

**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")**

**REPORT OF THE PROPOSED INFORMATION OFFICER
ALVAREZ & MARSAL CANADA INC.**

May 16, 2012

**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")**

REPORT OF THE PROPOSED INFORMATION OFFICER

**ALVAREZ & MARSAL CANADA INC.
May 16, 2012**

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 proceedings (the "**Chapter 11 Proceedings**") in the United States Bankruptcy Court for the Southern District of New York (the "**U.S. Court**") by each filing a voluntary petition for relief under chapter 11 of title 11 of the *United States Bankruptcy Code*, 11 U.S.C. 101-1532 (the "**Bankruptcy Code**"). A listing of the Chapter 11 Debtors is attached hereto as **Schedule A**.

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 Proceedings to permit the Chapter 11 Debtors to continue to operate their business in the ordinary course. The First Day Motions include a motion for entry of an order (the “**Foreign Representative Order**”) authorizing LSLP to act as foreign representative on behalf of the Chapter 11 Debtors’ estates (the “**Foreign Representative**”).
3. On the Petition Date, the Applicant, as the proposed Foreign Representative, commenced, by notice of application, an application before this Honourable Court (the “**Court**”) pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (“**CCAA**”) for:
 - (a) An interim order (the “**Interim Initial Order**”) granting, *inter alia*, an interim stay of proceedings in respect of the property, the business and the directors and officers of the Chapter 11 Debtors in Canada; and providing for the continuation of services required by the Chapter 11 Debtors in Canada;
 - (b) An initial recognition order (the “**Initial Recognition Order**”) *inter alia*: (i) declaring that LSLP is a “foreign representative” pursuant to section 45 of the CCAA; (ii) declaring that the Chapter 11 Proceeding is recognized as a “foreign main proceeding” under the CCAA; (iii) granting a stay of proceedings against the Chapter 11 Debtors; and
 - (c) A supplemental order (the “**Supplemental Order**”) pursuant to section 49 of the CCAA, *inter alia*: (i) recognizing in Canada and enforcing certain orders of U.S. Court made in the Chapter 11 Proceedings; (ii) appointing Alvarez & Marsal Canada Inc. (“**A&M Canada**” or the “**Proposed Information Officer**”) as the information officer (the “**Information Officer**”) in respect of this proceeding; (iii) staying any claims, rights, liens or proceedings against or in respect of the Chapter 11 Debtors, the business and property of the Chapter 11 Debtors; and the directors and officers of the Chapter 11 Debtors; (iv) restraining the right of any person or entity to, among other things, discontinue or terminate any supply of products or services to the Chapter 11 Debtors; (v) granting a super-priority charge up to maximum amount of \$200,000 over the Chapter 11 Debtors’ property, in favour of the Information Officer and its counsel, as security for their professional disbursements incurred in respect of these proceedings (the “**Administration Charge**”).

4. In order to alleviate potential harm to the Chapter 11 Debtors or their Canadian assets during the interim period, the Applicant sought, and this Court granted, the Interim Initial Order on May 15, 2012.
5. On May 15, 2012, the US Court granted the Foreign Representative Order and certain other orders obtained in the First Day Motions, further described below.
6. The Applicant has scheduled with this Court a hearing on May 18, 2012, in respect of the application for the Initial Recognition Order and the Supplemental Order.
7. Other than these proceedings (the “**CCA Recognition Proceedings**”) and the Chapter 11 Proceedings, there are currently no other foreign proceedings in respect of the Chapter 11 Debtors.
8. In preparing this Report, A&M Canada has relied solely 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.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.
10. The purpose of the report of the Proposed Information Officer (the “**Report**”) is to assist the Court in considering the Foreign Representative’s request for the Initial Recognition Order and Supplemental Order, and to provide the Court with certain background information concerning the Chapter 11 Debtors, including:
 - (a) The Chapter 11 Debtors’ business and operations, including its organizational structure and financing facilities;
 - (b) The Chapter 11 Debtors’ centre of main interest;

- (c) The events leading up to the Chapter 11 Proceedings and CCAA Recognition Proceedings;
- (d) The orders of the U.S. Court that the Chapter 11 Debtors are seeking to be recognized and enforced pursuant to s. 46 of the CCAA;
- (e) The pending application before this Court; and
- (f) The proposed initial activities of the Information Officer.

