategic transaction between Liberty and the Debtors, which transaction is the Debtors’ best (and perhaps only) hope of confirming a plan and making distributions to creditors.

2. Absent the relief requested herein and set forth in the Motion being granted immediately, the Debtors may not be able to pay their administrative expenses and may not be able to continue to operate under chapter 11 of the Bankruptcy Code. The Debtors therefore submit there is an urgent need for the Motion to be heard on an expedited basis and respectfully request that the Motion be heard by this Court on the earliest date on which the Court may schedule a hearing on the matter.

## **Background**

3. On October 17, 2008 (the “Petition Date”), each of the Debtors filed a voluntary petition in the Court for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* The Debtors continue to operate their business and manage their properties as

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<sup>3</sup> Liberty Satellite Radio Holdings, LLC purchased the claims and has assigned its rights to Liberty Satellite Radio, Inc.

debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Debtors' cases. An official committee of unsecured creditors (the "Committee") was appointed on October 29, 2008.

4. WorldSpace is a Delaware corporation based in Maryland. The Debtors and their affiliates operate two geostationary satellites, AfriStar and AsiaStar, which are in orbit over Africa and Asia. Another completed satellite is currently in storage.

5. Pursuant to the Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507 (1) Approving Postpetition Financing, (2) Authorizing Use of Cash Collateral, (3) Granting Prepetition Liens and Providing Superpriority Administrative Expense Status, (4) Granting Adequate Protection, and (5) Modifying the Automatic Stay, entered by this Court on November 10, 2008 (Docket No. 117), the Debtors were authorized to borrow under and to otherwise perform pursuant to their debtor in possession credit facility.

6. Pursuant to the Order Approving Motion of the Debtors for Authority to Change Their Auction Date and Certain Other Deadlines Set Forth in the Bidding Procedures and to Extend the Maturity of Debtor in Possession Financing, entered by this Court on January 6, 2009 (Docket No. 231) (the "Initial DIP Extension Order"), the Debtors were authorized to extend the maturity of the DIP Credit Agreement, and to enter into other related modifications and amendments to facilitate an extension of the timetable for their sale process. Pursuant to the Initial DIP Extension Order and Amendment No. 1 to the DIP Credit Agreement, the DIP Credit Agreement was amended to mature as of January 29, 2009. The Debtors and the DIP Lenders subsequently authorized and agreed upon entry into a Bridge Amendment to the DIP Credit Agreement that further extended the maturity of the DIP Credit Agreement through February 6, 2009. Pursuant to the Order Approving Emergency Motion of the Debtors for Authority to

Extend the Maturity of Their Debtor in Possession Financing, to Increase the Borrowings Thereunder on an Interim Basis and Scheduling a Final Hearing (Docket No. 340), entered by this Court on February 5, 2009 (the “DIP Increase Order”), the Debtors were authorized to extend the maturity of the DIP Credit Agreement, to borrow an additional \$1.3 million and to otherwise perform under Amendment No. 2 to the DIP Credit Agreement (the “Second DIP Amendment”). Pursuant to the DIP Increase Order and the Second DIP Amendment, the DIP Credit Agreement was amended to mature as of February 27, 2009. The Debtors and the DIP Lenders subsequently authorized and agreed upon entry into Amendment No. 3 to the DIP Credit Agreement, which further extended the maturity of the DIP Credit Agreement through March 6, 2009. Pursuant to the Order Approving Emergency Motion of the Debtors for Authority to Extend the Maturity of Their Debtor in Possession Financing and to Increase the Borrowings Thereunder on a Final Basis (Docket No. 781), entered by this Court on November 12, 2009 (the “Second DIP Increase Order”), the Debtors were authorized to extend the maturity of the DIP Credit Agreement, to borrow up to an additional \$4.3 million (including up to \$2.0 million for potential funding of the business of WorldSpace Italia S.p.A) and to otherwise perform under Amendment No. 4 to the DIP Credit Agreement (the “Fourth DIP Amendment”). Pursuant to the Second DIP Increase Order and the Fourth DIP Amendment, the DIP Credit Agreement was amended to mature as of October 30, 2009. Pursuant to the Order Approving Emergency Motion of the Debtors for Authority to Extend the Maturity of Their Debtor in Possession Financing and to Increase the Borrowings Thereunder on an Interim Basis and Scheduling a Final Hearing (Docket No. 865), the Affiliate Debtors were authorized to extend the maturity of the DIP Credit Agreement through February 1, 2010, to borrow an additional \$1 million on an interim basis and to otherwise perform under Amendment No. 5 to the DIP Credit Agreement.

