

**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")**

**NINTH REPORT OF THE INFORMATION OFFICER**

**ALVAREZ & MARSAL CANADA INC.**

**October 4, 2013**

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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 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 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; 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; 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 13th Order also approved the Information Officer’s Seventh Report, the Eighth Report and the activities of the Information Officer described therein.

### **PURPOSE OF THIS REPORT**

18. On October 3, 2013, the Foreign Representative served a Motion Record, including a Notice of Motion returnable on October 9, 2013, in these proceedings (the “**October 9<sup>th</sup> Motion**” or the “**Recognition Motion**”). The Motion Record includes an affidavit of Elizabeth Creary sworn October 3, 2013 (the “**Creary Affidavit**”).

19. The purpose of this ninth report of the Information Officer (the “**Ninth Report**”) is to provide the Canadian Court with information, including:

- a. the Foreign Representative’s request for recognition by the Canadian Court of the following orders (collectively, the “**Foreign Orders**”):
  - i. Order Approving Expense Reimbursement and Related Relief for L-Band Acquisition, LLC and Mast Spectrum Acquisition Company LLC and Related Entities (the “**Expense Reimbursement Order**”);
  - ii. 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 (the “**Bid Procedures Order**”);
  - iii. 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 (the “**Executive Compensation Order**”); and

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

20. The limitations in this paragraph do not apply to the Activities Report in this Ninth Report. In preparing this Ninth 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 Ninth 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.

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

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

#### **EXPENSE REIMBURSEMENT ORDER AND BID PROCEDURES ORDER**

23. In early September several parties, including the Chapter 11 Debtors, the ad hoc secured group of Prepetition LP Lenders (the “**Ad Hoc Secured Group**”) and U.S. Bank National

Association (“**U.S. Bank**”) together with MAST Capital Management, LLC (on behalf of itself and its management funds and accounts) (collectively “**MAST**”) filed competing motions for approval of bid procedures (the “**Bid Procedures Motions**”).

24. Issues raised in the objections, statements and replies filed in response to the Bid Procedures Motions were not resolved by the time of the September 24th hearing for the Bid Procedures Motions. However, since the interested parties were engaged in attempts to consensually resolve the matter the U.S. Bankruptcy Court adjourned the hearing to September 30, 2013. The consent of the Ad Hoc Secured Group, U.S. Bank and MAST to the adjournment was conditional on the granting by the U.S. Bankruptcy Court of the Expense Reimbursement Order.

25. The U.S. Bankruptcy Court found the Expense Reimbursement Order to be appropriate in the circumstances and entered the Order on September 25, 2013.

26. In summary, the Expense Reimbursement Order provides for the reimbursement of all reasonable and documented costs incurred by (i) L-Band Acquisition, LLC (“**LBAC**”) (to a maximum of \$2,000,000) and (ii) MAST, U.S. Bank and MAST Spectrum Acquisition Company LLC and/or one or more of its affiliates or designees (“**MSAC**”), in connection with the negotiation and documentation of their respective proposed stalking horse bids. Administrative expense status is granted to these reimbursement obligations of the Chapter 11 Debtors.

27. The Expense Reimbursement Order also prohibited the Chapter 11 Debtors from soliciting, or participating in any discussions regarding, or furnishing any information with respect to, any sale transaction (the “**No-Shop Protection**”) other than those proposed by LBAC

and MSAC, until September 30, 2013, being the date scheduled for the resumption of the hearing of the Bid Procedures Motions.

28. The Foreign Representative is requesting that the Canadian Court recognize the Expense Reimbursement Order on the grounds that:

- a. the expense reimbursements contemplated thereunder are actual and necessary costs and expenses of preserving the Chapter 11 Debtors' estates;
- b. the No-Shop Protection, which has now expired, was reasonable and appropriate in its scope and in light of the commitments that have been made and the risks undertaken by LBAC;
- c. it is appropriate and necessary for the protection of the Chapter 11 Debtors' property; and
- d. it is in the best interests of the Chapter 11 Debtors and their creditors.

29. By the time of the return of the hearing for the Bid Procedures Motions on September 30, 2013, the matter had been resolved among the parties in interest and a consensual order was presented to the U.S. Bankruptcy Court for approval.

30. The U.S. Bankruptcy Court found that the legal and factual bases set forth established just cause for the relief and on October 1, 2013, entered the Bid Procedures Order.