BACKGROUND

Corporate Overview and Organizational Structure

11. The Chapter 11 Debtors own and operate a mobile communications business as an integrated group with consolidated corporate offices in New York, NY and Reston, VA. They were the first private enterprise to offer mobile satellite services throughout North America, initially using two geostationary satellites as well as a portion of the electromagnetic spectrum known as the ‘L-Band’. Since their first satellite became operational in 1996, the Chapter 11 Debtors have provided satellite communications services – which include data, voice, fax and dispatch services – to companies, federal, state, provincial, local and foreign governments that are wholesale purchasers of bandwidth power and capacity, resellers of telephony, data and dispatch services and retail voice users.
12. The Chapter 11 Debtors operate three lines of business, including Mobile Satellite Communications (“**MSAT**”), Mobile Data Services (“**MDS**”) and Private Network Carriers (“**PNC**”) through a wholesale business model whereby its partners bill the end users and the Chapter 11 Debtors bill its partners at a wholesale rate. As of the Petition Date, the Chapter 11 Debtors’ three lines of business, through some 15 wholesale partners, support services to approximately 300,000 end users, generating approximately \$30 million in annual revenue.
13. The Chapter 11 Debtors have been in the process of building the only 4th Generation Long Term Evolution open wireless broadband network that incorporates nationwide satellite coverage throughout North America and offers universal connectivity. For a more detailed

discussion of the Chapter 11 Debtors’ business, please refer to the Affidavit of Marc R. Montagner, Chief Financial Officer and Interim Co-Chief Operating Officer of the Applicant, sworn May 14, 2012 (the “**Montagner Affidavit**”), and the exhibits, including his Declaration made the same date and filed in the Chapter 11 Proceedings (the “**Montagner Declaration**”), attached thereto.

14. LightSquared’s corporate organizational chart is attached as **Appendix A**. The Chapter 11 Debtor LightSquared Inc. owns, directly or indirectly, twenty-six domestic and foreign subsidiaries in various jurisdictions throughout the United States and in Canada, Bermuda and the United Kingdom.
15. The ownership of the three Chapter 11 Debtors that were incorporated in Canada (the “**Canadian Debtors**”) are summarized as follows:

Name of Debtor	Jurisdiction	Direct Owner(s)
LightSquared Corp.	Nova Scotia	LightSquared LP
SkyTerra Holdings (Canada) Inc.	Ontario	LightSquared LP
SkyTerra (Canada) Inc.	Ontario	LightSquared LP, SkyTerra Holdings (Canada) Inc.

16. There are 20 Chapter 11 Debtors. Other than the three Canadian Debtors and LightSquared Bermuda Ltd., all of the Chapter 11 Debtors are incorporated pursuant to the laws of the United States.
17. TVCC Holding Company, LLC, TVCC Intermediate Corp., Columbia One Six Partners IV, Inc., Columbia FMS Spectrum Partners IV, Inc., TVCC One Six Holdings LLC and CCMM I LLC are not Chapter 11 Debtors. In addition, LightSquared (UK) Limited, LightSquared’s indirect English subsidiary, is not a Chapter 11 Debtor.

18. As of the Petition Date, the Chapter 11 Debtors employ approximately 168 people, 125 in the United States and 43 in Canada. As of February 29, 2012, the Chapter 11 Debtors had approximately \$4.48 billion in assets (book value) and \$2.29 billion in liabilities.
19. The Chapter 11 Debtors' primary assets consist of (i) the SkyTerra-1 satellite network (comprised by the satellite and the ground infrastructure), which is currently located in its assigned orbital slot over North America (orbital slot 101.3°); (ii) the SkyTerra-2 satellite which is currently in storage at Boeing Satellite Systems in El Segundo, California in preparation for launch; (iii) licences to use L-band spectrum in the United States and Canada in conjunction with the MSAT-1, MSAT-2, SkyTerra-1 and SkyTerra-2 satellites as well as certain other related authorizations from the Federal Communications Commission ("FCC") and Industry Canada; and (iv) a lease for 5 MHz of 1.6 GHz spectrum with third parties that hold the FCC licenses for such spectrum. The Chapter 11 Debtors also own equipment that is currently located at the Chapter 11 Debtors' various leased locations.

Capital Structure – Credit Facilities

20. Certain of the Chapter 11 Debtors are party to a credit agreement, dated as of July 1, 2011 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "**Prepetition Inc. Credit Agreement**"), among LightSquared Inc., as borrower, the subsidiary guarantors party thereto, namely One Dot Four Corp., On Dot Six Corp., and One Dot TVCC Corp. (collectively, the "**Prepetition Inc. Subsidiary Guarantors**"), the lenders party thereto (collectively, the "**Prepetition Inc. Lenders**") and U.S. Bank National Association, as successor administrative agent to UBS AG, Stamford Branch (in such capacity, the "**Prepetition Inc. Agent**"). The Prepetition Inc. Lenders provided term loans in the aggregate principal amount of \$278,750,000 (the "**Prepetition Inc. Credit Facility**"). Pursuant to a Waiver and Second Amendment to Credit Agreement, dated as of March 15, 2012, the maturity date of the Prepetition Inc. Credit Facility was extended from July 1, 2012 to December 31, 2012.
21. Amounts outstanding under the Prepetition Inc. Credit Facility are allegedly secured by a first-priority security interest in (a) the One Dot Six Lease; (b) the capital stock of each

Prepetition Inc. Subsidiary Guarantor; and (c) all proceeds and products of each of the foregoing (collectively, the “**Prepetition Inc. Collateral**”).

