

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C 36, AS AMENDED  
APPLICATION OF LIGHTSQUARED LP  
UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C 36, AS AMENDED  
AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED  
STATES BANKRUPTCY COURT WITH RESPECT TO LIGHTSQUARED INC.,  
LIGHTSQUARED INVESTORS HOLDINGS INC., ONE DOT FOUR CORP., ONE DOT  
SIX CORP., SKYTERRA ROLLUP LLC, SKYTERRA ROLLUP SUB LLC, SKYTERRA  
INVESTORS LLC, TMI COMMUNICATIONS DELAWARE, LIMITED  
PARTNERSHIP, LIGHTSQUARED GP INC., LIGHTSQUARED LP, ATC  
TECHNOLOGIES, LLC, LIGHTSQUARED CORP., LIGHTSQUARED FINANCE CO.,  
LIGHTSQUARED NETWORK LLC, LIGHTSQUARED INC. OF VIRGINIA,  
LIGHTSQUARED SUBSIDIARY LLC, LIGHTSQUARED BERMUDA LTD.,  
SKYTERRA HOLDINGS (CANADA) INC., SKYTERRA (CANADA) INC. AND ONE  
DOT SIX TVCC CORP. (COLLECTIVELY, THE "CHAPTER 11 DEBTORS")**

**EIGHTEENTH REPORT OF THE INFORMATION OFFICER**

**ALVAREZ & MARSAL CANADA INC.**

**July 28, 2014**

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## INTRODUCTION

1. On May 14, 2012 (the “**Petition Date**”), LightSquared LP (“**LSLP**” or the “**Applicant**”), LightSquared Inc. and various of their affiliates (collectively, “**LightSquared**” or the “**Chapter 11 Debtors**”), commenced voluntary reorganization cases (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Bankruptcy Court**”) by each filing a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”).
2. On the Petition Date, the Chapter 11 Debtors filed various motions for interim and/or final orders (the “**First Day Motions**”) in the Chapter 11 Cases to permit the Chapter 11 Debtors to continue to operate their businesses in the ordinary course. Also, on the Petition Date, the Applicant, as the proposed Foreign Representative, commenced these proceedings (the “**CCAA Recognition Proceedings**”), by notice of application returnable before this Honourable Court (the “**Canadian Court**”) pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (the “**CCAA**”).
3. On May 15, 2012, the Honourable Justice Morawetz (as he then was) granted an order in these proceedings providing certain interim relief to the Chapter 11 Debtors (the “**Interim Initial Order**”), including a stay of proceedings in respect of the Chapter 11 Debtors, the property and business of the Chapter 11 Debtors and the directors and officers of the Chapter 11 Debtors.
4. On May 15, 2012 and May 16, 2012, the U.S. Bankruptcy Court entered various “first day” orders, including an interim order authorizing LSLP to act as the foreign representative on behalf of the Chapter 11 Debtors’ estates (the “**Foreign Representative**”).
5. On May 18, 2012, the Honourable Justice Morawetz granted an initial recognition order in these proceedings (the “**Initial Recognition Order**”), which among other things: (i)

recognized LSLP as the “foreign representative” of the Chapter 11 Debtors; (ii) declared the Chapter 11 Cases to be a “foreign main proceeding” pursuant to Part IV of the CCAA; and (iii) stayed all proceedings against the Chapter 11 Debtors.

6. On May 18, 2012, the Honourable Justice Morawetz also granted a supplemental order in these proceedings (the “**Supplemental Order**”), which among other things, (i) appointed Alvarez & Marsal Canada Inc. (“**A&M Canada**”) as Information Officer (the “**Information Officer**”) in these proceedings; (ii) stayed all claims and proceedings in respect of the Chapter 11 Debtors, the property and business of the Chapter 11 Debtors and the directors and officers of the Chapter 11 Debtors; (iii) granted a super-priority charge over the Chapter 11 Debtors’ property, in favour of the Information Officer and its counsel, as security for their professional fees and disbursements incurred in respect of these proceedings; and (iv) recognized and gave full force and effect in Canada to certain orders entered by the U.S. Bankruptcy Court including the following:

- a. Order Directing Joint Administration of Related Chapter 11 Cases;
- b. Interim Order Authorizing LightSquared LP To Act as Foreign Representative Pursuant to 11 U.S.C. § 1505; and
- c. Interim Order (A) Authorizing Debtors To (I) Continue Using Existing Cash Management Systems, Bank Accounts and Business Forms and (II) Continue Intercompany Transactions, (B) Providing Postpetition Intercompany Claims Administrative Expense Priority, (C) Authorizing Debtors’ Banks To Honor All Related Payment Requests, (D) Waiving Investment Guidelines of Sections 345(b) of Bankruptcy Code and (E) Scheduling a Final Hearing.

7. On June 4, 11 and 13, 2012, the U.S. Bankruptcy Court entered various orders in the Chapter 11 Cases, including the “Final Order Authorizing LightSquared LP To Act as Foreign Representative Pursuant to 11 U.S.C. § 1505” (the “**Final Foreign Representative Order**”).

8. On June 14, 2012, on a motion brought by the Applicant, the Canadian Court granted an order (the “**June 14<sup>th</sup> Order**”) recognizing certain orders entered by the U.S. Bankruptcy Court including the following:

- a. Final Foreign Representative Order;
- b. Order Determining Adequate Assurance of Payment for Future Utility Services;
- c. Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Cash Collateral Order**”); and
- d. Final Order (A) Authorizing Debtors To (I) Continue Using Existing Cash Management Systems, Bank Accounts and Business Forms and (II) Continue Intercompany Transactions, (B) Providing Postpetition Intercompany Claims Administrative Expense Priority, (C) Authorizing Debtors’ Banks To Honor All Related Payment Requests, and (D) Waiving Investment Guidelines of Sections 345(b) of Bankruptcy Code.

9. In connection with the June 14<sup>th</sup> Order, the Information Officer filed its First Report to the Canadian Court on June 12, 2012. The June 14<sup>th</sup> Order also approved the First Report and the activities of the Information Officer described therein.

10. Additional background discussing the Canadian proceedings after June, 2012 can be found in **Appendix “A”** attached to this report.

11. Throughout these Chapter 11 Cases, the LP Obligors have been funding their businesses through the use of Prepetition LP Collateral, including Cash Collateral (as such term is defined in

section 363 of the Bankruptcy Code (the “**Cash Collateral**”)) and the proceeds of debtor-in-possession financing, including the Initial LP DIP Facility, the Replacement LP DIP Facility, the Second Replacement LP DIP Facility and most recently, the Third Replacement LP DIP Facility, each defined, respectively, in their corresponding LP DIP Orders.

