

**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")**

SECOND REPORT OF THE INFORMATION OFFICER

**ALVAREZ & MARSAL CANADA INC.
August 15, 2012**

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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 Bankruptcy 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 business 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 made 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 of 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 4th, 11th and 13th, 2012, the U.S. Bankruptcy Court granted 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 of 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 obtained from 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. The Applicant has filed a motion returnable on August 21, 2012, seeking recognition (the “**Recognition Motion**”) of the following orders granted by the U.S. Bankruptcy Court on August 14, 2012 (collectively, the “**Foreign Orders**”):

- 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**”).

PURPOSE OF THIS REPORT

12. The purpose of this second report of the Information Officer (the “**Second Report**”) is to provide the Canadian Court with information concerning:

- a. The Foreign Representative’s request for recognition by the Canadian Court of the De Minimis Order;

- b. The Foreign Representative's request for recognition by the Canadian Court of the Bar Date Order; and
 - c. The activities of the Information Officer since the date of the First Report.
13. In preparing this Second 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.
14. All terms not otherwise defined in this Second Report have the meanings ascribed to them as in the Applicant's Recognition Motion.
15. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

THE DE MINIMIS ORDER

16. The Chapter 11 Debtors are presently engaged in the process of identifying surplus, obsolete or non-core assets that are unproductive, burdensome or unnecessary for the ongoing restructuring and operation of their businesses (the "**De Minimis Assets**") which they will attempt to sell, transfer or abandon.
17. Upon a motion filed by the Chapter 11 Debtors on July 31, 2012, the U.S. Bankruptcy Court, on August 14, 2012, granted the De Minimis Order authorizing the implementation of a procedure to, in summary:
- a. Effectuate sales or transfers of De Minimis Assets in any individual transaction or series of related transactions to a single buyer or group of related buyers equal to or less than \$1,000,000, free and clear of all liens, claims, interests and encumbrances (collectively, the "**Liens**"), with such

Liens attaching to the net proceeds of such sales with the same validity, extent, and priority as had attached to the assets immediately prior to the sale or transfer;

- b. Abandon De Minimis Assets that LightSquared believes in its sound business judgment have a book value of less than or equal to \$1,000,000; and
- c. Pay any necessary fees and expenses incurred in the sale, transfer, or abandonment of the De Minimis Assets.

18. The De Minimis Order provides for expedited procedures for the sale or transfer of De Minimis Assets, summarized as follows:

- a. ***Sale Price of Less Than or Equal to \$500,000*** –A sale or transfer involving De Minimis Assets of this net selling price will not require further notice or court order if LightSquared determines, in the reasonable exercise of its business judgment and after consultation with the Prepetition Inc. Agents and the Ad Hoc LP Secured Group, that the sale or transfer is in the best interests of the estates;
- b. ***Sale Price Greater Than \$500,000 but Less Than or Equal to \$1,000,000*** – The procedure for a sale or transfer of De Minimis Assets having a net selling price in this range is:
 - i. LightSquared will serve a Sale Notice of each Proposed Sale on the U.S. Trustee, counsel to the Prepetition Inc. Agent and the DIP Agent, counsel to the Prepetition LP Agent, counsel to the Ad Hoc LP Secured Group, counsel to Harbinger Capital Partners LLC, any known holder of other Liens, and the proposed purchaser or transferee (collectively, the “**Sale Notice Parties**”);
 - ii. The Sale Notice will specify (i) the De Minimis Asset(s) to be sold or transferred, (ii) the identity of the Proposed Purchaser and any relationship the Proposed Purchaser has to LightSquared, (iii) the proposed cash or other consideration, (iv) the material economic terms and conditions subject to non-disclosure of confidential

- pricing terms, (v) any assumed or assigned contracts, (vi) known parties with Liens or other interests, and (vii) instructions regarding the procedures to assert objections to the Proposed Sale;
- iii. The Sale Notice Parties will have until 5:00 pm Eastern time on the fifth Business Day following service of the Sale Notice to object to the Proposed Sale;
 - iv. If a Sale Objection is properly filed, LightSquared and such objecting party will use good faith efforts to resolve the Sale Objection consensually. Otherwise, LightSquared will not consummate the Proposed Sale without U.S. Bankruptcy Court approval;
 - v. Any valid and enforceable Liens on the De Minimis Assets will attach to the net proceeds of the Proposed Sale in the same priority as existed prior to such sale; and
 - vi. LightSquared may consummate a Proposed Sale prior to the expiration of the applicable Sale Objection Deadline if LightSquared obtains each Sale Notice Parties' prior consent to the Proposed Sale;
- c. LightSquared may also seek U.S. Bankruptcy Court approval of any Proposed Sale upon notice and a hearing.