22. As of the Petition Date, approximately \$322,333,494 was outstanding under the Prepetition Inc. Credit Facility.
23. Certain of the Chapter 11 Debtors are also party to a credit agreement dated as of October 1, 2010 (as amended, supplemented, amended and restated or otherwise modified from time to time, the “**Prepetition LP Credit Agreement**”), among LSLP, as borrower, LightSquared Inc. and the other parent guarantors party thereto, namely LightSquared Investors Holdings Inc., LightSquared GP Inc., and TMI Communications Delaware, Limited Partnership (collectively, the “**Prepetition LP Parent Guarantors**”), the subsidiary guarantors party thereto, namely ATC Technologies LLC, LightSquared Corp., LightSquared Inc. of Virginia, LightSquared Subsidiary LLC, SkyTerra Holdings (Canada) Inc. and SkyTerra (Canada) Inc. (collectively, the “**Prepetition LP Subsidiary Guarantors**”), the lenders party thereto (the “**Prepetition LP Lenders**”), UBS AG, Stamford Branch, as administrative agent (in such capacity, and together with Wilmington Trust FSB, the “**Prepetition LP Agent**”), and other parties thereto, under which the Prepetition LP Lenders provided term loans in the aggregate principal amount of \$1,500,000,000 (the “**Prepetition LP Credit Facility**”).
24. Amounts outstanding under the Prepetition LP Credit Facility are allegedly secured by a first-priority security interest in, with certain exclusions, (a) substantially all of the assets of LSLP and the Prepetition LP Subsidiary Guarantors, (b) the equity interests of LSLP and the Prepetition LP Parent Guarantors (except LightSquared Inc.), (c) the equity interests of the Prepetition LP Subsidiary Guarantors and (d) the rights of LightSquared Inc. under and arising out of the Inmarsat Cooperation Agreement (collectively, the “**Prepetition LP Collateral**”).
25. As of the Petition Date, approximately \$1,700,571,106 was outstanding under the Prepetition LP Credit Facility.

Capital Structure – Stockholder’s Equity

26. LightSquared Inc., a privately held company, has issued 50,505 shares of Convertible Series A Preferred Stock and 175,872.34 shares of Convertible Series B Preferred Stock (collectively, the “**Preferred Stock**”). The Preferred Stock is entitled to vote on all matters on which holders of common stock of LightSquared Inc. are entitled to vote, on an as converted basis voting as a single class with all other shares entitled to vote on such matters. The shares of Preferred Stock are convertible into shares of common stock of LightSquared Inc. at any time, and are subject to mandatory conversion at LightSquared Inc.’s option upon the occurrence of certain events. The Preferred Stock is subject to mandatory redemption on the date that is five years after the issue date of such Preferred Stock and at the option of the holder of such Preferred Stock upon the occurrence of certain events. The Preferred Stock ranks senior with respect to distributions to LightSquared Inc.’s outstanding common stock.
27. LSLP has 164,646.47 outstanding non-voting Series A Preferred Units (the “**Preferred LP Units**”). Subject to certain consent rights, the Preferred LP Units have no voting rights. Consent of a majority of the Preferred LP Units is required to make certain amendments to LSLP’s organizational documents, effect certain capital contributions, issue securities that are senior or pari passu to the Preferred LP Units with respect to distributions, pay certain dividends or incur certain indebtedness. The Preferred LP Units are exchangeable into share of common stock of LightSquared Inc. at any time at the option of the holders, and are subject to mandatory exchange at LightSquared Inc.’s option upon the occurrence of certain events. The Preferred LP Units are subject to mandatory redemption on the date that is five years after the issue date of such Preferred LP Units and at the option of LSLP or the holder of such Preferred LP Units upon the occurrence of certain events. The Preferred LP Units rank senior with respect to distributions to LSLP’s outstanding Common Units (as defined in the Montagner Declaration).
28. As of the Petition Date, Harbinger Capital Partners (“**Harbinger**”) indirectly owned approximately 96% of LightSquared Inc. outstanding common stock. LightSquared Inc. had issued 91,878,629 shares of common stock to HGW US, an indirect wholly-owned subsidiary of Harbinger, and 3,387,916 shares to SK Telecom Co., Ltd. Each holder of

common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders.