### **Relief Requested**

7. The Debtors, by this Motion to Shorten, are seeking approval of a shortened notice period for the Motion so that it may be heard on the earliest date on which the Court may schedule a hearing on the matter.

### **Basis for Relief**

8. Del.Bankr.L.R. 9006-1(c) provides that unless the Federal Rules of Bankruptcy Procedure or the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware state otherwise, “all motion papers shall be filed and served in accordance with Local Rule 2002-1(b) at least fifteen (15) days (eighteen (18) days if service is by mail; sixteen (16) days if service is by overnight delivery) prior to the hearing date.” Del.Bankr.L.R. 9006-1(e) provides in pertinent part that “[n]o motion will be scheduled on less notice than required by these Local Rules or the Fed. R. Bank. P. except by order of the Court, on written motion . . . specifying the exigencies justifying shortened notice.”

9. As outlined above, due to existing defaults under their DIP Credit Agreement, the ongoing negotiations with regard to a strategic transaction with Liberty, and the Debtors’ liquidity crisis, it is critical to the Debtors’ operations and sales process that the Motion be heard on shortened notice. The extensions requested and the new borrowing to be authorized pursuant to the Motion will facilitate the continuation of the Debtors’ negotiations with Liberty and will allow the Debtors to continue to operate under chapter 11 of the Bankruptcy Code. Permitting the shortened notice period is therefore in the best interests of the Debtors’ estates, their creditors and other parties in interest and the Debtors do not believe a prompt decision on the Motion will prejudice any party in interest in these cases. Conversely, if the Debtor’s Motion could not be heard on shortened notice, significant confusion and uncertainty regarding the

ability of the Debtors to complete their sales process could result and the Debtors may not be able to continue to operate under chapter 11 of the Bankruptcy Code or to consummate a sale of their assets, which sale may maximize the value received by the Debtors' estates, their creditors and other parties in interest.

10. In order to allow parties additional time to respond, this Motion to Shorten and the Motion are being served by overnight delivery, hand delivery, email or facsimile on the notice parties described in the Motion, including without limitation: (i) the Office of the United States Trustee for the District of Delaware; (ii) counsel for Liberty; (iii) counsel for the Committee; (iv) Yenura Pte. Ltd.; and (v) those parties who have requested notice pursuant to Bankruptcy Rule 2002. Additionally, counsel for the Debtors shall, within twenty-four hours of entry of an Order on this Motion, serve a copy of such Order and notice of the Motion on the notice parties (or their counsel, if known) originally served with the Motion by overnight delivery, hand delivery, email or facsimile.

11. Liberty, in its capacity as the Debtors' DIP Lender and its affiliate, Liberty Satellite Radio Holdings, LLC, as prepetition secured noteholder, have indicated their support for the granting of the relief requested herein to allow the Motion to be heard on shortened notice.

WHEREFORE, the Debtors respectfully request the entry of an Order, in substantially the form attached hereto as Exhibit A, shortening the notice period regarding the Motion.

Dated: Wilmington, Delaware  
February 11, 2010

Respectfully submitted,

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Counsel to the Debtors and Debtors in Possession

**EXHIBIT A**  
**PROPOSED ORDER**



and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefore;

IT HEREBY is ORDERED THAT:

1. The Motion to Shorten is GRANTED.

2. The Motion shall be heard on \_\_\_\_\_, 2010 at \_\_\_\_:\_\_.m. (prevailing Eastern time) at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, Sixth Floor, Courtroom No. 2, Wilmington, DE 19801. Objections to the Motion shall be filed prior to the hearing or presented to the Court at the hearing.

3. Counsel for the Debtors shall, within twenty-four hours of entry of this Order, serve a copy of this Order and notice of the Motion on the notice parties originally served with the Motion by overnight delivery, hand delivery, email or facsimile.

Dated: Wilmington, Delaware  
\_\_\_\_\_, 2010

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Honorable Peter J. Walsh  
United States Bankruptcy Judge