19. LightSquared intends to sell the De Minimis Assets where possible. If LightSquared determines that the cost of continuing to maintain, relocate, and store certain De Minimis Assets outweighs any potential recovery from a future sale, the De Minimis Order provides for expedited procedures for the abandonment of the De Minimis Assets, summarized as follows:

- a. ***De Minimis Assets with Book Value of \$500,000 or Less*** – No notice or hearing will be required for LightSquared to abandon De Minimis Assets of this value where maintaining the De Minimis Assets is more expensive than not doing so and it appears after reasonable investigation and

consultation with the Prepetition Inc. Agents and the Ad Hoc LP Secured Group that it is not possible to sell such De Minimis Assets for more than the likely expenses of such sale. LightSquared would maintain records for all such abandonments; and

b. *De Minimis Assets with Book Value of \$500,000 but Less Than or Equal to \$1,000,000* –Where maintaining the De Minimis Assets having this value is more expensive than not doing so and it appears after reasonable investigation that it is not possible to sell such De Minimis Assets for more than the likely expenses of such sale, LightSquared would:

- i. Serve a Abandonment Notice of each proposed abandonment on the U.S. Trustee, counsel to the Prepetition Inc. Agent and the DIP Agent, counsel to the Prepetition LP Agent, counsel to the Ad Hoc LP Secured Group, counsel to Harbinger Capital Partners LLC, and any known holder of other Liens or other known interested parties (collectively, the “**Abandonment Notice Parties**”);
- ii. The Abandonment Notice would specify (i) the De Minimis Asset(s) being abandoned, (ii) a summary of the reasons for abandoning such De Minimis Assets, and (iii) known parties with Liens or other interests;
- iii. The Abandonment Notice Parties will have until 5:00 pm Eastern time on the fifth Business Day following service of the Abandonment Notice to object to the proposed abandonment; and
- iv. If an Abandonment Objection is properly filed, LightSquared and such objecting party will use good faith efforts to resolve the Abandonment Objection consensually. Otherwise, LightSquared will not consummate the proposed abandonment without U.S. Bankruptcy Court approval.

20. LightSquared shall provide, to the extent practicable, a written report or reports, within fifteen days after each calendar month concerning any such sales, transfers or abandonments made. Such reports will be provided to the U.S. Trustee, counsel to

the Prepetition Inc. Agent and the DIP Agent, counsel to the Prepetition LP Agent, counsel to the Ad Hoc LP Secured Group, counsel to Harbinger Capital Partners LLC and other parties requesting notice.

21. The Foreign Representative has stated that the recognition of the De Minimis Order by the Canadian Court is appropriate and necessary for the protection of the Chapter 11 Debtors' property and the interest of their creditors for the following reasons:

- a. The Chapter 11 Debtors' cash position is improved by monetizing unneeded assets;
- b. If a De Minimis Asset cannot be sold or transferred, this would indicate that it has no meaningful monetary value;
- c. The Chapter 11 Debtors' cash position is improved by the elimination of the costs associated with maintaining unnecessary assets that are a burden on the estate;
- d. Requiring the Chapter 11 Debtors to file a motion with the U.S. Bankruptcy Court every time they seek to dispose of relatively insignificant, non-core assets would distract from their restructuring efforts, would not be a productive use of its resources and would potentially eliminate the economic benefits of the underlying transaction;
- e. The streamlined and truncated approach proposed in the De Minimis Order allows for the disposition of the De Minimis Assets in an efficient and cost effective manner, thereby maximizing the net value for the benefit of all parties in interest and allowing the Chapter 11 Debtors the ability to take advantage of sales/transfers that may only be available for a limited time;
- f. Creditors with an interest in the De Minimis Assets have the opportunity to object to the disposition and obtain a court hearing if necessary; and
- g. The relevant thresholds set out in the De Minimis Order are appropriate given the value of the assets and liabilities of the Chapter 11 Debtors and are comparable to those approved in other large chapter 11 cases.

