

**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")**

FOURTH REPORT OF THE INFORMATION OFFICER

**ALVAREZ & MARSAL CANADA INC.
February 15, 2013**

Table of Contents

Introduction	1
Purpose of this Report.....	7
Notable Chapter 11 Orders and Notices.....	8
The Standing Motion.....	11
Activities of the Information Officer.....	11

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 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 and 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 the following orders entered by the U.S. Bankruptcy Court:

- 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;
- 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;
- d. Interim Order (A) Authorizing, But Not Directing, Debtors To (I) Pay Certain Prepetition Wages and Reimbursable Employee Expenses, (II) Pay and Honor Employee Benefits, (III) Continue Employee Benefits Programs and (B) Authorizing and Directing Financial Institutions To Honor All Related Checks and Electronic Payment Requests and (IV) Scheduling a Final Hearing;

- e. Interim Order (A) Authorizing, But Not Directing, (I) Continuation of Debtors' Insurance Policies and (II) Payment of Certain Obligations in Respect Thereof and (B) Authorizing and Directing Financial Institutions To Honor All Related Checks and Electronic Payment Requests;
 - f. Interim Order (A) Authorizing, But Not Directing, Debtors To Pay Taxes and Fees, (B) Authorizing and Directing Financial Institutions To Honor All Related Checks and Electronic Payment Requests and (C) Scheduling a Final Hearing;
 - g. Interim Order Authorizing Restrictions on Certain Transfers of Interests and Claims in the Debtors and Establishing Notification Procedures Relating Thereto Pursuant to Sections 105(a) and 362 of the Bankruptcy Code; and
 - h. Order Authorizing and Approving the Employment and Retention of Kurtzman Carson Consultants LLC as Claims and Noticing Agent for Debtors and Debtors In Possession.
7. On June 4, 11 and 13, 2012, the U.S. Bankruptcy Court entered various orders in the Chapter 11 Cases, including the following order: "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 14th Order**") recognizing the following orders entered by the U.S. Bankruptcy Court:
- a. Final Foreign Representative Order;
 - b. Order Authorizing Restrictions on Certain Transfers of Interests and Claims in the Debtors and Establishing Notification Procedures Relating Thereto Pursuant to Sections 105(a) and 362 of the Bankruptcy Code;

- c. Order Determining Adequate Assurance of Payment for Future Utility Services;
- d. 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**”);
- e. 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, (D) Waiving Investment Guidelines of Sections 345(b) of Bankruptcy Code;
- f. Final Order (A) Authorizing, But Not Directing, Debtors To (I) Pay Certain Prepetition Wages and Reimbursable Employee Expenses, (II) Pay and Honor Employee Benefits, (III) Continue Employee Benefits Programs and (B) Authorizing and Directing Financial Institutions To Honor All Related Checks and Electronic Payment Requests;
- g. Final Order (A) Authorizing, But Not Directing, (I) Continuation of Debtors’ Insurance Policies and (II) Payment of Certain Obligations in Respect Thereof and (B) Authorizing and Directing Financial Institutions To Honor All Related Checks and Electronic Payment Requests; and
- h. Final Order (A) Authorizing, But Not Directing, Debtors To Pay Taxes and Fees and (B) Authorizing and Directing Financial Institutions To Honor All Related Checks and Electronic Payment Requests.

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

10. The Cash Collateral Order entered by the U.S. Bankruptcy Court on June 13, 2012 and recognized by the Canadian Court on June 14, 2012 pursuant to the June 14th Order was in a form significantly amended from the draft version of the order served by the Applicant in these proceedings on June 7, 2012. In order to provide the Canadian Court with information regarding the key changes between the draft and final versions of the Cash Collateral Order, the Honourable Mr. Justice Morawetz requested that the Information Officer file a supplemental report with the Canadian Court detailing the changes. In response to such request, on June 22, 2012, the Information Officer issued and filed the supplemental report to the First Report (the “**Supplemental Report**”).

11. On August 21, 2012, on a motion brought by the Applicant, the Canadian Court granted an order (the “**August 21st 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 (the “**De Minimis Order**”); 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 (the “**Bar Date Order**”).

12. In connection with the August 21st Order, the Information Officer filed its Second Report to the Canadian Court on August 15, 2012 (the “**Second Report**”). The August 21st Order also approved the Supplemental Report, the Second Report and the activities of the Information Officer described therein.

13. In the three months following the Second Report, the Applicant did not seek the Canadian Court's recognition of any orders of the U.S. Bankruptcy Court. On November 15, 2012, the Information Officer filed its Third Report to the Canadian Court (the "**Third Report**") pursuant to paragraph 12 (b) of the Supplemental Order, which states that the Information Officer is required to report to this Court at least once every three months with respect to the status of these proceedings and the status of the Foreign Proceedings, which reports may include information relating to the Property, the Business, or such other matters that may be relevant to the CCAA Recognition Proceedings (the "**Status Update Requirement**").