12. On July 15, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**July 15<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Final Order (A) Authorizing LP DIP Obligors to Obtain Third Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**Third Replacement LP DIP Order**”); and
- b. Sixth Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Seventh Amended Cash Collateral Order**”).

13. In connection with the July 15<sup>th</sup> Order, the Information Officer filed its Seventeenth Report to the Canadian Court dated July 14, 2014 (the “**Seventeenth Report**”). Due to the necessarily short amount of time between the service of the Seventeenth Report and the return of the Recognition Motion, it was agreed that the Foreign Representative would not seek approval of the Seventeenth Report until the return of its next motion.

14. During the most recent Canadian Court recognition hearing on July 15, 2014, the Foreign Representative stated that it expected to receive further orders of the U.S. Bankruptcy Court with regard to additional DIP financing on or about July 21, 2014 and if so, would return before the Canadian Court on July 22, 2014 to seek recognition of those further orders.

15. However, the parties in the Chapter 11 Cases were unable to reach a consensus regarding additional financing orders by July 21, 2014. Therefore, no additional financing orders were granted by the U.S. Bankruptcy Court on that date.

16. On the afternoon of July 22, 2014, the Foreign Representative provided the Canadian Court with an update regarding the status of the Chapter 11 Cases.

### **PURPOSE OF THIS REPORT**

17. On July 25, 2014, the Foreign Representative served a Notice of Motion returnable on July 30, 2014 (the “**July 30<sup>th</sup> Motion**” or the “**Recognition Motion**”). On July 26, 2014, the Foreign Representative served an affidavit of Elizabeth Creary sworn on the same date (the “**Creary Affidavit**”) in support of the July 30<sup>th</sup> Motion.

18. The purpose of this eighteenth report of the Information Officer (the “**Eighteenth Report**”) is to provide the Canadian Court with information concerning the Chapter 11 Cases, including:

- a. the Foreign Representative’s request for recognition by the Canadian Court of the following orders (the “**Foreign Orders**”):
  - i. Final Order (A) Authorizing LP DIP Obligors to Obtain Fourth Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**Fourth Replacement LP DIP Order**”);
  - ii. Seventh Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate

Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Eighth Amended Cash Collateral Order**”); and

- b. information concerning the activities of the Information Officer since the date of the Seventeenth Report (the “**Activities Report**”).

19. The limitations in this paragraph do not apply to the Activities Report in this Eighteenth Report. In preparing this Eighteenth Report, A&M Canada, in its limited capacity as Information Officer, has relied upon documents filed with the Court in these proceedings, documents filed in the Chapter 11 Cases and other information made available to it by the Foreign Representative, the Chapter 11 Debtors and their respective counsel (the “**Parties**”), as appropriate (collectively, the “**Information**”). Based on its limited review and limited interaction with the Parties to date, nothing has come to A&M Canada’s attention that would cause it to question the reasonableness of the Information presented herein. However, to the extent that this Eighteenth Report contains any financial information of the Chapter 11 Debtors (“**Financial Information**”), A&M Canada has not audited, reviewed or otherwise attempted to independently verify the accuracy or completeness of the Financial Information. Accordingly, A&M Canada expresses no opinion or other form of assurance in respect of the Financial Information.

20. All terms not otherwise defined in this Eighteenth Report have the meanings ascribed to them in the Chapter 11 Cases.

21. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.



#### **FOURTH REPLACEMENT LP DIP ORDER**

22. As noted above, the Third Replacement LP DIP Order and the Seventh Amended Cash Collateral Order, were recognized by the Canadian Court on July 15, 2014.

23. The Third Replacement LP DIP Facility provided for a Final Maturity Date of July 21, 2014. As such, the Chapter 11 Debtors required a further extension of the LP DIP Facility and on July 24, 2014, the U.S. Bankruptcy Court entered the Fourth Replacement LP DIP Order, which terms are substantially similar to the terms set forth in the Third Replacement LP DIP Facility, providing the LP DIP Obligors with replacement senior secured, priming, superpriority, postpetition financing through and including July 31, 2014.

24. According to the Chapter 11 Debtors, each of the LP DIP Obligors (as defined in the Initial LP DIP Order) and the LP DIP Lenders under the Third Replacement LP DIP Facility have consented to the entry of the Fourth Replacement LP DIP Order and to the terms of the Fourth Replacement LP DIP Facility, the proceeds of which will be used to:

- a. pay in full all Third Replacement LP DIP Obligations under (and as defined in) the Third Replacement LP DIP Facility and the Third Replacement LP DIP Order;
- b. finance the general corporate and working capital needs of the LP DIP Obligors through July 31, 2014; and
- c. pay the LP DIP Professional Fees.

25. The Fourth Replacement DIP Order will provide the LP DIP Obligors with \$77,096,807 of financing (including amounts to be used to repay outstanding advances under the Third Replacement LP DIP Facility) through July 31, 2014 to be used in accordance with a budget (the “**Budget**”) developed by the LP DIP Obligors and their financial advisors.

26. As a condition subsequent to the Fourth Replacement LP DIP Order, the LP DIP Lenders required that the LP DIP Obligors obtain the Canadian Court's recognition of the Fourth Replacement LP DIP Order by no later than July 31, 2014.

27. The Chapter 11 Debtors are of the view that to ensure a value-maximizing exit from the Chapter 11 Cases requires the availability of capital from the Fourth Replacement LP DIP Facility. Without such funds, serious and irreparable harm to the Chapter 11 Debtors and their estates would occur as the Chapter 11 Debtors would not have sufficient available sources of capital and financing to operate its businesses and maintain its properties in the ordinary course of business.

#### **EIGHTH AMENDED CASH COLLATERAL ORDER**

28. As noted above, pursuant to the Seventh Amended Cash Collateral Order, the Chapter 11 Debtors were permitted to use the Prepetition LP Collateral, including Cash Collateral through July 21, 2014. The Canadian Court recognized the Seventh Amended Cash Collateral Order on July 15, 2014.

29. On July 24, 2014, the U.S. Bankruptcy Court entered the Eighth Amended Cash Collateral Order which, among other things,

- a. permits the LP Debtors to continue to use the Prepetition LP Collateral, including Cash Collateral, through and including July 31, 2014;
- b. permits the LP Debtors to continue to make the Adequate Protection Payments on the terms set forth therein; and
- c. preserves for the benefit of the Prepetition LP Secured Parties the LP Adequate Protection Liens and the LP Section 507(b) Claims.

30. The Budget attached as Schedule 1 to the Seventh Amended Cash Collateral Order has been replaced in its entirety by the Budget attached as Schedule 1 to the Eighth Amended Cash Collateral Order.