Overview of the Canadian Debtors' Business

29. Two of the Canadian Debtors are incorporated pursuant to the laws of the Province of Ontario, being SkyTerra Holdings (Canada) Inc. ("**SkyTerra Holdings**") and SkyTerra (Canada) Inc. ("**SkyTerra Canada**"). The third Canadian Debtor is incorporated pursuant to the laws of the Province of Nova Scotia, being LightSquared Corp. ("**LC**" and together with SkyTerra Holdings and SkyTerra Canada, the "**Canadian Debtors**"). Each of the Canadian Debtors is a wholly-owned subsidiary, directly or indirectly of the Applicant.
30. The functions or operations of the Canadian Debtors can be summarized as follows:
- (a) SkyTerra Holdings has no employees or operations. Its sole function is to hold approximately 80% of the shares of SkyTerra Canada. It is wholly dependent on the Applicant for any funding it requires. The registered office for SkyTerra Holdings is in Ottawa, Ontario.
 - (b) SkyTerra Canada was created to hold certain regulated assets which, by law, are required to be held by Canadian corporations. It holds primarily three categories of assets: (i) the MSAT-1 satellite; (ii) certain Industry Canada licenses and authorizations relating to MSAT-1, MSAT-2, SkyTerra-1 and SkyTerra-2 satellites (the latter is intended to serve as a replacement for the MSAT-1 satellite); and (iii) contracts with the Applicant's affiliates and third parties. SkyTerra Canada has no third party customers or employees at the present time and is wholly dependent on the Applicant for funding. The registered office for SkyTerra Canada is in Ottawa, Ontario.
 - (c) LC was created to provide mobile satellite services to customers located in Canada based on products and services that were developed by the Chapter 11 Debtors for the United States market but that could also be offered in Canada on a standalone or cross-border basis. LC holds certain Industry Canada licenses and authorizations relating to the MSAT-1, MSAT-2, and SkyTerra-1 satellites as well as certain ground related assets. LC employs approximately 43 non-union employees out of its offices in Ottawa, Ontario.

LC is wholly dependent on the Applicant for all or substantially all of the funding of its operations. The registered office for LC is in Halifax, Nova Scotia but its only premises are in Ottawa, Ontario.

Canadian Employees and Employee Benefits Programs

31. LC employs approximately 43 non-union employees out of its offices in Ottawa, Ontario. SkyTerra Canada and SkyTerra Holdings do not have any employees.
32. The Chapter 11 Debtors pay the majority of their employees on a bi-weekly basis. On average, the Chapter 11 Debtors' gross payroll totals approximately US\$415,600 and CDN\$88,600 every week.
33. The Chapter 11 Debtors provide to all of the full-time employees and certain of their dependents and beneficiaries medical, dental and vision benefits, short-and long-term disability, life insurance, retirement plans and other miscellaneous company benefits (the "**Employee Benefits**"). Employee benefits are provided to approximately 50 current and former employees in Canada.
34. The Chapter 11 Debtors provide the SunLife Plan, a registered pension plan (the "**Pension Plan**"), for the benefit of eligible Canadian employees. Approximately 50 current and former employees are covered by the Pension Plan, which is not a defined benefit plan. Each plan year, each participating employee is required to contribute 5% of earnings up to the year's maximum pensionable earnings (the "**YMPE**") and 6.5% over the YMPE; the Chapter 11 Debtors contribute the same amounts. The Pension Plan, held by SunLife, is financed by a pension fund, LightSquared Corp. Registered Pension Plan, which consists of all participating employees' accounts and any other deposits. The Chapter 11 Debtors withhold certain amounts from participating employees' paychecks and contribute such amounts to the Pension Plan (the "**Employee Pension Contributions**"). Specifically, the Chapter 11 Debtors estimate that they withhold a total of approximately \$4,750 in Employee Pension Contributions each pay period, and the Chapter 11 Debtors contribute the same amounts on behalf of participating employees (the "**Employer Pension Contributions**"). The Chapter

11 Debtors estimate that they pay a total of approximately \$247,000 annually, or \$20,583 per month, on account of Employer Pension Contributions. As of the Petition Date, the Chapter 11 Debtors believe there are no unpaid obligations on account of the Employer Pension Contributions.

Cash Management and Intercompany Accounts

35. The Canadian Debtors are part of an integrated, centralized cash management system with LSLP and certain affiliated entities (the “**LP Group**”) to collect, manage, disburse and invest funds used in its operations (the “**LP Group Cash Management System**”). In the ordinary course, the LP Group maintains current and accurate accounting records of all its daily cash transactions.
36. In the ordinary course of business, cash amounts may be received or paid by one of the Chapter 11 Debtors on behalf of another one of the Chapter 11 Debtors and, depending on the transaction, have been historically recorded as capital contributions or equity investments (the “**Cash Transactions**”). The Chapter 11 Debtors and certain affiliates of the Chapter 11 Debtors (the “**Non-Debtor Affiliates**”) utilize a cost allocation system, through which expenses initially paid by the Chapter 11 Debtors or Non-Debtor Affiliates for the benefits of the Chapter 11 Debtors or Non-Debtor Affiliates are allocated to the appropriate entities in proportion to the benefits received by such entities (together with the Cash Transactions, the “**Intercompany Transactions**”). As a result of the Intercompany Transactions, intercompany receivables and payables are created for each applicable Chapter 11 Debtor in the ordinary course of business (the “**Intercompany Claims**”). Although the Chapter 11 Debtors have in the past created notes to evidence some of the Intercompany Transactions (the “**Intercompany Notes**”), the Intercompany Transactions are also sometimes settled by book entry, rather than by an actual transfer of cash evidenced by Intercompany Notes.
37. The Chapter 11 Debtors maintain records of all transfers and can ascertain, trace and account for all Intercompany Transactions and will continue to do so during the Chapter 11 Proceedings.

