

**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")**

**SIXTEENTH REPORT OF THE INFORMATION OFFICER**

**ALVAREZ & MARSAL CANADA INC.**

**July 4, 2014**

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### **Appendix A – Fourth Amended Plan Confirmation Schedule**

## 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 (as he then was) 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 & 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 (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.

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 (the "**First Amended Cash Collateral Order**"); 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 13<sup>th</sup> Order also approved the Information Officer's Seventh Report, the Eighth Report and the activities of the Information Officer described therein.

18. On October 9, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**October 9<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Approving Expense Reimbursement and Related Relief for L-Band Acquisition, LLC and Mast Spectrum Acquisition Company LLC and Related Entities;
- b. 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; and
- c. 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.

19. In connection with the October 9<sup>th</sup> Order, the Information Officer filed its Ninth Report to the Canadian Court on October 4, 2013 (the “**Ninth Report**”). The October 9<sup>th</sup> Order also approved the Information Officer’s Ninth Report and the activities of the Information Officer described therein.

20. On October 17, 2013, on a motion brought by the Applicant, the Canadian Court granted an order (the “**October 17<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order (I) Approving Disclosure Statements, (II) Approving Solicitation and Notice Procedures with Respect to Confirmation of Competing Plans, (III) Approving Forms of Various Ballots and Notices in Connection Therewith, (IV) Approving Scheduling of Certain Dates in Connection with Confirmation of Competing Plans, and (V) Granting Related Relief” (the “**Disclosure and Solicitation Order**”).

21. In connection with the October 17<sup>th</sup> Order, the Information Officer filed its Tenth Report to the Canadian Court on October 11, 2013 (the “**Tenth Report**”). The October 17<sup>th</sup> Order also approved the Information Officer’s Tenth Report and the activities of the Information Officer described therein.

22. On January 3, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**January 3<sup>rd</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Modifying Previously Scheduled Hearing Dates and Deadlines in Connection with Chapter 11 Plan Process; and
- b. Order Amending Amended Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Second Amended Cash Collateral Order**”).

23. In connection with the January 3<sup>rd</sup> Order, the Information Officer filed its Eleventh Report to the Canadian Court dated December 23, 2013 (the “**Eleventh Report**”) on December 24, 2013. The January 3<sup>rd</sup> Order also approved the Information Officer’s Eleventh Report and the activities of the Information Officer described therein.

24. Also on January 3, 2014, on a supplemental motion brought by the Applicant, the Canadian Court granted an order (the “**January 3<sup>rd</sup> Supplemental Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order Authorizing LightSquared’s Motion Seeking Approval of LightSquared’s Revised Specific Disclosure Statement and Shortened Time to Object to Confirmation of LightSquared’s Revised Second Amended Plan and Re-Solicitation Thereof (the “**Revised Specific Disclosure Statement and Solicitation Order**”).

25. In connection with the January 3<sup>rd</sup> Supplemental Order, the Information Officer filed its Twelfth Report to the Canadian Court on January 2, 2014 (the “**Twelfth Report**”).

26. On February 5, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**February 5<sup>th</sup> Order**”) recognizing the following orders of the U.S. Bankruptcy Court:

- a. Order Authorizing LightSquared to (A) Enter Into and Perform Under Engagement Letter and (B) Provide Related Indemnities (the “**Engagement Order**”)
- b. Final Order (A) Authorizing LP DIP Obligors to Obtain Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens And Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**LP DIP Order**”); and
- c. Second Order Amending Amended Agreed Final Order (A) Authorizing Debtors To Use Cash Collateral, (B) Granting Adequate Protection To Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Third Amended Cash Collateral Order**”).

27. In connection with February 5<sup>th</sup> Order, the Information Officer filed its Thirteenth Report to the Canadian Court on February 4, 2014 (the “**Thirteenth Report**”). The February 5<sup>th</sup> Order also approved the Information Officer’s Twelfth Report and the activities of the Information Officer set out therein.

28. On February 26, 2014, on a motion brought by the Applicant with respect to the chapter 11 plan filed by the Chapter 11 Debtors, the *Debtors’ Third Amended Joint Plan Pursuant to Chapter 11 of Bankruptcy Code* (the “**Third Amended Plan**”), the Canadian Court granted an

order (the “**February 26<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Order Approving (A) LightSquared’s Third Amended Specific Disclosure Statement and (B) Shortened Time To Object To Confirmation Of LightSquared’s Third Amended Plan And Streamlined Re-solicitation Thereof (the “**Third Amended Disclosure Statement Order**”).