31. Consistent with the Seventh Amended Cash Collateral Order, the LP Obligors will not be required to pay the LP Adequate Protection Payment to the Prepetition LP Agent, for the benefit of the Prepetition LP Lenders, on the first Business Day of July 2014 provided:

- a. the LP Obligors pay for the benefit of the Prepetition LP Lenders, all reasonable, actual and documented fees and expenses of White & Case LLP and The Blackstone Group L.P. on the first Business Day of July 2014; and
- b. the payment of the July 2014 LP Adequate Protection Payment will not be deemed waived in the event that the Amended Cash Collateral Order is further extended and would be paid by an Order approving additional DIP financing to the LP Obligors in these Chapter 11 Cases.

32. The Applicant is seeking recognition of this Eighth Amended Cash Collateral Order in the Canadian Court. The Chapter 11 Debtors are of the view that the Eighth Amended Cash Collateral Order should be recognized by the Canadian Court as:

- a. the LP Obligors have agreed to continue to use Cash Collateral in accordance with a Budget developed by the Chapter 11 Debtors, in consultation with their financial advisor;
- b. the Budget is achievable and will continue to allow the LP Obligors to operate without the accrual of unpaid administrative expenses and will continue to adequately protect the Prepetition LP Agent and the Prepetition LP Lenders from diminution in the value of their interests in the Cash Collateral;
- c. the only alternative to the LP Obligors' use of Cash Collateral – the immediate liquidation of their assets – would be catastrophic for both the

Chapter 11 Debtors and the Prepetition LP Lenders given that an orderly conclusion to the Chapter 11 Cases is achievable; and

- d. the terms and conditions contained in that Order are fair and reasonable and in the best interests of the Chapter 11 Debtors, their estates and their creditors.

### **ACTIVITIES OF THE INFORMATION OFFICER**

33. The activities of the Information Officer since the date of the Seventeenth Report have included:

- a. reviewing the Motion Record in respect of the July 30<sup>th</sup> Motion, reviewing and monitoring the materials filed in the Chapter 11 Cases and discussions with its counsel, Goodmans, and with counsel for the Foreign Representative regarding same;
- b. attending the July 15<sup>th</sup> Canadian Court hearing and the July 22<sup>nd</sup> status conference before the Canadian Court;
- c. updating the Information Officer's website at [www.amcanadadocs.com/lightsquared](http://www.amcanadadocs.com/lightsquared) to make available copies of the Seventeenth Report, Recognition Orders and motion materials; and
- d. preparing this Eighteenth Report and discussions with Goodmans regarding same.

34. In its Recognition Motion, the Foreign Representative is seeking approval of the Seventeenth Report and the activities of the Information Officer set out therein in respect of this proceeding. A copy of the Seventeenth Report is attached hereto as **Appendix "B"**. Due to the necessarily short amount of time between the service of this Eighteenth Report and the return of the Recognition Motion, it has been agreed that the Foreign Representative will not seek

approval of this Eighteenth Report on July 30<sup>th</sup>, but instead approval will be sought at the return of the next motion by the Foreign Representative.

35. The Information Officer has not been advised of any concerns having been raised with respect to its Seventeenth Report.

### **RECOMMENDATION**


36. The Information Officer understands that the secured creditors registered against the Canadian Chapter 11 Debtor entities have been given notice of the Recognition Motion and are notice parties in the Chapter 11 Cases.

37. Based on its review of the materials, as described in this Eighteenth Report, the Information Officer understands that the Foreign Orders sought to be recognized and approved in the Recognition Motion are necessary for the protection of the Chapter 11 Debtors' property and the interests of their creditors. The terms of the Recognition Order being sought are appropriate in the circumstances. The Information Officer does not believe that the relief sought in the Recognition Motion is contrary to Canadian public policy.

38. Based on the foregoing, the Information Officer respectfully recommends that this Honourable Court grant the relief sought by the Foreign Representative in the Recognition Motion.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** at Toronto, Ontario this 28<sup>th</sup> day of July, 2014.

**ALVAREZ & MARSAL CANADA INC.**  
in its capacity as the Information Officer of  
LightSquared LP and not in its personal or corporate capacity

Per:   
John J. Walker

## Appendix “A”

### Additional Background - the Canadian Proceedings Since August, 2012

1. On August 21, 2012, on a motion brought by the Applicant, the Canadian Court granted an order (the “**August 21<sup>st</sup> Order**”) recognizing the following orders of the U.S.

Bankruptcy Court:

- a. Order Granting LightSquared’s Motion for Order Approving Expedited Procedures for Sale, Transfer, and/or Abandonment of De Minimis Assets; and
  - b. Order Pursuant to 11 U.S.C. § 502(b)(9) and Fed. R. Bankr. P. 2002 and 3003(c)(3) Establishing Deadlines for Filing Proofs of Claim and Procedures Relating Thereto and Approving Form and Manner of Notice Thereof.
2. In connection with the August 21<sup>st</sup> Order, the Information Officer filed its Second Report to the Canadian Court on August 15, 2012 (the “**Second Report**”). The August 21<sup>st</sup> Order also approved the Information Officer’s Supplemental Report dated June 22, 2012, the Second Report and the activities of the Information Officer described therein.
3. On March 8, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**March 8<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:
    - a. Order, Pursuant to 11 U.S.C. § 1121(d), Further Extending the Chapter 11 Debtors Exclusive Periods To File a Plan of Reorganization and Solicit Acceptances Thereof;
    - b. Amended Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**First Amended Cash Collateral Order**”); and
    - c. Order, Pursuant to Section 105(a) of Bankruptcy Code and Bankruptcy Rules 6006, 9014, and 9019, (A) Approving Settlement Agreement

Regarding Sprint Claims Under Master Services Agreement and (B)  
Authorizing Any and All Actions Necessary To Consummate Settlement  
Agreement.

4. In connection with the March 8<sup>th</sup> Order, the Information Officer filed its Fifth Report to the Canadian Court on March 5, 2013 (the “**Fifth Report**”). The March 8<sup>th</sup> Order also approved the Information Officer’s Third and Fourth Reports, the Fifth Report and the activities of the Information Officer described therein.

5. On March 20, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**March 20<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order, Pursuant to 11 U.S.C. §§ 105(a), 363(b), and 363(f), (A) Approving and Authorizing LightSquared Network LLC and LightSquared Corp. To Enter into Consignment Agreement with Rincon Technology, Inc., (B) Authorizing Sale of Consigned Property, and (C) Authorizing LightSquared To Abandon Unsold Property.

6. In connection with the March 20<sup>th</sup> Order, the Information Officer filed its Sixth Report to the Canadian Court on March 15, 2013 (the “**Sixth Report**”). The March 20<sup>th</sup> Order also approved the Information Officer’s Sixth Report and the activities of the Information Officer described therein.