38. As of the Petition Date, the Chapter 11 Debtors that are included in the “Inc. Group” (as defined in the Chapter 11 Debtors’ motion on the cash management system), hold approximately \$15 million of unencumbered cash. Pending agreement and/or order providing for the use of cash collateral of the “LP Group”, the Inc. Group intends to use its unencumbered cash to fund (either directly or on behalf of each affected Chapter 11 Debtor) each Chapter 11 Debtors’ obligations arising in the ordinary course of business.

CENTRE OF MAIN INTEREST

39. The Chapter 11 Debtors, including the Canadian Debtors, are managed in the United States as an integrated group from a corporate, strategic and management perspective. In particular:

- (a) Corporate and other major decision-making occurs from the consolidated offices in New York, New York and Reston, Virginia;
- (b) All of the senior executives of the Chapter 11 Debtors including the Canadian Debtors, are residents of the United States;
- (c) The majority of the management of the Chapter 11 Debtors, including the Canadian Debtors is shared;
- (d) The majority of employee administration, human resource functions, marketing and communications decisions are made, and related functions taken, on behalf of all of the Chapter 11 Debtors, including the Canadian Debtors, in the United States;
- (e) The Chapter 11 Debtors, including the Canadian Debtors, also share a cash management system that is overseen by employees of the United States and located primarily in the United States; and
- (f) Other functions shared between the Chapter 11 Debtors, including the Canadian Debtors, and primarily managed from the United States include, pricing decisions, business development decisions, accounts payable, accounts receivable and the treasury functions.

40. The Canadian Debtors are wholly dependent on the Applicant and other members of the Chapter 11 Debtors located in the United States for all or substantially all of their funding requirements.

41. As discussed above, the Canadian Debtors have guaranteed the Prepetition LP Credit Facility and such guarantee is allegedly secured by a priority interest on substantially all of the assets of the Canadian Debtors. As a result, the most significant creditors of the Canadian Debtors are also common with the other Chapter 11 Debtors. The Prepetition LP Credit Facility is also administered in the United States.
42. The preceding factors collectively rebut the presumption that the Canadian Debtors' registered offices in Canada represent their centre of main interests. Furthermore, these factors indicate that the "nerve centre" or head office functions and the senior management of the Chapter 11 Debtors, including the Canadian Debtors, are in the United States, which is also where their significant creditors appear to recognize the centre of operations to be located.
43. Based on the foregoing, the Proposed Information Officer is of the view that the Chapter 11 Debtors' "centre of main interest" is in the United States and that the Chapter 11 Proceedings are the "foreign main proceeding" as defined in s. 45 of the CCAA.

EVENTS LEADING UP TO THE CHAPTER 11 PROCEEDING AND CCAA PROCEEDING

44. The fundamental issues facing the Chapter 11 Debtors at present are the problems that LightSquared has been experiencing in getting regulatory approval for key next steps in establishing its terrestrial network. The Montagner Declaration describes the events leading up to the Chapter 11 Proceedings and CCAA Recognition Proceedings. The following provides a summary of LightSquared's description of these events:
- (a) In 2001, the Chapter 11 Debtors were the first to apply to the FCC for authority to implement a new terrestrial wireless service to be operated in conjunction with the mobile satellite service it already provided;
 - (b) In 2004, the FCC granted LightSquared authority to become the first mobile satellite service licensee authorized to deploy and operate a terrestrial network;
 - (c) In 2010, the FCC approved LightSquared's terrestrial network, conditioned on the Chapter 11 Debtors meeting an aggressive build-out schedule based on coverage;

- (d) From 2001 to date, the Chapter 11 Debtors invested approximately \$4 billion of funds in its wireless network and worked closely with numerous public and federal agencies, including the Global Positioning Systems (“GPS”) industry and the United States GPS Industry Council (the “USGIC”), to protect against, and alleviate, harmful emissions into other bands, including the adjacent GPS frequency band, arising from ground-based operations in the spectrum in which the Chapter 11 Debtors’ system operates;
- (e) The Chapter 11 Debtors, in their view, expended substantial time, effort and money to deploy its nationwide wireless broadband network in a manner that satisfied the concerns of all interested parties.
- (f) However, the GPS industry raised new concerns in 2010 that the Chapter 11 Debtors’ terrestrial base stations may cause “overload interference” to GPS receivers and other GPS devices, notwithstanding the fact that the alleged overload interference to GPS receivers and other GPS devices were problems not of the Chapter 11 Debtors’ making, but rather, caused by GPS manufacturers designing, producing and selling receivers that are capable of receiving signals from LightSquared’s allocated portion of the spectrum. These concerns were first raised in November, 2010, when LightSquared sought a modification to its ancillary terrestrial component authorization which required a waiver relating to FCC’s integrated service rule. As a result, the FCC granted LightSquared a limited conditional waiver (the “**Conditional Waiver**”) that required it to work with the GPS community to resolve their latest concerns.
- (g) As part of this resolution process to meet the conditions of the Conditional Waiver, certain required technical tests were conducted by Lightsquared and a final report of the technical working group that was co-chaired by LightSquared with the USGIC was submitted to the FCC on June 30, 2011;
- (h) On February 15, the FCC gave public notice that the resolution process had failed and proposed to vacate the Conditional Waiver and modify LightSquared’s satellite license to suspend indefinitely its underlying ancillary terrestrial component authorization; and
- (i) All parties now await an FCC decision on LightSquared’s ability to use its spectrum for terrestrial purposes.