29. In connection with February 26<sup>th</sup> Order, the Information Officer filed its Fourteenth Report to the Canadian Court dated February 25, 2014 (the “**Fourteenth Report**”). The February 26<sup>th</sup> Order also approved the Information Officer’s Thirteenth Report and the activities of the Information Officer set out therein.

30. On April 11, 2014, on a motion brought by the Applicant, the Canadian Court granted an order (the “**April 11<sup>th</sup> Order**”) recognizing the following order of the U.S. Bankruptcy Court:

- a. Final Order (A) Authorizing LP DIP Obligors to Obtain Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**Replacement LP DIP Order**”); and
- b. Third Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Fourth Amended Cash Collateral Order**”).

31. The Chapter 11 Debtors stated that the Replacement LP DIP Order and the Fourth Amended Cash Collateral Order were intended to provide sufficient funds for the Chapter 11 Debtors to implement a comprehensive reorganization plan and conclude the Chapter 11 Cases. As described below, the process to achieve such a result is ongoing.

32. In connection with April 11<sup>th</sup> Order, the Information Officer filed its Fifteenth Report to the Canadian Court dated April 8, 2014 (the “**Fifteenth Report**”). The April 11<sup>th</sup> Order also approved the Information Officer’s Fourteenth Report, Fifteenth Report and the activities of the Information Officer set out therein.

### **PURPOSE OF THIS REPORT**

33. On July 4, 2014, the Foreign Representative served a Motion Record in these proceedings, including a Notice of Motion returnable on July 8, 2014 (the “**July 8<sup>th</sup> Motion**” or the “**Recognition Motion**”). The Motion Record includes an affidavit of Elizabeth Creary sworn July 4, 2014 (the “**Creary Affidavit**”).

34. The purpose of this sixteenth report of the Information Officer (the “**Sixteenth Report**”) is to provide the Canadian Court with information concerning the Chapter 11 Cases, including:

- a. the Foreign Representative’s request for recognition by the Canadian Court of the following orders (the “**Foreign Orders**”):
  - i. Final Order (A) Authorizing LP DIP Obligors to Obtain Second Replacement Superpriority Senior Secured Priming Postpetition Financing, (B) Granting Superpriority Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**Second Replacement LP DIP Order**”);
  - ii. Fourth Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Fifth Amended Cash Collateral Order**”);

- iii. Fifth Order Amending Amended Agreed Final Order (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to Prepetition Secured Parties, and (C) Modifying Automatic Stay (the “**Sixth Amended Cash Collateral Order**”);
  - iv. Order Selecting Mediator and Governing Mediation Procedure (the “**Mediation Order**”); and
  - v. Order Scheduling Certain Hearing Dates and Establishing Deadlines In Connection With Chapter 11 Plan Process And Subordination Trial (the “**Fourth Amended Plan Confirmation Schedule Order**”);
- b. an update on the status of the chapter 11 plan confirmation process in the Chapter 11 Cases; and
  - c. information concerning the activities of the Information Officer since the date of the Fifteenth Report (the “**Activities Report**”).

35. The limitations in this paragraph do not apply to the Activities Report in this Sixteenth Report. In preparing this Sixteenth 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 Sixteenth 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.

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

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

## **SECOND REPLACEMENT LP DIP ORDER**

38. On February 5, 2014, the Canadian Court recognized the LP DIP Order and on April 11, 2014, the Canadian Court recognized the Replacement LP DIP Order which approved, among other things, the provision of certain superpriority senior secured, priming, postpetition financing by the LP DIP Lenders to the LP DIP Obligors through June 15, 2014.

39. The Chapter 11 Debtors stated that the Replacement LP DIP Order and the Fourth Amended Cash Collateral Order, also recognized on April 11, 2014, were intended to provide sufficient funds for the Chapter 11 Debtors to implement a comprehensive reorganization plan and conclude the Chapter 11 Cases.

40. On June 9, 2014, the Chapter 11 Debtors filed a *Notice of Extension of Final Maturity Date Under Replacement LP DIP Facility* with the U.S. Bankruptcy Court, as the LP DIP Lenders had agreed to extend the maturity of the Replacement LP DIP Facility to June 30, 2014.

41. The Chapter 11 Debtors have advised that given the Fourth Amended Plan Confirmation Schedule in the Chapter 11 Cases (described below) is now contemplated to extend well past the Final Maturity Date specified by the previously recognized Replacement LP DIP Facility, the Chapter 11 Debtors require additional funds to carry them through to July 15, 2014. The current budget (the “**Budget**”) for the Chapter 11 Debtors shows that they require the funding to be made available pursuant to the Second Replacement LP DIP Facility until July 15, 2014.