7. On August 13, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**August 13<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order Scheduling Certain Hearing Dates and Establishing Deadlines in Connection with Chapter 11 Plan Process (the “**Scheduling Order**”).



8. In connection with the August 13<sup>th</sup> Order, the Information Officer filed its Eighth Report to the Canadian Court on August 9, 2013 (the “**Eighth Report**”). The August 13<sup>th</sup> Order also approved the Information Officer’s Seventh Report, the Eighth Report and the activities of the Information Officer described therein.

9. On October 9, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**October 9<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Approving Expense Reimbursement and Related Relief for L-Band Acquisition, LLC and Mast Spectrum Acquisition Company LLC and Related Entities;
- b. Order (A) Establishing Bid Procedures, (B) Scheduling Date and Time for Auction, (C) Approving Assumption and Assignment Procedures, (D) Approving Form of Notice, and (E) Granting Related Relief; and
- c. Final Order (I) Approving Compensation for Independent Directors, (II) Authorizing Administrative Expense Priority for Indemnification Claims Arising from Postpetition Services of Independent Directors, and (III) Granting Related Relief.

10. In connection with the October 9<sup>th</sup> Order, the Information Officer filed its Ninth Report to the Canadian Court on October 4, 2013 (the “**Ninth Report**”). The October 9<sup>th</sup> Order also approved the Information Officer’s Ninth Report and the activities of the Information Officer described therein.

11. On October 17, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**October 17<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order (I) Approving Disclosure Statements, (II) Approving Solicitation and Notice Procedures with Respect to Confirmation of Competing Plans, (III) Approving Forms of Various Ballots and Notices in Connection Therewith, (IV) Approving Scheduling of Certain Dates in Connection with Confirmation of Competing Plans, and (V) Granting Related Relief” (the “**Disclosure and Solicitation Order**”).

12. In connection with the October 17<sup>th</sup> Order, the Information Officer filed its Tenth Report to the Canadian Court on October 11, 2013 (the “**Tenth Report**”). The October 17<sup>th</sup> Order also approved the Information Officer’s Tenth Report and the activities of the Information Officer described therein.

13. On January 3, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**January 3<sup>rd</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Modifying Previously Scheduled Hearing Dates and Deadlines in Connection with Chapter 11 Plan Process; and
- b. Order Amending Amended Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Second Amended Cash Collateral Order**”).

14. In connection with the January 3<sup>rd</sup> Order, the Information Officer filed its Eleventh Report to the Canadian Court dated December 23, 2013 (the “**Eleventh Report**”) on December 24, 2013. The January 3<sup>rd</sup> Order also approved the Information Officer’s Eleventh Report and the activities of the Information Officer described therein.

15. Also on January 3, 2014, on a supplemental motion brought by the Applicant, the Canadian Court granted an order (the “**January 3<sup>rd</sup> Supplemental Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order Authorizing LightSquared's Motion Seeking Approval of LightSquared's Revised Specific Disclosure Statement and Shortened Time to Object to Confirmation of LightSquared's Revised Second Amended Plan and Re-Solicitation Thereof (the "**Revised Specific Disclosure Statement and Solicitation Order**").

16. In connection with the January 3<sup>rd</sup> Supplemental Order, the Information Officer filed its Twelfth Report to the Canadian Court on January 2, 2014 (the "**Twelfth Report**").

17. On February 5, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the "**February 5<sup>th</sup> Order**") recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Authorizing LightSquared to (A) Enter Into and Perform Under Engagement Letter and (B) Provide Related Indemnities (the "**Engagement Order**");
- b. Final Order (A) Authorizing LP DIP Obligors to Obtain Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens And Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the "**LP DIP Order**"); and
- c. Second Order Amending Amended Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection To Prepetition Secured Parties, and (C) Modifying Automatic Stay (the "**Third Amended Cash Collateral Order**").

18. In connection with the February 5<sup>th</sup> Order, the Information Officer filed its Thirteenth Report to the Canadian Court on February 4, 2014 (the "**Thirteenth Report**"). The February 5<sup>th</sup> Order also approved the Information Officer's Twelfth Report and the activities of the Information Officer set out therein.

19. On February 26, 2014, on a motion brought by the Applicant with respect to the chapter 11 plan filed by the Chapter 11 Debtors, the *Debtors' Third Amended Joint Plan Pursuant to Chapter 11 of Bankruptcy Code* (the “**Third Amended Plan**”), the Canadian Court granted an order (the “**February 26<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order Approving (A) LightSquared’s Third Amended Specific Disclosure Statement and (B) Shortened Time To Object To Confirmation Of LightSquared’s Third Amended Plan And Streamlined Re-solicitation Thereof (the “**Third Amended Disclosure Statement Order**”).

20. In connection with the February 26<sup>th</sup> Order, the Information Officer filed its Fourteenth Report to the Canadian Court dated February 25, 2014 (the “**Fourteenth Report**”). The February 26<sup>th</sup> Order also approved the Information Officer’s Thirteenth Report and the activities of the Information Officer set out therein.

21. On April 11, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**April 11<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Final Order (A) Authorizing LP DIP Obligors to Obtain Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**Replacement LP DIP Order**”); and
- b. Third Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Fourth Amended Cash Collateral Order**”).

22. In connection with the April 11<sup>th</sup> Order, the Information Officer filed its Fifteenth Report to the Canadian Court dated April 8, 2014 (the “**Fifteenth Report**”). The April 11<sup>th</sup> Order also

approved the Information Officer's Fourteenth Report, Fifteenth Report and the activities of the Information Officer set out therein.

23. On July 8, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the "**July 8<sup>th</sup> Order**") recognizing the following orders of the U.S. Bankruptcy Court:

- a. Final Order (A) Authorizing LP DIP Obligors to Obtain Second Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the "**Second Replacement LP DIP Order**");
- b. Fourth Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the "**Fifth Amended Cash Collateral Order**");
- c. Fifth Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the "**Sixth Amended Cash Collateral Order**");
- d. Order Selecting Mediator and Governing Mediation Procedure (the "**Mediation Order**"); and
- e. Order Scheduling Certain Hearing Dates and Establishing Deadlines In Connection With Chapter 11 Plan Process And Subordination Trial (the "**Fourth Amended Plan Confirmation Schedule Order**").

24. In connection with the July 8<sup>th</sup> Order, the Information Officer filed its Sixteenth Report to the Canadian Court dated July 4, 2014 (the "**Sixteenth Report**"). The July 8<sup>th</sup> Order also approved the Information Officer's Sixteenth Report and the activities of the Information Officer set out therein.