45. While the Chapter 11 Debtors are not in agreement with the views of the GPS industry or the FCC's position, they are of the view that additional time will be required to resolve the various issues with the FCC and GPS industry.
46. Since the February 2012 FCC announcement, the Chapter 11 Debtors implemented a number of cost saving and other initiatives in an attempt to avoid a Chapter 11 filing. The initiatives are further described in the Montagner Declaration and summarized here:
- (a) Reducing headcount by approximately one-half;
 - (b) Reducing the monthly cash burn rate by approximately 30% through cost cutting measures;
 - (c) Obtaining an amendment from a significant counterparty that preserved important spectrum and deferred significant cash payments for a number of years;
 - (d) Being relieved of its cash outlay obligations pursuant to an agreement with Sprint;
 - (e) Obtaining an extension of maturity on the Prepetition Inc. Credit Facility until December 31, 2012; and
 - (f) Obtaining interim agreements from prepetition secured lenders with a view to an out-of-court restructuring.
47. The Montagner Declaration further states that the Chapter 11 Debtors were unable to reach a mutually satisfactory agreement with its prepetition secured lenders and they believed the prepetition secured lenders would attempt to exercise remedies and sweep the cash necessary to conduct LightSquared's business and provide LightSquared with the requisite time to address FCC concerns. As a result, the Chapter 11 Debtors commenced the Chapter 11 Proceedings.

FIRST DAY ORDERS OF THE U.S. COURT

48. The Applicant is seeking recognition of the following Orders (the "**First Day Orders**") that have been entered by U.S. Court in the Chapter 11 Proceedings:
- (a) Order Directing Joint Administration of Related Chapter 11 Cases;

- (b) Interim Order Authorizing LSLP to act as Foreign Representative of the Chapter 11 Debtors in Canada (the “**Foreign Representative Order**”);
- (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 and (D) Waiving Investment Guidelines of Sections 345(b) of Bankruptcy Code (the “**Cash Management Order**”);
- (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 and (III) Continue Employee Benefits Programs and (B) Authorizing and Directing Financial Institutions to Honor All Related Checks and Electronic Payment Requests (the “**Prepetition Wages Order**”);
- (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 and (B) Authorizing and Directing Financial Institutions to Honor All Related Checks and Electronic Payment Requests;
- (g) Interim Order Authorizing Restrictions on Certain Transfers of Interests 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.

49. The Foreign Representative Order authorizes LSLP to act as the Foreign Representative on behalf of the Chapter 11 Debtors’ estates in any judicial proceeding in a foreign country, including in the CCAA Recognition Proceedings, and grants LSLP, in its capacity as a Foreign Representative, the power to act in any way permitted by applicable foreign law. In paragraph 3 of the Foreign Representative Order the US Court requests the aid and assistance

of this Court to recognize the Chapter 11 Proceedings as a “foreign main proceeding” and LSLP as a “foreign representative” under the CCAA. The US Court also scheduled the final hearing to consider entry of this order on a final basis at 2:00 p.m. on June 11, 2012.

50. The Cash Management Order, *inter alia*,

- (a) authorizes the Chapter 11 Debtors to (i) continue to use their existing cash management systems, current bank accounts and current business forms (without reference to the Chapter 11 Debtors’ status as debtors in possession); (ii) open new debtor in possession bank accounts with authorized depository banks and close any existing bank accounts as the Chapter 11 Debtors deem necessary and appropriate in their sole discretion; and (iii) continue performing ordinary course Intercompany Transactions and have Intercompany Claims resulting from Intercompany Transactions be granted administrative expense priority;
- (b) waives the investment guidelines of section 345(b) of the Bankruptcy Code; and
- (c) schedules a final hearing to consider entry of a final order at 2:00 p.m. on June 11, 2012.

51. The Prepetition Wages Order, *inter alia*,

- (a) authorizes the Chapter 11 Debtors to (i) pay certain pre-petition wages, salaries and other compensation, such as the rank and file bonus program, taxes, withholdings, and reimbursable expenses; (ii) pay and honour obligations relating to employee benefits programs; and (iii) continue their employee benefits programs on a postpetition basis;
- (b) authorizes and directs financial institutions to receive, process, honour and pay all checks issued and electronic requests made relating to the foregoing; and
- (c) schedules a final hearing to consider entry of a final order at 2:00 p.m. on June 11, 2012.

APPLICATION TO THE CANADIAN COURT

52. On May 15, 2012, the Court granted LSLP, in its capacity as the proposed foreign representative of the Chapter 11 Debtors, an Interim Initial Order, which, *inter alia*, granted (a) a stay of proceedings in respect of the Chapter 11 Debtors, including the property, business, directors and officers of the Chapter 11 Debtors; and (b) continuation of services

required by the Chapter 11 Debtors until the application for an Initial Recognition Order and a Supplemental Order could be heard.