42. On June 30, 2014, the U.S. Bankruptcy Court entered the Second Replacement LP DIP Order, which terms are substantially similar to the terms set forth in the Replacement LP DIP Facility, providing the LP DIP Obligors with replacement senior secured, priming, superpriority postpetition financing through and including July 15, 2014. In conjunction with the Second Replacement LP DIP Order, the U.S. Bankruptcy Court also entered the Sixth Amended Cash Collateral Order (discussed below) on June 30, 2014. As a condition subsequent to the Second Replacement LP DIP Order, the DIP Lenders required that the LP DIP Obligors obtain the Canadian Court's recognition of the Second Replacement LP DIP Order by no later than July 10, 2014.

43. Each of the LP DIP Obligors (as defined in the Initial LP DIP Order) and the LP DIP Lenders under the Replacement LP DIP Facility have consented to the entry of the Second Replacement LP DIP Order, the proceeds of which will be used to:

- a. pay in full all Replacement LP DIP Obligations under (and as defined in) the Replacement LP DIP Facility and the Replacement LP DIP Order;
- b. finance the general corporate and working capital needs of the LP DIP Obligors through July 15, 2014; and
- c. pay the LP DIP Professional Fees.

44. The Replacement LP DIP Order, among other things:

- a. authorizes LightSquared LP (the "**LP DIP Borrower**") and its subsidiaries (collectively, the "**LP DIP Obligors**") to obtain and guarantee the obligations in respect of, replacement senior secured, priming, superpriority postpetition financing;
- b. authorizes and directs the LP DIP Obligors to execute and deliver, and perform under the terms of the Second Replacement LP DIP Facility;

- c. grants to the LP DIP Lenders allowed superpriority administrative expense claims;
- d. grants to the LP DIP Lenders automatically perfected first priority priming security interests on the LP DIP Collateral;
- e. authorizes the LP DIP Obligors to pay the principal, interest and fees as they become due; and
- f. reaffirms and confirms adequate protection to the Prepetition LP Secured Parties for any Diminution in Value of their respective interests in the Prepetition LP Collateral through July 15, 2014.

45. The Second Replacement DIP Order will provide the LP DIP Obligors with \$76,323,253 of financing through July 15, 2014 to be used in accordance with a Budget developed by the LP DIP Obligors and their financial advisors. The Chapter 11 Debtors have advised that as the Fourth Amended Plan Confirmation Process is set to extend into the fall of 2014, they will require a further a DIP Order from the U.S. Bankruptcy Court. Therefore, the Foreign Representative anticipates obtaining further time in front of the Canadian Court on July 15, 2014 seeking recognition of further DIP arrangements to cover the period of July 15, 2014 to September 30, 2014.

46. The Chapter 11 Debtors are of the view that to ensure a value-maximizing exit from the Chapter 11 Cases requires the availability of capital from the Second Replacement LP DIP Facility. Without such funds, serious and irreparable harm to the Chapter 11 Debtors and their estates would occur and the Chapter 11 Debtors would not have sufficient available sources of capital and financing to operate its businesses and maintain its properties in the ordinary course of business to the end of its plan confirmation process and thus be able to complete an orderly exit from these Chapter 11 Cases.

## AMENDED CASH COLLATERAL ORDERS

47. As previously reported to this Honourable Court, the initial Cash Collateral Order was entered by the U.S. Bankruptcy Court on June 13, 2012. Pursuant to the initial Cash Collateral Order and the subsequent extensions thereof, the Chapter 11 Debtors were permitted to use the Prepetition LP Collateral, including Cash Collateral (the “**Cash Collateral**” as such term is defined in section 363 of the *Bankruptcy Code*) through June 15, 2014. The Canadian Court recognized the initial Cash Collateral Order and subsequent amendments, including the most recent Fourth Amended Cash Collateral Order on April 11, 2014.

48. On June 13, 2014, the U.S. Bankruptcy Court entered the Fifth Amended Cash Collateral Order, permitting the LP Debtors to continue to use the Cash Collateral through and including June 30, 2014. The Applicant is seeking recognition of this Fifth Amended Cash Collateral Order in the Canadian Court.

49. Subsequently, in connection with the Second Replacement LP DIP Order, the LP Obligors also required continued authorization from the U.S. Bankruptcy Court to use the Cash Collateral after June 30, 2014. The U.S. Bankruptcy Court entered the Sixth Amended Cash Collateral Order on June 30, 2014, which, among other things:

- a. permits the LP Debtors to continue to use the Prepetition LP Collateral, including Cash Collateral, through and including July 15, 2014;
- b. permits the LP Debtors to continue to make the Adequate Protection Payments on the terms set forth therein;
- c. allows entry of the Second Replacement LP DIP Order and approval of the Second Replacement LP DIP Facility; and
- d. preserves for the benefit of the Prepetition LP Secured Parties the LP Adequate Protection Liens and the LP Section 507(b) Claims.