31. The Bid Procedures Order:

- a. approved the bid procedures attached as Schedule 1 to the order (the "**Bid Procedures**") for the sale(s) (the "**Sale**") of all or substantially all of the assets of the Chapter 11 Debtors, or any grouping or subset thereof, including authorizing the Chapter 11 Debtors to grant bidder protections and break fees in connection with the Sale;

- b. authorized and scheduled a date and time to hold an auction (the “**Auction**”) to solicit higher or otherwise better bids for the Chapter 11 Debtors assets;
  - c. approved the assumption and assignment procedures; and
  - d. approved the form and manner of notice with respect to the Sale and the Auction.
32. More particularly, the Bid Procedures Order provides:
- a. for a bid deadline of November 20, 2013 at 5:00 p.m. (prevailing Eastern time) (the “**Bid Deadline**”);
  - b. that the Chapter 11 Debtors may, in their reasonable discretion (after providing advance notice to the stakeholder parties of such decision), extend the Bid Deadline once or successively; provided, that in no event shall the Bid Deadline be extended beyond November 25, 2013;
  - c. that LBAC is deemed to be a Stalking Horse Bidder and to have submitted a Qualified Bid (as expressly modified by the Bid Procedures or Approval Order) for the purchase of LP Assets of (A) cash in the amount of \$2.2 billion; plus (B) the value of Employee Obligations assumed by LBAC; plus (C) certain Cure Amounts; plus (D) the amounts of liabilities specifically designated in the LBAC Stalking Horse Agreement as assumed liabilities. The LBAC Bid provides that receipt of the FCC Consent and Industry Canada Approval is not a condition precedent for the funding of the cash purchase price payable thereunder. In connection with the LBAC Bid, LBAC shall be entitled to a break-up fee of \$51.8 million, i.e., 2 1/3% of the cash purchase price offered by the LBAC Bid
  - d. that MSAC is deemed to be a Stalking Horse Bidder and to have submitted a Qualified Bid in the form of a credit bid for the purchase of the One Dot Six Assets in an amount equal to (A) all the Obligations owing under the DIP Credit Agreement, plus (B) \$1.00 of the obligations

owing under the Inc. Facility Agreement held by MAST in the form of the Inc. Facility-One Dot Six Guaranty Claims, plus (C) cash in the amount necessary to satisfy those obligations under any plan of reorganization that are required to be paid in cash, if any; plus (D) certain Cure Costs; plus (E) the liabilities specifically designated in the MAST Stalking Horse Agreement as assumed liabilities.

- e. that LightSquared may, in consultation with the Stakeholder Parties and subject to the Bankruptcy Court's approval, grant Potential Stalking Horse Bidders Bid Protections with respect to the applicable assets as follows: (A) a break-up fee payable to the Potential Stalking Horse Bidder of up to 3% of the cash purchase price of the applicable assets set forth in the Potential Stalking Horse Bid and (B) a maximum expense reimbursement payable to the Potential Stalking Horse Bidder of \$2 million. A Stalking Horse Bid may contemplate the purchase of any grouping or subset of the Assets and there may be more than one Stalking Horse Bidder, whether for different, the same, or a subset of the Assets.
- f. that if a qualified bid (other than those of LBAC and MSAC) is received by the Bid Deadline, the Auction shall be held on November 25, 2013 at 10:00 a.m. (prevailing Eastern time) (provided, however, that if the Bid Deadline is extended to November 25, 2013, the Auction shall be conducted on December 3, 2013 at 10:00 a.m. (prevailing Eastern time));
- g. that the Auction may be adjourned by the Chapter 11 Debtors, with the consent of the relevant lender parties, to any date agreed to by the Chapter 11 Debtors and the relevant lender parties; provided, that the Auction shall not be adjourned beyond December 6, 2013;
- h. that the U.S. Bankruptcy Court shall hold a hearing on December 10, 2013 at 10:00 a.m. (prevailing Eastern time) (the "**Confirmation Hearing**") to consider a Sale;

- i. that the Confirmation Hearing may be continued from time to time (at the U.S. Bankruptcy Court's direction);
- j. that a Qualified Bid must be irrevocable until entry of the Confirmation Order(s) by the U.S. Bankruptcy Court and recognition of the Confirmation Order has been granted by the Canadian Court;
- k. that any objections to the Court's approval of the Sale must be filed and served by November 26, 2013 at 4:00 p.m. (prevailing Eastern time) in accordance with the Disclosure Statement Order (the hearing to consider whether to grant the Disclosure Statement Order has been scheduled by the U.S. Bankruptcy Court for October 9, 2013);
- l. that objections to the Chapter 11 Debtors' selection of the highest and otherwise best bid must be filed, served, and received by December 6, 2013 at 11:59 p.m. (prevailing Eastern time); and
- m. that the failure to file and serve an objection to the U.S. Bankruptcy Court's approval of the Sale shall be a bar to the assertion thereof at the Confirmation Hearing or thereafter.