THE BAR DATE ORDER

22. LightSquared anticipates that there will be hundreds of potential claimants in the Chapter 11 Cases. As a result, LightSquared believes it is imperative to begin the claims analysis and reconciliation process as soon as possible. In order to obtain complete and accurate information regarding the nature, validity, amount and status of all claims to be asserted in the Chapter 11 Cases, the Chapter 11 Debtors sought and were granted on August 14, 2012 the Bar Date Order from the U.S. Bankruptcy Court, which established deadlines for the filing of proofs of claim and procedures relating thereto, and approved the form and manner of notice thereof.
23. The Bar Date Order provides for the following, *inter alia*, with respect to the claims bar dates:
- a. That the claims bar dates for filing Proofs of Claim are: (i) September 25, 2012 at 5:00 pm (prevailing Eastern time) for all non-Governmental Units (the “**General Bar Date**”); and (ii) November 12, 2012 at 5:00 pm (prevailing Eastern time) for Governmental Units (the “**Governmental Bar Date**”) (collectively, the “**Bar Dates**”); and
 - b. Those with claims arising from the rejection of an executory contract or unexpired lease must file a Proof of Claim by the later of (i) the applicable Bar Date, and (ii) the date that is thirty days following entry of the order of the U.S. Bankruptcy Court approving such rejection.
24. The procedure for filing a Proof of Claim pursuant to the Bar Date Order is as follows:
- a. Complete the customized Proof of Claim Form attached to the Bar Date Order or the Official Bankruptcy Form 10;
 - b. Prepare a separate Proof of Claim with respect to each Chapter 11 Debtor, as applicable, specifying the name and case number of the particular Chapter 11 Debtor;

- c. Ensure Proofs of Claim (i) are signed by the claimant or by an authorized agent of the claimant, (ii) include supporting documentation for the legal and factual basis of the alleged claim and the amount of the claim, (iii) are written in the English language, (iv) are denominated in United States currency; and
- d. File the completed Proof of Claim Form by one of hand delivery, first-class mail or overnight courier to the Chapter 11 Debtors' claims and noticing agent, Kurtzman Carson Consultants LLC ("KCC").

25. Proofs of Claim will be deemed filed only when received by KCC. In addition, Proofs of Claim will be treated as public documents as if filed with the office of the Clerk of the U.S. Bankruptcy Court.

26. Those who are not required to file a Proof of Claim on or before the applicable Bar Dates include:

- a. Any person or entity whose Claim is listed in the Chapter 11 Debtors' Schedules (the "**Schedules**"), provided that (i) the claim is not listed in the Schedules as "disputed," "contingent," or "unliquidated," (ii) the person or entity does not dispute the amount, nature and priority of the Claim as set forth in the Schedules, and (iii) the person or entity does not dispute that the Claim is an obligation of the specific Chapter 11 Debtor against which the Claim is listed in the Schedules;
- b. Any person or entity whose Claim has been paid in full;
- c. Any person or entity that holds an equity security interest in any of the Chapter 11 Debtors; provided that if any such holder asserts a Claim (as opposed to an ownership interest) against any of the Chapter 11 Debtors, a Proof of Claim must be filed before the applicable Bar Dates;
- d. Any holder of a Claim allowable under sections 503(b) and 507(a)(2) of the U.S. Bankruptcy Code as an administrative expense;

- e. Any person or entity that holds a Claim that has been previously allowed by order of the U.S. Bankruptcy Court; and
- f. Any person or entity who has already filed a Proof of Claim with the Clerk of the Court or KCC in a form substantially similar to the Chapter 11 Debtors' Proof of Claim Form or Official Form 10.

27. Pursuant to Bankruptcy Rule 3003(c)(2) and the Bar Date Order, any holder of any Claim against LightSquared that is required to file a Proof of Claim in accordance with the Bar Date Order, but fails to do so on or before the applicable Bar Date, will not be treated as a creditor with respect to such Claim for the purposes of voting and distribution with respect to any chapter 11 plan or plans of reorganization that may be filed in the Chapter 11 Cases. In addition, any holder of a Claim that fails to timely file a Proof of Claim will be forever barred, estopped, and enjoined from asserting any such Claim against LightSquared, LightSquared's estates, reorganized LightSquared or any of LightSquared's successors or assigns, and such entities shall be deemed forever discharged from any and all indebtedness or liability with respect to such Claim.

28. The Bar Date Order also sets out the notice requirements and form of notice that will be provided to the creditors of the Chapter 11 Debtors as follows:

- a. Within five business days of entry of the Bar Date Order by the U.S. Bankruptcy Court and at least thirty-five days prior to the Bar Dates, LightSquared will cause to be mailed a Proof of Claim Form and Bar Date Notice to, *inter alia*, the U.S. Trustee, counsel to the Prepetition Inc. Agent and Prepetition LP Agent, respectively, and all known creditors;
- b. Post the Proof of Claim Form, Bar Date Notice and instructions for submitting Proofs of Claim on the website established by KCC for LightSquared's Chapter 11 Cases at www.kccllc.net/LightSquared; and
- c. Provide notice of the Bar Dates by publication once in each of *The Wall Street Journal* (National Edition), *The Washington Post*, and *The Globe*

and Mail (National Edition) at least twenty-eight days prior to the General Bar Date.