53. This Honourable Court has scheduled Friday, May 18, 2012 as the return date to hear the Foreign Representative's application for the following:

(a) An Initial Recognition Order:

- (i) recognizing LSLP as the Foreign Representative for the Chapter 11 Debtors; and
- (ii) recognizing the Chapter 11 Proceedings as a "foreign main proceeding."

(b) A Supplemental Order:

- (i) recognizing the First Day Orders;
- (ii) appointing A&M Canada as the Information Officer;
- (i) granting a \$200,000 Administrative Charge in favour of the Information Officer and its counsel, in respect of fees and costs incurred in the CCAA Recognition Proceedings.

PROPOSED INITIAL ACTIVITIES OF THE INFORMATION OFFICER

54. The draft Supplemental Order proposes that following its appointment, the initial activities of the Information Officer would include:

- (a) Coordinating publication of a notice of the Chapter 11 Proceedings and CCAA Recognition Proceedings in The Globe & Mail newspaper (National Edition), commencing within 10 days from the date of the Initial Recognition Order, once a week for two consecutive weeks, as required of the Foreign Representative by s. 53(b) of the CCAA;
- (b) Establishing a website at www.amcanadadocs.com/lightsquared to make available copies of the Orders granted in the CCAA Recognition Proceedings as well as other relevant motion materials and reports;
- (c) Responding to creditor inquiries regarding the Chapter 11 Proceedings;
- (d) Providing such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request; and

- (e) Providing the Court with periodic reports, at least once every three months, on the status of these proceedings and the Chapter 11 Proceedings, which reports may include information relating to the property and the business of the Chapter 11 Debtors or such other matters as may be relevant to these proceedings.

A&M CANADA’S QUALIFICATION TO ACT AS INFORMATION OFFICER

55. A&M Canada has significant experience in connection with proceedings under the CCAA, including but not limited to acting as information officer in the CCAA recognition proceedings of TLC Vision Corporation and Chemtura Canada Co./Cie.
56. John Walker and Andrea Yandreski, the individuals at A&M Canada with primary carriage of this matter, are trustees within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada).
57. A&M Canada has consented to act as Information Officer should this Court approve the requested Initial Recognition Order.

DISCLOSURE WITH RESPECT TO THE ENGAGEMENT OF ALVAREZ & MARSAL NORTH AMERICA, LLC

58. The Chapter 11 Debtors are proposing that A&M Canada be appointed as the Information Officer if so ordered by this Honourable Court. We further understand that the Chapter 11 Debtors have retained Alvarez & Marsal North America, LLC (“**A&M North America**”) as financial advisor. A&M North America’s activities include, *inter alia*, the following:
- (a) Assisting with the development and management of a 13 week cash flow forecast;
 - (b) Assisting with financing issues, including assisting in the preparation of reports and liaising with creditors; and
 - (c) Assisting with the preparation of Chapter 11 contingency materials and related case administration activities in the event of a Chapter 11 filing.
59. A&M Canada and A&M North America do not expect to be in a position of conflict despite respectively holding the positions described above, as a result of the following:

- (a) LSLP has advised us that it is of the view that there are no adverse interests between the U.S. based Chapter 11 Debtors and the Canadian Debtors that could give rise to a conflict between A&M Canada and A&M North America; and
- (b) No contentious cross-border financing issues are anticipated.

RECOMMENDATIONS

- 60. A&M Canada believes the terms of the Initial Recognition Order relating to its role as Information Officer are fair and reasonable, and consistent with the terms of appointments of information officers in other recognition proceedings under the CCAA.
- 61. Based on the foregoing, the Proposed Information Officer respectfully recommends that this Honourable Court grant the relief requested by the Chapter 11 Debtors in the Initial Recognition Order and Supplemental Order.
- 62. **ALL OF WHICH IS RESPECTFULLY SUBMITTED** at Toronto, Ontario this 16th day of May, 2012.