**Appendix "B"**

**Court File No. CV-12-9719-00CL**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C.  
1985, c. C 36, AS AMENDED  
APPLICATION OF LIGHTSQUARED LP  
UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C 36, AS AMENDED  
AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED  
STATES BANKRUPTCY COURT WITH RESPECT TO LIGHTSQUARED INC.,  
LIGHTSQUARED INVESTORS HOLDINGS INC., ONE DOT FOUR CORP., ONE DOT  
SIX CORP., SKYTERRA ROLLUP LLC, SKYTERRA ROLLUP SUB LLC, SKYTERRA  
INVESTORS LLC, TMI COMMUNICATIONS DELAWARE, LIMITED  
PARTNERSHIP, LIGHTSQUARED GP INC., LIGHTSQUARED LP, ATC  
TECHNOLOGIES, LLC, LIGHTSQUARED CORP., LIGHTSQUARED FINANCE CO.,  
LIGHTSQUARED NETWORK LLC, LIGHTSQUARED INC. OF VIRGINIA,  
LIGHTSQUARED SUBSIDIARY LLC, LIGHTSQUARED BERMUDA LTD.,  
SKYTERRA HOLDINGS (CANADA) INC., SKYTERRA (CANADA) INC. AND ONE  
DOT SIX TVCC CORP. (COLLECTIVELY, THE "CHAPTER 11 DEBTORS")**

**SEVENTEENTH REPORT OF THE INFORMATION OFFICER**

**ALVAREZ & MARSAL CANADA INC.**

**July 14, 2014**

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## INTRODUCTION

1. On May 14, 2012 (the “**Petition Date**”), LightSquared LP (“**LSLP**” or the “**Applicant**”), LightSquared Inc. and various of their affiliates (collectively, “**LightSquared**” or the “**Chapter 11 Debtors**”), commenced voluntary reorganization cases (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Southern District of New York (the “**U.S. Bankruptcy Court**”) by each filing a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”).
2. On the Petition Date, the Chapter 11 Debtors filed various motions for interim and/or final orders (the “**First Day Motions**”) in the Chapter 11 Cases to permit the Chapter 11 Debtors to continue to operate their businesses in the ordinary course. Also, on the Petition Date, the Applicant, as the proposed Foreign Representative, commenced these proceedings (the “**CCAA Recognition Proceedings**”), by notice of application returnable before this Honourable Court (the “**Canadian Court**”) pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (the “**CCAA**”).
3. On May 15, 2012, the Honourable Justice Morawetz (as he then was) granted an order in these proceedings providing certain interim relief to the Chapter 11 Debtors (the “**Interim Initial Order**”), including a stay of proceedings in respect of the Chapter 11 Debtors, the property and business of the Chapter 11 Debtors and the directors and officers of the Chapter 11 Debtors.
4. On May 15, 2012 and May 16, 2012, the U.S. Bankruptcy Court entered various “first day” orders, including an interim order authorizing LSLP to act as the foreign representative on behalf of the Chapter 11 Debtors’ estates (the “**Foreign Representative**”).
5. On May 18, 2012, the Honourable Justice Morawetz granted an initial recognition order in these proceedings (the “**Initial Recognition Order**”), which among other things: (i)



recognized LSLP as the “foreign representative” of the Chapter 11 Debtors; (ii) declared the Chapter 11 Cases to be a “foreign main proceeding” pursuant to Part IV of the CCAA; and (iii) stayed all proceedings against the Chapter 11 Debtors.

6. On May 18, 2012, the Honourable Justice Morawetz also granted a supplemental order in these proceedings (the “**Supplemental Order**”), which among other things: (i) appointed Alvarez & Marsal Canada Inc. (“**A&M Canada**”) as Information Officer (the “**Information Officer**”) in these proceedings; (ii) stayed all claims and proceedings in respect of the Chapter 11 Debtors, the property and business of the Chapter 11 Debtors and the directors and officers of the Chapter 11 Debtors; (iii) granted a super-priority charge over the Chapter 11 Debtors’ property, in favour of the Information Officer and its counsel, as security for their professional fees and disbursements incurred in respect of these proceedings; and (iv) recognized and gave full force and effect in Canada to certain orders entered by the U.S. Bankruptcy Court including the following:

- a. Order Directing Joint Administration of Related Chapter 11 Cases;
- b. Interim Order Authorizing LightSquared LP To Act as Foreign Representative Pursuant to 11 U.S.C. § 1505; and
- c. Interim Order (A) Authorizing Debtors To (I) Continue Using Existing Cash Management Systems, Bank Accounts and Business Forms and (II) Continue Intercompany Transactions, (B) Providing Postpetition Intercompany Claims Administrative Expense Priority, (C) Authorizing Debtors’ Banks To Honor All Related Payment Requests, (D) Waiving Investment Guidelines of Sections 345(b) of Bankruptcy Code and (E) Scheduling a Final Hearing.

7. On June 4, 11 and 13, 2012, the U.S. Bankruptcy Court entered various orders in the Chapter 11 Cases, including the “Final Order Authorizing LightSquared LP To Act as Foreign Representative Pursuant to 11 U.S.C. § 1505” (the “**Final Foreign Representative Order**”).

8. On June 14, 2012, on a motion brought by the Applicant, the Canadian Court granted an order (the “**June 14<sup>th</sup> Order**”) recognizing certain orders entered by the U.S. Bankruptcy Court including the following:

- a. Final Foreign Representative Order;
- b. Order Determining Adequate Assurance of Payment for Future Utility Services;
- c. Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Cash Collateral Order**”); and
- d. Final Order (A) Authorizing Debtors To (I) Continue Using Existing Cash Management Systems, Bank Accounts and Business Forms and (II) Continue Intercompany Transactions, (B) Providing Postpetition Intercompany Claims Administrative Expense Priority, (C) Authorizing Debtors’ Banks To Honor All Related Payment Requests, and (D) Waiving Investment Guidelines of Sections 345(b) of Bankruptcy Code.

9. In connection with the June 14<sup>th</sup> Order, the Information Officer filed its First Report to the Canadian Court on June 12, 2012. The June 14<sup>th</sup> Order also approved the First Report and the activities of the Information Officer described therein.

10. On August 21, 2012, on a motion brought by the Applicant, the Canadian Court granted an order (the “**August 21<sup>st</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Granting LightSquared's Motion for Order Approving Expedited Procedures for Sale, Transfer, and/or Abandonment of De Minimis Assets; and
- b. Order Pursuant to 11 U.S.C. § 502(b)(9) and Fed. R. Bankr. P. 2002 and 3003(c)(3) Establishing Deadlines for Filing Proofs of Claim and Procedures Relating Thereto and Approving Form and Manner of Notice Thereof.