14. The Third Report provided the Court with information on certain notable orders and motions, including:

- a. an order extending the initial 120-day period for LightSquared to assume or reject its unexpired leases by an additional 90-days to and including December 10, 2012 (the "**Extension Order**");
- b. an agreed order extending LightSquared's exclusive period to file a chapter 11 plan to and including January 31, 2013 and exclusive period in which it can solicit acceptances of the chapter 11 plan to and including April 1, 2013 (the "**Exclusivity Order**");
- c. the Final DIP Order authorizing One Dot Six Corp. (the "**DIP Borrower**") to obtain, and LightSquared Inc., One Dot Four Corp., and One Dot Six TVCC Corp., together with the DIP Borrower, to unconditionally guaranty jointly and severally the DIP Borrower's obligations in respect of secured, priming, superpriority postpetition financing pursuant to the terms and conditions of the Debtor in Possession Credit Agreement; and
- d. a motion filed by the ad hoc secured group of Prepetition LP Lenders (the "**Ad Hoc Secured Group**") with the U.S. Bankruptcy Court (the "**Standing Motion**") seeking authority to proceed on behalf of the estates

to bring claims challenging the validity and extent of the Prepetition Inc. Lenders' claims and liens relating to the Prepetition Inc. Facility.

PURPOSE OF THIS REPORT

15. Since the filing of the Third Report, the Applicant has not sought the Canadian Court's recognition of any orders of the U.S. Bankruptcy Court. Accordingly, this fourth report of the Information Officer (the "**Fourth Report**") is provided in compliance with the Status Update Requirement in the Supplemental Order and to provide the Canadian Court with information concerning:
 - a. Certain notable Orders recently entered by the U.S. Bankruptcy Court in the Chapter 11 Cases and LightSquared's notice of amendment to the DIP Agreement;
 - b. An update on the Ad Hoc Secured Group's Standing Motion; and
 - c. The activities of the Information Officer since the date of the Third Report.

16. In preparing this Fourth Report, A&M Canada has relied on information and documents provided by the Foreign Representative, the Chapter 11 Debtors and their counsel. A&M Canada has not audited, reviewed or otherwise attempted to independently verify the accuracy or completeness of this information. Accordingly, A&M Canada expresses no opinion or other form of assurance on the information contained herein or relied on in its preparation.

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

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

NOTABLE CHAPTER 11 ORDERS AND NOTICES

19. During the last several months, the U.S. Bankruptcy Court has entered various orders in the Chapter 11 Cases, including, among others:

- a. Order Pursuant to 11 U.S.C. § 365(d)(4) Extending Time To Assume or Reject Unexpired Leases of Nonresidential Real Property (the “**Second Extension Order**”);
- b. Order, Pursuant to 11 U.S.C. §§ 363 and 365, Authorizing LightSquared LP To Assume Amended Agreement Between LightSquared LP and BandRich Inc. with Respect to Wireless Communication Devices (the “**BandRich Agreement Order**”);
- c. Stipulation and Agreed Order Establishing Procedures for the Protection of Confidential Information (the “**Protective Order**”); and
- d. Order Pursuant to 11 U.S.C. § 1121(d) Further Extending LightSquared’s Exclusive Periods to File A Plan of Reorganization and Solicit Acceptances Thereof (the “**Second Exclusivity Order**”).

The Chapter 11 Debtors also served notices, including notices of amendment to the DIP Agreement.

Second Extension Order

20. On November 28, 2012, the U.S. Bankruptcy Court entered the Second Extension Order, further extending the time period for LightSquared to assume or reject certain of its unexpired leases of nonresidential real property and rejecting all of LightSquared’s other unexpired leases of nonresidential real property not assumed or for which the time to assume has not been extended. Depending on the particular lease, as summarized in schedules to the Second Extension Order, the time period has been extended to (i) March 10, 2013, (ii) June 10, 2013, or (iii) the date of confirmation of a plan of reorganization under chapter 11 of the U.S. Bankruptcy Code in these Chapter 11 Cases.

BandRich Agreement Order

21. On November 28, 2012, the U.S. Bankruptcy Court entered the BandRich Agreement Order approving and authorizing LightSquared LP to: (i) assume a certain memorandum of understanding (the “**MOU**”) between LightSquared LP and BandRich Inc. regarding the development and manufacture of certain WiFi routers and USB modems that would enable LightSquared’s customers to connect to its satellite and terrestrial networks upon successful implementation of LightSquared’s 4G LTE wireless network; (ii) enter into an amendment to the MOU; and (iii) pay cure costs.

