

**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")**

SEVENTH REPORT OF THE INFORMATION OFFICER

**ALVAREZ & MARSAL CANADA INC.
June 12, 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 14th Order**”) recognizing certain orders entered by the U.S. Bankruptcy Court including the following:
 - a. Final Foreign Representative Order;
 - b. Order Determining Adequate Assurance of Payment for Future Utility Services;
 - c. Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Cash Collateral Order**”); and
 - d. Final Order (A) Authorizing Debtors To (I) Continue Using Existing Cash Management Systems, Bank Accounts and Business Forms and (II) Continue Intercompany Transactions, (B) Providing Postpetition Intercompany Claims Administrative Expense Priority, (C) Authorizing Debtors’ Banks To Honor All Related Payment Requests, and (D) Waiving Investment Guidelines of Sections 345(b) of Bankruptcy Code (the “**Cash Management Order**”).
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. On August 21, 2012, on a motion brought by the Applicant, the Canadian Court granted an order (the “**August 21st Order**”) recognizing the following orders of the U.S. Bankruptcy Court:
 - a. Order Granting LightSquared’s Motion for Order Approving Expedited Procedures for Sale, Transfer, and/or Abandonment of De Minimis Assets (the “**De Minimis Order**”); and

- b. Order Pursuant to 11 U.S.C. § 502(b)(9) and Fed. R. Bankr. P. 2002 and 3003(c)(3) Establishing Deadlines for Filing Proofs of Claim and Procedures Relating Thereto and Approving Form and Manner of Notice Thereof (the “**Bar Date Order**”).
11. In connection with the August 21st Order, the Information Officer filed its Second Report to the Canadian Court on August 15, 2012 (the “**Second Report**”). The August 21st Order also approved the 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 8th 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 8th Order, the Information Officer filed its Fifth Report to the Canadian Court on March 5, 2013 (the “**Fifth Report**”). The March 8th 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 20th 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 (the “**Consignment Agreement Order**”).
15. In connection with the March 20th Order, the Information Officer filed its Sixth Report to the Canadian Court on March 15, 2013 (the “**Sixth Report**”). The March 20th Order also approved the Information Officer’s Sixth Report and the activities of the Information Officer described therein.

PURPOSE OF THIS REPORT

16. Pursuant to paragraph 12 (b) of the Supplemental Order, the Information Officer is required to report to this Court at least once every three months with respect to the status of these proceedings and the status of the Foreign Proceedings, which reports may include information relating to the Property, the Business, or such other matters that may be relevant to the CCAA Recognition Proceedings. As noted above, the Information Officer’s previous report to the Court, the Sixth Report, was filed three months ago on March 15, 2013. Since the filing of the Sixth Report, the Applicant has not sought the Canadian Court’s recognition of any orders of the U.S. Bankruptcy Court.
17. The purpose of this seventh report of the Information Officer (the “**Seventh Report**”) is to provide the Canadian Court with:
 - a. information concerning the status of the Chapter 11 Cases (the “**Update**”);
 - and

- b. information concerning the activities of the Information Officer since the date of the Sixth Report (the “**Activities Report**”).
18. The limitations in this paragraph do not apply to the Activities Report in this Seventh Report. In preparing the Update in this Seventh 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 Bankruptcy 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 “**Update 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 Update Information presented herein. However, to the extent that this Seventh 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.
19. All terms not otherwise defined in this Seventh Report have the meanings ascribed to them in the Chapter 11 Cases.
20. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

NOTABLE CHAPTER 11 ORDERS

21. In the last three months, the U.S. Bankruptcy Court has entered orders in the Chapter 11 Cases, including, among others:
- a. Order, Pursuant to 11 U.S.C. § 365(d)(4), Further Extending LightSquared LP’s Time To Assume or Reject Unexpired Leases of Nonresidential Real Property (the “**Third Extension Order**”); and

- b. Order, Pursuant to 11 U.S.C. §§ 105(a) and 363, Authorizing LightSquared To (A) Enter into and Perform Under Engagement Letter Related to Exit Financing Arrangements, (B) Pay Fees and Expenses in Connection Therewith, and (C) Provide Related Indemnities (the “**Jefferies Engagement Order**”).
22. The Information Officer has been advised that at this time counsel for the Foreign Representative does not have instructions to seek recognition of either of these Orders.

Third Extension Order

23. On May 15, 2013, the U.S. Bankruptcy Court entered the Third Extension Order, further extending the time period for LightSquared to assume or reject certain of its unexpired leases of nonresidential real property, currently used by LightSquared for: (a) office space; (b) satellite carrier stations; and (c) satellite network gateways. The Third Extension Order extended the time period to the earlier of (i) December 31, 2013 and (ii) the date of confirmation of a plan of reorganization under chapter 11 of the U.S. Bankruptcy Code in these Chapter 11 Cases.

Jefferies Engagement Order

24. On June 6, 2013, the U.S. Bankruptcy Court entered the Jefferies Engagement Order authorizing LightSquared to (a) enter into and perform under the Engagement Letter with Jefferies LLC (“**Jefferies**”), (b) pay fees and expenses associated with the Engagement Letter, and (c) provide related indemnities.
25. As previously reported to this Court, LightSquared’s exclusive periods to file a plan of reorganization and solicit acceptances thereof were extended through and including July 15, 2013 (the “**Exclusivity Termination Date**”). In the motion material filed in support of the request for the Jefferies Engagement Order (the “**Jefferies Engagement Motion**”), LightSquared stated that it has been exploring various restructuring scenarios with its constituents in an effort to formulate a plan of

reorganization. LightSquared stated that it believes that a plan of reorganization that best maximizes value for all of its constituents will likely be premised upon LightSquared obtaining sufficient financing to fund LightSquared's exit from the Chapter 11 Cases.

26. As set out in the Jefferies Engagement Motion, after soliciting and reviewing several engagement proposals, LightSquared, its advisors and Harbinger Capital Partners LLC concluded that the proposal submitted by Jefferies to act as sole and exclusive manager and placement agent or arranger, as the case may be, for the arrangement of a senior secured term loan in connection with its emergence from the Chapter 11 Cases is the most favourable to LightSquared and its estates and provides the estates with the greatest opportunity to maximize value for all of its constituents.

27. The Jefferies Engagement Motion states that LightSquared and Jefferies are highly confident that they will be able to obtain fully committed financing in an amount that is likely in excess of the face amount of the Prepetition LP Obligations, the Prepetition Inc. Obligations, and the DIP Obligations at relatively low costs to the LightSquared estates. Accordingly, LightSquared states that it believes that the exit financing contemplated by the Engagement Letter will serve as the cornerstone of a standalone plan of reorganization and will most likely provide for full payment to all creditors and the retention of equity interests by shareholders. The Ad Hoc Secured Group, the Prepetition Inc. Lenders, and the DIP Lenders did not object to LightSquared's motion to retain Jefferies.

ACTIVITIES OF THE INFORMATION OFFICER

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

- b. updating the Information Officer's website at www.amcanadadocs.com/lightquared to make available copies of the March 20th Order and the Sixth Report; and
- c. preparing this Seventh Report and discussions with Goodmans regarding same.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 12th day of June, 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

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

Proceeding commenced at Toronto

**SEVENTH REPORT OF
INFORMATION OFFICER
(Dated June 12, 2013)**

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