11. In connection with the August 21<sup>st</sup> Order, the Information Officer filed its Second Report to the Canadian Court on August 15, 2012 (the "**Second Report**"). The August 21<sup>st</sup> Order also approved the Information Officer's Supplemental Report dated June 22, 2012, the Second Report and the activities of the Information Officer described therein.

12. On March 8, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the "**March 8<sup>th</sup> Order**") recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order, Pursuant to 11 U.S.C. § 1121(d), Further Extending the Chapter 11 Debtors Exclusive Periods To File a Plan of Reorganization and Solicit Acceptances Thereof;
- b. Amended Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the "**First Amended Cash Collateral Order**"); and
- c. Order, Pursuant to Section 105(a) of Bankruptcy Code and Bankruptcy Rules 6006, 9014, and 9019, (A) Approving Settlement Agreement Regarding Sprint Claims Under Master Services Agreement and (B) Authorizing Any and All Actions Necessary To Consummate Settlement Agreement.

13. In connection with the March 8<sup>th</sup> Order, the Information Officer filed its Fifth Report to the Canadian Court on March 5, 2013 (the "**Fifth Report**"). The March 8<sup>th</sup> Order also approved

the Information Officer's Third and Fourth Reports, the Fifth Report and the activities of the Information Officer described therein.

14. On March 20, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the "**March 20<sup>th</sup> Order**") recognizing the following order of the U.S. Bankruptcy Court:

- a. Order, Pursuant to 11 U.S.C. §§ 105(a), 363(b), and 363(f), (A) Approving and Authorizing LightSquared Network LLC and LightSquared Corp. To Enter into Consignment Agreement with Rincon Technology, Inc., (B) Authorizing Sale of Consigned Property, and (C) Authorizing LightSquared To Abandon Unsold Property.

15. In connection with the March 20<sup>th</sup> Order, the Information Officer filed its Sixth Report to the Canadian Court on March 15, 2013 (the "**Sixth Report**"). The March 20<sup>th</sup> Order also approved the Information Officer's Sixth Report and the activities of the Information Officer described therein.

16. On August 13, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the "**August 13<sup>th</sup> Order**") recognizing the following order of the U.S. Bankruptcy Court:

- a. Order Scheduling Certain Hearing Dates and Establishing Deadlines in Connection with Chapter 11 Plan Process (the "**Scheduling Order**").

17. In connection with the August 13<sup>th</sup> Order, the Information Officer filed its Eighth Report to the Canadian Court on August 9, 2013 (the "**Eighth Report**"). The August 13<sup>th</sup> Order also approved the Information Officer's Seventh Report, the Eighth Report and the activities of the Information Officer described therein.

18. On October 9, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**October 9<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Approving Expense Reimbursement and Related Relief for L-Band Acquisition, LLC and Mast Spectrum Acquisition Company LLC and Related Entities;
- b. Order (A) Establishing Bid Procedures, (B) Scheduling Date and Time for Auction, (C) Approving Assumption and Assignment Procedures, (D) Approving Form of Notice, and (E) Granting Related Relief; and
- c. Final Order (I) Approving Compensation for Independent Directors, (II) Authorizing Administrative Expense Priority for Indemnification Claims Arising from Postpetition Services of Independent Directors, and (III) Granting Related Relief.

19. In connection with the October 9<sup>th</sup> Order, the Information Officer filed its Ninth Report to the Canadian Court on October 4, 2013 (the “**Ninth Report**”). The October 9<sup>th</sup> Order also approved the Information Officer’s Ninth Report and the activities of the Information Officer described therein.

20. On October 17, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**October 17<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order (I) Approving Disclosure Statements, (II) Approving Solicitation and Notice Procedures with Respect to Confirmation of Competing Plans, (III) Approving Forms of Various Ballots and Notices in Connection Therewith, (IV) Approving Scheduling of Certain Dates in Connection with Confirmation of Competing Plans, and (V) Granting Related Relief” (the “**Disclosure and Solicitation Order**”).

21. In connection with the October 17<sup>th</sup> Order, the Information Officer filed its Tenth Report to the Canadian Court on October 11, 2013 (the “**Tenth Report**”). The October 17<sup>th</sup> Order also approved the Information Officer’s Tenth Report and the activities of the Information Officer described therein.

22. On January 3, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**January 3<sup>rd</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Modifying Previously Scheduled Hearing Dates and Deadlines in Connection with Chapter 11 Plan Process; and
- b. Order Amending Amended Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Second Amended Cash Collateral Order**”).

23. In connection with the January 3<sup>rd</sup> Order, the Information Officer filed its Eleventh Report to the Canadian Court dated December 23, 2013 (the “**Eleventh Report**”) on December 24, 2013. The January 3<sup>rd</sup> Order also approved the Information Officer’s Eleventh Report and the activities of the Information Officer described therein.

24. Also on January 3, 2014, on a supplemental motion brought by the Applicant, the Canadian Court granted an order (the “**January 3<sup>rd</sup> Supplemental Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order Authorizing LightSquared’s Motion Seeking Approval of LightSquared’s Revised Specific Disclosure Statement and Shortened Time to Object to Confirmation of LightSquared’s Revised Second Amended Plan and Re-Solicitation Thereof (the “**Revised Specific Disclosure Statement and Solicitation Order**”).

25. In connection with the January 3<sup>rd</sup> Supplemental Order, the Information Officer filed its Twelfth Report to the Canadian Court on January 2, 2014 (the “**Twelfth Report**”).

26. On February 5, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**February 5<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Authorizing LightSquared to (A) Enter Into and Perform Under Engagement Letter and (B) Provide Related Indemnities (the “**Engagement Order**”)
- b. Final Order (A) Authorizing LP DIP Obligors to Obtain Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens And Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**LP DIP Order**”); and
- c. Second Order Amending Amended Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection To Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Third Amended Cash Collateral Order**”).

27. In connection with the February 5<sup>th</sup> Order, the Information Officer filed its Thirteenth Report to the Canadian Court on February 4, 2014 (the “**Thirteenth Report**”). The February 5<sup>th</sup> Order also approved the Information Officer’s Twelfth Report and the activities of the Information Officer set out therein.

28. On February 26, 2014, on a motion brought by the Applicant with respect to the chapter 11 plan filed by the Chapter 11 Debtors, the *Debtors’ Third Amended Joint Plan Pursuant to Chapter 11 of Bankruptcy Code* (the “**Third Amended Plan**”), the Canadian Court granted an

order (the “**February 26<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order Approving (A) LightSquared’s Third Amended Specific Disclosure Statement and (B) Shortened Time To Object To Confirmation Of LightSquared’s Third Amended Plan And Streamlined Re-solicitation Thereof (the “**Third Amended Disclosure Statement Order**”).