Protective Order

22. On November 28, 2012, the U.S. Bankruptcy Court entered the Protective Order establishing procedures for the protection of confidential information by and between the Chapter 11 Debtors, the Ad Hoc Secured Group, Harbinger, Mast, U.S. Bank and UBS. The procedures established under the Protective Order govern the production, exchange, and use of documents, testimony and other information produced, given, provided or exchanged, pursuant to formal or informal discovery requests, by and among the Parties in connection with the Ad Hoc Secured Group’s investigation of certain claims and defenses relating to the Prepetition Inc. Obligations and the Prepetition Inc. Liens and any potential claims of the Chapter 11 Debtors or their estates against any Prepetition Inc. Agent or Prepetition Inc. Lender pursuant to the Cash Collateral Order and the Final DIP Order.

Second Exclusivity Order

23. On January 17, 2013, LightSquared filed with the U.S. Bankruptcy Court a motion (the “**Second Exclusivity Motion**”) seeking an order to further extend (a) the exclusive period to file a chapter 11 plan through and including May 31, 2013 and (b) the exclusive period in which to solicit acceptances of a chapter 11 plan through and including July 30, 2013.

24. The hearing on the Second Exclusivity Motion in the U.S. Bankruptcy Court commenced on January 31, 2013 but was continued to February 13, 2013, where LightSquared announced that a stipulation (the “**Stipulation**”), setting forth the terms upon which LightSquared and the Ad Hoc Secured Group had agreed to compromise and settle the issues raised by the Second Exclusivity Motion, had been entered into by the major constituents in the Chapter 11 Cases. Pursuant to the Second Exclusivity Order entered by the U.S. Bankruptcy Court on February 13, 2013, approving the stipulation, LightSquared’s exclusive periods to both file a chapter 11 plan and to solicit acceptances thereof were extended to and including July 15, 2013, at which time such exclusive period will terminate with prejudice unless the Ad Hoc Secured Group, Mast and U.S. Bank consent to LightSquared filing a motion seeking a further extension of its exclusive periods. In addition, among other things, the Stipulation provides that LightSquared is permitted to use the Prepetition LP Lenders’ cash collateral through and including December 31, 2013 on substantially similar terms as those contained in the Cash Collateral Order and waives certain future technical defaults under the Final DIP Order and DIP Agreement and contemplates certain amendments of the DIP Agreement to provide additional borrowings and extend the maturity of the DIP facility to December 31, 2013.
25. The Information Officer has been advised that counsel for the Foreign Representative will seek recognition of the Stipulation in the near future. In addition, the Foreign Representative intends to seek recognition of an order amending the Cash Collateral Order once this order is entered by the U.S. Bankruptcy Court.

Notice of Amendment to DIP Agreement

26. On December 7, 2012, LightSquared issued a notice of amendment to the DIP Agreement stating that in accordance with paragraph 12 of the Final DIP Order, the Inc. Obligors intend to amend the DIP Agreement with respect to certain definitions, financial covenants and milestones contained in the DIP Agreement.

27. On February 6, 2013, LightSquared issued a second notice of amendment to the DIP Agreement stating that, in accordance with paragraph 12 of the Final DIP Order, the Inc. Obligors intend to further amend the DIP Agreement with respect to certain funding dates and milestones contained in the DIP Agreement.
28. As indicated in the Monitor's Supplemental Report, the financing authorized by the Final DIP Order does not affect the Canadian Debtors or assets held by the Canadian Debtors.

THE STANDING MOTION

29. A number of filings have been made by the Ad Hoc Secured Group, U.S. Bank, Mast, Harbinger and LightSquared regarding the Standing Motion since the Third Report.
30. After two adjournments, the Standing Motion was heard by the U.S. Bankruptcy Court on January 9, 2013. The parties to the Standing Motion filed supplemental briefings on the Standing Motion at the request of the U.S. Bankruptcy Court on February 13, 2013. A decision by the U.S. Bankruptcy Court on the Standing Motion is pending.


ACTIVITIES OF THE INFORMATION OFFICER

31. The activities of the Information Officer since the date of our Third Report have included:
- a. Reviewing and monitoring the materials filed in the Chapter 11 Cases and discussions with its counsel, Goodmans LLP ("**Goodmans**"), regarding same;

- b. Updating the Information Officer's website at www.amcanadadocs.com/lightquared to make available copies of the Third Report; and
- c. Preparing this Fourth Report and discussions with Goodmans regarding same.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 15th day of February, 2013.

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