33. The Sale Notice requirements in the Bid Procedures Order include, among other things, that the Sale Notice approved therein be published in *The Wall Street Journal* (national edition) and *The Globe and Mail* (national edition) within five business days after the entry of the Order.

34. The Bid Procedures Order establishes a procedure for the assumption or assumption and assignment of executory contracts and unexpired leases. Included in that procedure are requirements that LightSquared give notice to the counterparties no later than November 22, 2013 and that objections by a counterparty be served no later than 4:00 p.m. on November 29, 2013, except that objections based solely on the financial wherewithal of the proposed purchaser may be served by no later than 11:59 p.m. on December 6, 2013.

35. The form of Purchase Agreement that is approved by and attached to the Bid Procedures Order contains numerous provisions that accommodate for the fact that the purchased assets may include Canadian assets and be sold by Canadian Chapter 11 Debtors. Included in those provisions are (i) a requirement that the purchase price be allocated and that such allocation must state the portion that is allocable to the assets being sold by Canadian Sellers; (ii) that the liabilities for the Canadian registered pension plan and retiree benefits be assumed by the purchaser; and (iii) that the sale is conditional on a Recognition Order being granted by the Canadian Court (and becoming a Final Order) recognizing the Confirmation Order of the U.S. Bankruptcy Court (being the Order approving the transaction).

36. The Foreign Representative is requesting that the Canadian Court recognize the Bid Procedures Order, and submits the following grounds:

- a. the Bid Procedures, in the form annexed to the order and incorporated therein by reference, are fair, reasonable, and appropriate under the circumstances and are designed to maximize recovery on, and realizable value of the Chapter 11 Debtors' estates;
- b. the Bid Procedures provide for the appropriate inclusion and involvement of the Information Officer;
- c. the bid protections are (i) fair, (ii) an actual and necessary cost and expense of preserving the applicable estates, (iii) reasonable and appropriate in light of, among other things, (a) the size and nature of the proposed Sale, (b) the substantial efforts that will have been expended by a Potential Stalking Horse Bidder, notwithstanding that such the Sale is subject to higher or better offers, and (c) the substantial benefits a Potential Stalking Horse Bidder will have provided to the applicable estates, their creditors, and all parties interest herein, including, among other things, by increasing the likelihood that the best possible price for

the applicable Assets will be received, (iv) provide a benefit to the applicable estates, creditors, stakeholders, and other parties in interest in these Chapter 11 Cases, and (v) are supported under the circumstances, by the timing and procedures set forth in the Bid Procedures and by the compelling and sound business judgment of the Chapter 11 Debtors;

- d. payment to LBAC of a break-up fee of \$51.8 million, subject to upward adjustment in accordance with the Bid Procedures, is an actual and necessary cost and expense of preserving the LP Debtors' estates;
- e. it is appropriate and necessary for the protection of the Chapter 11 Debtors' property; and
- f. it is in the best interests of the Chapter 11 Debtors and their creditors.

#### **EXECUTIVE COMPENSATION ORDER**

37. The Chapter 11 Debtors ran a process to identify individuals (not affiliated with the Chapter 11 Debtors investors or lenders) experienced in the telecommunications and/or restructuring fields, who would be willing to serve as independent directors on a special committee of the company's board of directors to determine all matters relating to the competing plans and sales processes (the "**Special Committee**").

38. On September 23, 2013, the Chapter 11 Debtors filed with the U.S. Bankruptcy Court a motion returnable September 24, 2013 (the "**Executive Compensation Motion**") seeking entry of an order pursuant to sections 105, 363, 503 and 507 of the Bankruptcy Code:

- a. approving the compensation of the Special Committee members;
- b. authorizing administrative expense priority for indemnification claims arising from the post-petition services of such members of the Special Committee; and



- c. granting related relief, including authorizing the Chapter 11 Debtors to enter into indemnification agreements with the independent directors of the Special Committee.

39. When the Executive Compensation Motion was initially heard on September 24, 2013, the U.S. Bankruptcy Court granted the relief on an interim basis. The Executive Compensation Motion was continued and concluded on September 30, 2013. The U.S. Bankruptcy Court entered the Executive Compensation Order on October 2, 2013.