29. In connection with the February 26<sup>th</sup> Order, the Information Officer filed its Fourteenth Report to the Canadian Court dated February 25, 2014 (the “**Fourteenth Report**”). The February 26<sup>th</sup> Order also approved the Information Officer’s Thirteenth Report and the activities of the Information Officer set out therein.

30. On April 11, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**April 11<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Final Order (A) Authorizing LP DIP Obligors to Obtain Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**Replacement LP DIP Order**”); and
- b. Third Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Fourth Amended Cash Collateral Order**”).

31. In connection with the April 11<sup>th</sup> Order, the Information Officer filed its Fifteenth Report to the Canadian Court dated April 8, 2014 (the “**Fifteenth Report**”). The April 11<sup>th</sup> Order also approved the Information Officer’s Fourteenth Report, Fifteenth Report and the activities of the Information Officer set out therein.



32. On July 8, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**July 8<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Final Order (A) Authorizing LP DIP Obligors to Obtain Second Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**Second Replacement LP DIP Order**”);
- b. Fourth Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Fifth Amended Cash Collateral Order**”);
- c. Fifth Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Sixth Amended Cash Collateral Order**”);
- d. Order Selecting Mediator and Governing Mediation Procedure (the “**Mediation Order**”); and
- e. Order Scheduling Certain Hearing Dates and Establishing Deadlines In Connection With Chapter 11 Plan Process And Subordination Trial (the “**Fourth Amended Plan Confirmation Schedule Order**”).

33. In connection with the July 8<sup>th</sup> Order, the Information Officer filed its Sixteenth Report to the Canadian Court dated July 4, 2014 (the “**Sixteenth Report**”). The July 8<sup>th</sup> Order also approved the Information Officer’s Sixteenth Report and the activities of the Information Officer set out therein.

34. During the Canadian Court recognition hearing on July 8, 2014 (the “**July 8 Hearing**”), the Foreign Representative advised the Canadian Court that the Second Replacement LP DIP Order and the Sixth Amended Cash Collateral Order would provide the LP Obligors with

sufficient DIP financing through to July 15, 2014 and that the process to confirm the *Debtors'* *Fourth Amended Joint Plan to Chapter 11 of Bankruptcy Code* (the “**Fourth Amended Plan Confirmation Process**”) as laid out in the Fourth Amended Plan Confirmation Schedule Order is currently set to extend into the fall of 2014.

35. In addition, during the July 8 Hearing, the Foreign Representative stated that it expected to receive further orders of the U.S. Bankruptcy Court with regard to additional DIP financing on or about July 14, 2014 and would return before the Canadian Court on July 15, 2014 to seek recognition of those further orders.

#### **PURPOSE OF THIS REPORT**

36. On July 12, 2014, the Foreign Representative served a Motion Record in these proceedings, including a Notice of Motion returnable on July 15, 2014 (the “**July 15<sup>th</sup> Motion**” or the “**Recognition Motion**”). The Motion Record includes an affidavit of Elizabeth Creary sworn July 12, 2014 (the “**Creary Affidavit**”).

37. The purpose of this seventeenth report of the Information Officer (the “**Seventeenth Report**”) is to provide the Canadian Court with information concerning the Chapter 11 Cases, including:

- a. the Foreign Representative’s request for recognition by the Canadian Court of the following orders (the “**Foreign Orders**”):
  - i. Final Order (A) Authorizing LP DIP Obligors to Obtain Third Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting

Adequate Protection, and (D) Modifying Automatic Stay (the “**Third Replacement LP DIP Order**”);

- ii. Sixth Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Seventh Amended Cash Collateral Order**”); and

- b. information concerning the activities of the Information Officer since the date of the Sixteenth Report (the “**Activities Report**”).

38. The limitations in this paragraph do not apply to the Activities Report in this Seventeenth Report. In preparing this Seventeenth Report, A&M Canada, in its limited capacity as Information Officer, has relied upon documents filed with the Court in these proceedings, documents filed in the Chapter 11 Cases and other information made available to it by the Foreign Representative, the Chapter 11 Debtors and their respective counsel (the “**Parties**”), as appropriate (collectively, the “**Information**”). Based on its limited review and limited interaction with the Parties to date, nothing has come to A&M Canada’s attention that would cause it to question the reasonableness of the Information presented herein. However, to the extent that this Seventeenth Report contains any financial information of the Chapter 11 Debtors (“**Financial Information**”), A&M Canada has not audited, reviewed or otherwise attempted to independently verify the accuracy or completeness of the Financial Information. Accordingly, A&M Canada expresses no opinion or other form of assurance in respect of the Financial Information.

39. All terms not otherwise defined in this Seventeenth Report have the meanings ascribed to them in the Chapter 11 Cases.

40. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

### **THIRD REPLACEMENT LP DIP ORDER**

41. This Honourable Court recognized the following LP DIP Orders entered by the U.S. Bankruptcy Court which, among other things, approved the provision of certain superpriority senior secured, priming, postpetition financing by the LP DIP Lenders to the LP DIP Obligors through July 15, 2014:

- a. LP DIP Order on February 5, 2014;
- b. Replacement LP DIP Order on April 11, 2014; and
- c. Second Replacement LP DIP Order on July 8, 2014.

42. The Chapter 11 Debtors stated that the Second Replacement LP DIP Order and the Sixth Amended Cash Collateral Order, also recognized on July 8, 2014, were intended to provide sufficient funds and liquidity to July 15, 2014 for the Chapter 11 Debtors to continue the Fourth Amended Plan Confirmation Process and conclude the Chapter 11 Cases.

43. As previously reported to the Canadian Court, the Fourth Amended Plan Confirmation Process is scheduled to extend well past the Final Maturity Date of July 15, 2014 specified by the Second Replacement LP DIP Facility. The Chapter 11 Debtors require an extension of the LP DIP Facility to enable them to continue the Fourth Amended Plan Confirmation Process.

44. On July 11, 2014, the Chapter 11 Debtors filed with the U.S. Bankruptcy Court a Notice of Presentment of the Third Replacement LP DIP Order, which terms are substantially similar to the terms set forth in the Second Replacement LP DIP Facility, providing the LP DIP Obligors with replacement senior secured, priming, superpriority, postpetition financing through and

including July 21, 2014. The Chapter 11 Debtors expect that the U.S. Bankruptcy Court will enter the Third Replacement LP DIP Order on July 14, 2014.

45. According to the Chapter 11 Debtors, each of the LP DIP Obligors (as defined in the Initial LP DIP Order) and the LP DIP Lenders under the Second Replacement LP DIP Facility have consented to the entry of the Third Replacement LP DIP Order and to the terms of the Third Replacement LP DIP Facility, the proceeds of which will be used to:

- a. pay in full all Second Replacement LP DIP Obligations under (and as defined in) the Second Replacement LP DIP Facility and the Second Replacement LP DIP Order;
- b. finance the general corporate and working capital needs of the LP DIP Obligors through July 21, 2014; and
- c. pay the LP DIP Professional Fees.