29. The Bar Date Notice would notify parties of the following: (i) the Bar Dates; (ii) who must file a Proof of Claim; (iii) the Procedures for filing a Proof of Claim; (iv) the consequences of failing to timely file a Proof of Claim; and (v) where parties can find further information.

30. The Information Officer intends to post on the Information Officer's website at www.amcanadadocs.com/lightsqured the Bar Date Notice and a link to KCC's website where creditors can find the Proof of Claim form and instructions on the filing of same.

31. The Foreign Representative has stated that the recognition of the Bar Date Order by the Canadian Court is necessary for the protection of the Chapter 11 Debtors' property and the interest of their creditors for the following reasons:
 - a. The Chapter 11 Cases apply to all creditors of the Chapter 11 Debtors, wherever they may be located, and accordingly, a comprehensive claims process is appropriate;
 - b. Obtaining complete and accurate information regarding the nature, validity, amount and status of all claims to be asserted against the Chapter 11 Debtors ensures that the Chapter 11 Debtors will be able to confirm and consummate a comprehensive and viable plan of reorganization;
 - c. The bar dates and procedures are reasonable and appropriate in the circumstances, providing claimants with ample opportunity to prepare and file proofs of claim, as well as allowing the Chapter 11 Cases to move forward quickly with a minimum of administrative expense and delay;
 - d. All known creditors and potential claimants will receive notice of the claims process, including the CRA, Ministry of Finance (Ontario) and Saskatchewan Finance; and

- e. In order to reach unknown claimants, notice of the claims process will be published in the various publications, including the *Globe and Mail*.

ACTIVITIES OF THE INFORMATION OFFICER

32. The activities of the Information Officer since the date of our First Report have included:
- a. Preparation of a Supplemental Report regarding the Cash Collateral Order;
 - b. Review and monitoring of the materials filed in the Chapter 11 Cases and discussions with its counsel, Goodmans LLP (“**Goodmans**”), regarding same;
 - c. Review of the draft materials for this Recognition Motion, discussions with Goodmans and provision of comments regarding same;
 - d. Preparing for and attending at Court for the hearing held on June 14, 2012 where the orders of the U.S. Bankruptcy Court referred to in paragraph 8 of this Second Report were recognized by the Canadian Court;
 - e. Updating the Information Officer’s 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;
 - f. Responding to creditor inquiries regarding the Chapter 11 Cases and CCAA Recognition Proceedings; and
 - g. Preparation of this Second Report and discussions with Goodmans regarding same.
33. The Applicant is seeking approval of the Supplemental Report to the First Report, this Second Report and the activities set out herein in respect of this proceeding.


RECOMMENDATIONS

34. The Information Officer understands that the Foreign Orders sought to be recognized in the Recognition Motion are typical of orders granted in other large chapter 11 cases, and are necessary for the protection of the Chapter 11 Debtors' property and the interest of their creditors.
35. The Information Officer is of the view that it is reasonable for the Chapter 11 Debtors to be able to sell, transfer or abandon De Minimis Assets through a streamlined process which recognizes the interests of the secured parties and minimizes future potentially costly and time consuming court hearings.
36. In addition, the Information Officer is of the view that having one claims procedure, which includes the Canadian creditors, is appropriate in the circumstances as:
- a. The Chapter 11 proceeding is the foreign main proceeding and the U.S. Bankruptcy Court has the jurisdiction to deal with all creditors, including the Canadian creditors;
 - b. The Canadian creditors are not at any disadvantage pursuant to the Bar Date Order approved by the U.S. Bankruptcy Court;
 - c. Having a separate claims process may cause confusion for the Canadian creditors; and
 - d. The Bar Date Order provides for adequate notification to the known Canadian creditors of the Chapter 11 Debtors, including the mailing of a copy of the Bar Date Notice and the tailored Proof of Claim form as well as publication of the Bar Date Notice in *The Globe and Mail*. In addition, the Information Officer intends to post a copy of the Bar Date Notice on the Information Officer's website along with a link to KCC's website which provides the Proof of Claim form and instructions to creditors regarding the filing of same.

37. 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 15th day of August, 2012.

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

**SECOND REPORT OF THE INFORMATION
OFFICER
August 15, 2012**

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