40. The Executive Compensation Order authorizes the Chapter 11 Debtors:

- a. to compensate the Special Committee members \$35,000 per month for the period of September 1, 2013 through and including December 31, 2013 and \$25,000 per month thereafter; provided, that any amount payable to a director for serving as a member of the Special Committee be prorated based on the actual number of days the director served on the Special Committee;
- b. to allow any claim made by a member of the Special Committee for indemnification based on acts or omissions occurring post-petition be an expense of administration to the extent the Special Committee member is entitled to indemnification under the bylaws and corporate governing documents of the Chapter 11 Debtors and any governing indemnification agreements; and
- c. to supplement its existing directors and officer's insurance policy or change insurance coverage, as needed, including entering into, or purchasing, new insurance policies.

41. The Foreign Representative requests that the Canadian Court recognize the Executive Compensation Order. In the Creary Affidavit, that affiant states that the Executive Compensation Order is appropriate under the circumstances because:

- a. it is for a sound business purpose which provides the Chapter 11 Debtors with the benefit of input from individuals that have knowledge, skill, judgment and experience necessary to make difficult and important decisions throughout the course of the Chapter 11 Cases;
- b. it is similar to other orders commonly and appropriately approved by the court to provide compensation for employees deemed vital to the debtors' restructuring efforts and the Special Committee cannot reasonably be expected to serve without compensation or indemnity for acts or omissions occurring post-petition;
- c. it is necessary to, among other things, retaining and continuing to enjoy the services of the Special Committee in order to negotiate, develop, and render independent determinations regarding a potential transaction that will maximize value for the Chapter 11 Debtors and its stakeholders and guide the resolution of the Chapter 11 Cases; and
- d. the amount of compensation to be provided to the Special Committee members is appropriate in the circumstances, does not unduly burden the estates and provides for the reduction in compensation after the conclusion of key events in the Chapter 11 Cases.

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

42. The activities of the Information Officer since the date of our Eighth Report have included:

- a. reviewing and monitoring the materials filed in the Chapter 11 Cases and discussions with its counsel, Goodmans, regarding same;
- b. updating the Information Officer's website at [www.amcanadadocs.com/lightsquared](http://www.amcanadadocs.com/lightsquared) to make available copies of the Eighth Report, Recognition Motion and the Foreign Order; and

- c. preparing this Ninth Report and discussions with Goodmans regarding same.

43. The Applicant is seeking approval of this Ninth Report and the activities of the Information Officer set out in this Ninth Report in respect of this proceeding.

#### **UPDATE ON DISCLOSURE IN THE EIGHTH REPORT**

44. In the Eight Report disclosure was made that Goodmans LLP, lawyers for the Information Officer, had been retained by LBAC. Prior to the hearing of the motion for the August 13<sup>th</sup> Order, Goodmans advised the Information Officer and Canadian Counsel for the Foreign Representative that it no longer represented LBAC. The Court was orally advised of this at the hearing for the August 13<sup>th</sup> Order.

#### **RECOMMENDATION**

45. Canadian lawyers for the Chapter 11 Debtors advised the Information Officer that to their knowledge, no party has appealed any of the three Foreign Orders described above, and the secured creditors registered against the Canadian Chapter 11 Debtor entities were given notice of the Recognition Motion.

46. Based on its review of the materials, as described in this Ninth 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 interest of their creditors.


47. The Information Officer concurs with the assessment of the benefits related to the Foreign Orders, as summarized in the Creary Affidavit. Moreover, the Information Officer is of the view that the Foreign Orders:

- a. are consistent with the U.S. chapter 11 bankruptcy and restructuring process and is reasonable and appropriate in the circumstances;
- b. adhere to the dates in the Scheduling Order, including a contemplated exit from the restructuring by the end of 2013;
- c. allow for participation by the Information Officer in the auction process, including attending at the Auction;
- d. appear to provide for alternative restructuring plans to be put forward; and
- e. are appropriate and necessary for the protection of the Chapter 11 Debtors' property and are in the interests of their creditors, including Canadian creditors.

48. 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 4<sup>th</sup> day of October, 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

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

**NINTH REPORT OF  
INFORMATION OFFICER  
(Dated October 4, 2013)**

**GOODMANS LLP**

Barristers & Solicitors

Bay Adelaide Centre

333 Bay Street, Suite 3400

Toronto, ON M5H 2S7

Jay A. Carfagnini (LSUC#: 22293T)

Tel: 416. 597.4107

Brian F. Empey (LSUC# 30640G)

Tel: 416.597.4194

Fax: 416.979.1234

Lawyers for the [Information Officer](#)