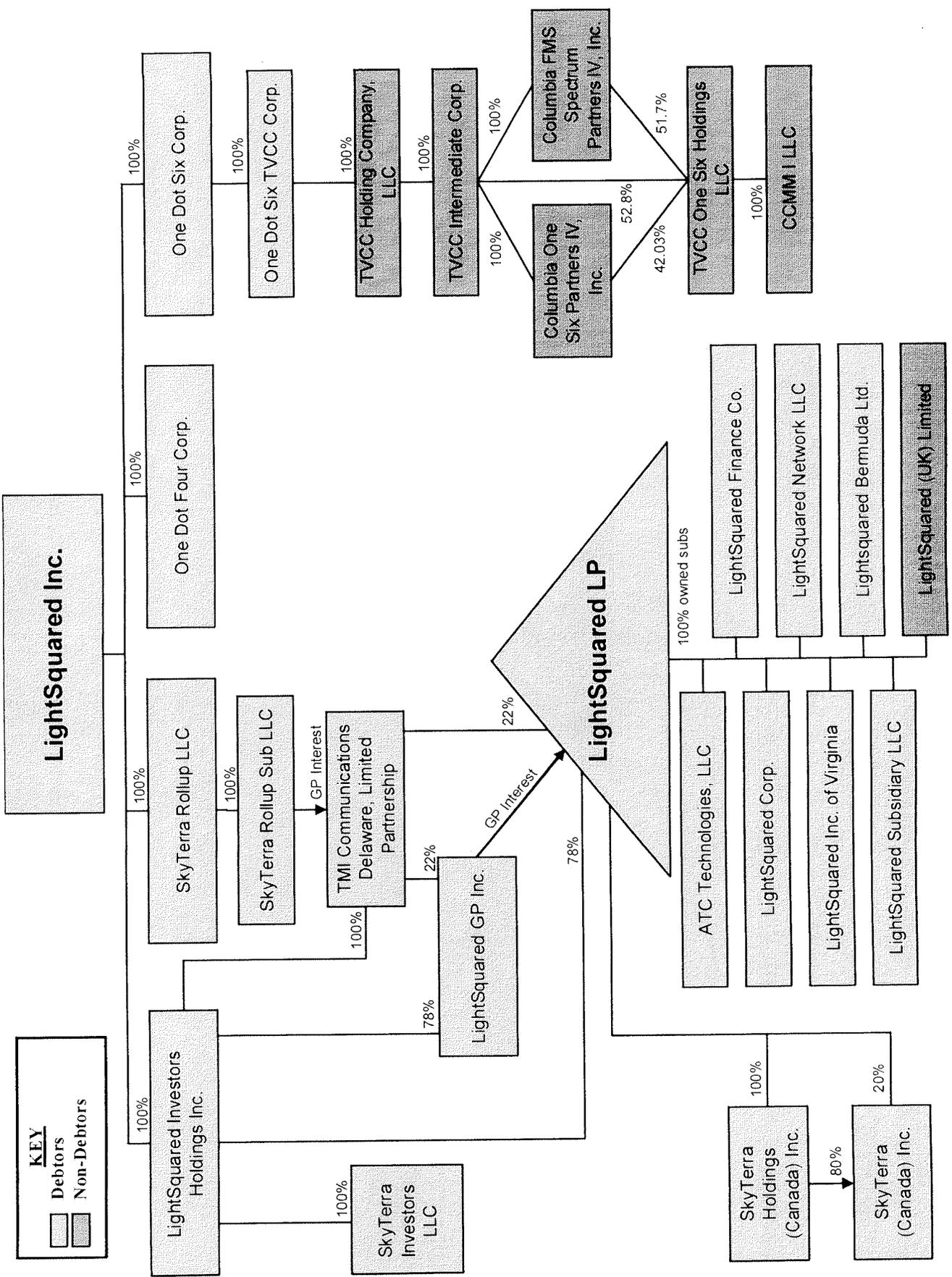
ALVAREZ & MARSAL CANADA INC.
in its capacity as the Proposed Information Officer of
LightSquared LP and not in its personal or corporate capacity

Per: 
John J. Walker

SCHEDULE A – LIST OF CHAPTER 11 DEBTORS

	Chapter 11 Debtor	Jurisdiction of Incorporation / formation	Location of Head Office / Headquarters
1	LightSquared Inc.	Delaware	New York, New York
2	LightSquared Investors Holdings Inc.	Delaware	Reston, Virginia
3	One Dot Four Corp.	Delaware	Reston, Virginia
4	One Dot Six Corp.	Delaware	Reston, Virginia
5	Skyterra Rollup LLC	Delaware	Reston, Virginia
6	Skyterra Rollup Sub LLC	Delaware	Reston, Virginia
7	Skyterra Investors LLC	Delaware	Reston, Virginia
8	TMI Communications Delaware, Limited Partnership	Delaware	Reston, Virginia
9	LightSquared GP Inc.	Delaware	Reston, Virginia
10	LightSquared LP	Delaware	New York, New York
11	ATC Technologies LLC	Delaware	Reston, Virginia
12	LightSquared Corp.	Nova Scotia	Ottawa, Ontario
13	LightSquared Finance Co.	Delaware	Reston, Virginia
14	LightSquared Network LLC	Delaware	Reston, Virginia
15	LightSquared Inc. Of Virginia	Virginia	Reston, Virginia
16	LightSquared Subsidiary LLC	Delaware	Reston, Virginia
17	Skyterra Holdings (Canada) Inc.	Ontario	Ottawa, Ontario
18	Skyterra (Canada) Inc.	Ontario	Ottawa, Ontario
19	One Dot Six TVCC Corp.	Delaware	Reston, Virginia
20	LightSquared Bermuda Ltd.	Bermuda	Bermuda

Appendix A



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

**REPORT OF THE PROPOSED INFORMATION
OFFICER
May 16, 2012**

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 Proposed Information Officer