46. The Third Replacement DIP Order will provide the LP DIP Obligors with \$76,800,273 of financing (including amounts to be used to repay outstanding advances under the Second Replacement LP DIP Facility) through July 21, 2014 to be used in accordance with a budget (the “**Budget**”) developed by the LP DIP Obligors and their financial advisors.

47. As a condition precedent to the Third Replacement LP DIP Order, the LP DIP Lenders required that the LP DIP Obligors obtain the Canadian Court’s recognition of the Third Replacement LP DIP Order by no later than July 15, 2014.

48. The Chapter 11 Debtors are of the view that to ensure a value-maximizing exit from the Chapter 11 Cases requires the availability of capital from the Third Replacement LP DIP Facility. Without such funds, serious and irreparable harm to the Chapter 11 Debtors and their estates would occur as the Chapter 11 Debtors would not have sufficient available sources of

capital and financing to operate its businesses and maintain its properties in the ordinary course of business and be able to continue the Fourth Amended Plan Confirmation Process.

#### **SEVENTH AMENDED CASH COLLATERAL ORDER**

49. As previously reported to this Honourable Court, the initial Cash Collateral Order was entered by the U.S. Bankruptcy Court on June 13, 2012. Pursuant to the initial Cash Collateral Order and the subsequent extensions thereof, the Chapter 11 Debtors were permitted to use the Prepetition LP Collateral, including Cash Collateral (the “**Cash Collateral**” as such term is defined in section 363 of the *Bankruptcy Code*) through July 15, 2014. The Canadian Court recognized the initial Cash Collateral Order and subsequent amendments.

50. The Chapter 11 Debtors expect that on July 14, 2014, the U.S. Bankruptcy Court will enter the Seventh Amended Cash Collateral Order which, among other things,

- a. permits the LP Debtors to continue to use the Prepetition LP Collateral, including Cash Collateral, through and including July 21, 2014;
- b. permits the LP Debtors to continue to make the Adequate Protection Payments on the terms set forth therein; and
- c. preserves for the benefit of the Prepetition LP Secured Parties the LP Adequate Protection Liens and the LP Section 507(b) Claims.

51. The Budget attached as Schedule 1 to the Sixth Amended Cash Collateral Order has been replaced in its entirety by the Budget attached as Schedule 1 to the Seventh Amended Cash Collateral Order.

52. Consistent with the Sixth Amended Cash Collateral Order, the LP Obligors will not be required to pay the LP Adequate Protection Payment to the Prepetition LP Agent, for the benefit of the Prepetition LP Lenders, on the first Business Day of July 2014 provided:

- a. the LP Obligors pay for the benefit of the Prepetition LP Lenders, all reasonable, actual and documented fees and expenses of White & Case LLP and The Blackstone Group L.P. on the first Business Day of July 2014; and
- b. the payment of the July 2014 LP Adequate Protection Payment will not be deemed waived in the event that the Amended Cash Collateral Order is further extended and would be paid by an Order approving additional DIP financing to the LP Obligors in these Chapter 11 Cases.

53. The Applicant is seeking recognition of this Seventh Amended Cash Collateral Order in the Canadian Court. The Chapter 11 Debtors are of the view that the Seventh Amended Cash Collateral Order should be recognized by the Canadian Court as:

- a. the LP Obligors have agreed to continue to use Cash Collateral in accordance with a Budget developed by the Chapter 11 Debtors, in consultation with their financial advisor;
- b. the Budget is achievable and will continue to allow the LP Obligors to operate without the accrual of unpaid administrative expenses and will continue to adequately protect the Prepetition LP Agent and the Prepetition LP Lenders from diminution in the value of their interests in the Cash Collateral;
- c. the only alternative to the LP Obligors' use of Cash Collateral – the immediate liquidation of their assets – would be catastrophic for both the Chapter 11 Debtors and the Prepetition LP Lenders given that an orderly conclusion to the Chapter 11 Cases is achievable; and

- d. the terms and conditions contained in that Order are fair and reasonable and in the best interests of the Chapter 11 Debtors, their estates and their creditors.

#### **ACTIVITIES OF THE INFORMATION OFFICER**

54. The activities of the Information Officer since the date of the Sixteenth Report have included:

- a. reviewing the Motion Record in respect of the July 15<sup>th</sup> Motion, reviewing and monitoring the materials filed in the Chapter 11 Cases and discussions with its counsel, Goodmans, and with counsel for the Foreign Representative regarding same;
- b. attending the July 8<sup>th</sup> Canadian Court hearing;
- c. updating the Information Officer's website at [www.amcanadadocs.com/lightsquared](http://www.amcanadadocs.com/lightsquared) to make available copies of the Sixteenth Report, Recognition Orders and motion materials; and
- d. preparing this Seventeenth Report and discussions with Goodmans regarding same.

55. In its Recognition Motion, the Foreign Representative is seeking approval of this Seventeenth Report and the activities of the Information Officer set out therein in respect of this proceeding. However, due to the necessarily short amount of time between the service of this Seventeenth Report and the return of the Recognition Motion, it has been agreed that such approval will not proceed on July 15<sup>th</sup>, but instead will be sought at the return of the next motion by the Foreign Representative.



**RECOMMENDATION**


56. The Information Officer understands that the secured creditors registered against the Canadian Chapter 11 Debtor entities have been given notice of the Recognition Motion and are notice parties in the Chapter 11 Cases.

57. Based on its review of the materials, as described in this Seventeenth Report, the Information Officer understands that the Foreign Orders sought to be recognized and approved in the Recognition Motion are necessary for the protection of the Chapter 11 Debtors' property and the interests of their creditors. The terms of the Recognition Order being sought are appropriate in the circumstances. The Information Officer does not believe that the relief sought in the Recognition Motion is contrary to Canadian public policy.

58. Based on the foregoing, the Information Officer respectfully recommends that this Honourable Court grant the relief sought by the Foreign Representative in the Recognition Motion.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** at Toronto, Ontario this 14<sup>th</sup> day of July, 2014.

**ALVAREZ & MARSAL CANADA INC.**  
in its capacity as the Information Officer of  
LightSquared LP and not in its personal or corporate capacity

Per:   
John J. Walker

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED, APPLICATION OF LIGHTSQUARED LP UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C 36, AS AMENDED AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT WITH RESPECT TO THE CHAPTER 11 DEBTORS

Court File No.: CV-12-9719-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**EIGHTEENTH REPORT OF  
INFORMATION OFFICER  
(Dated July 28, 2014)**

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