50. The Budget attached as Schedule 1 to the Fourth Amended Cash Collateral Order has been replaced in its entirety by the Budget attached as Schedule 1 to the Sixth Amended Cash Collateral Order.

51. In addition, the LP Obligors will not be required to pay the LP Adequate Protection Payment to the Prepetition LP Agent, for the benefit of the Prepetition LP Lenders, on the first Business Day of July 2014 provided:

- a. The LP Obligors pay for the benefit of the Prepetition LP Lenders, all reasonable, actual and documented fees and expenses of White & Case LLP and The Blackstone Group L.P. on the first Business Day of July 2014; and
- b. The payment of the July 2014 LP Adequate Protection Payment will not be deemed waived in the event that the Amended Cash Collateral Order is further extended and would be paid by an Order approving additional DIP financing to the LP Obligors in these Chapter 11 Cases.

52. The Chapter 11 Debtors are of the view that the Fifth Amended Cash Collateral Order and the Sixth Amended Cash Collateral Order should be recognized by the Canadian Court as the terms and conditions contained in those Orders are fair and reasonable and in the best interests of the Chapter 11 Debtors, their estates and their creditors.

#### **UPDATE ON THE PLAN CONFIRMATION PROCESS AND MEDIATION**

53. As previously reported to the Canadian Court, the evidentiary portion of the Ergen Adversary Proceeding trial took place over a five day period, and concluded on March 17, 2014 following closing arguments. The U.S. Bankruptcy Court hearing to consider the confirmation of the Third Amended Plan (the “**Third Amended Plan Confirmation Hearing**”) commenced

on March 19, 2014 with witness testimony ending on March 31, 2014. Closing arguments for the Third Amended Plan Confirmation Hearing were heard by the U.S. Bankruptcy Court on May 5 and 6, 2014.

54. The Information Officer and its counsel attended the Third Amended Plan Confirmation Hearing closing arguments in New York on May 5 and May 6, 2014.

55. On May 8, 2014, the Honorable Judge Shelley C. Chapman issued two decisions from the Bench. With respect to the Ergen Adversary Proceeding, the U.S. Bankruptcy Court ruled, among other things, that the defendants, SP Special Opportunities LLC (“**SPSO**”), engaged in misconduct warranting equitable subordination of its claim against LightSquared LP in an amount to be determined at a later stage. However, the U.S. Bankruptcy Court also denied confirmation of the Third Amended Plan. After issuing these decisions, the U.S. Bankruptcy Court directed the parties to work together to attempt to reach a resolution on all plan issues and on the amount of equitable subordination and to provide the U.S. Bankruptcy Court with an update on May 27, 2014. If a resolution was not reached by May 27, 2014, the U.S. Bankruptcy Court informed the parties that it would appoint a mediator.

56. On May 27, 2014, the U.S. Bankruptcy Court held a status conference hearing (the “**May 27<sup>th</sup> Status Hearing**”) with the following parties present: the Chapter 11 Debtors, the Special Committee of the Boards of Directors of LightSquared Inc. and LightSquared GP. Inc., Harbinger, Mast, U.S. Bank, the Ad Hoc Secured Group, SIG Holdings, Inc., Fortress Investment Group LLC and SPSO (with their respective principals, attorneys and advisors, collectively the “**Parties**”). At the May 27<sup>th</sup> Status Hearing, the Parties informed the U.S. Bankruptcy Court that no resolution on the Third Amended Plan had been reached.

57. On May 28, 2014, the U.S. Bankruptcy Court entered an Order authorizing the Honorable Robert. D. Drain of the U.S. Bankruptcy Court for the Southern District of New York to serve as mediator (the “**Mediator**”) in the Chapter 11 Cases and the Ergen Adversary Proceeding (the “**Mediation Order**”). A copy of the Mediation Order is attached as **Exhibit “D”** to the Creary Affidavit. The Applicant is seeking recognition of this Mediation Order by the Canadian Court.

58. The Mediator was authorized by the U.S. Bankruptcy Court to mediate any issues concerning, among other things, the terms of a plan or plans of reorganization for the Chapter 11 Debtors, including the following disputes:

- a. the amount of equitable subordination of the claim of SPSO (the “**SPSO Claim**”) and the classification and treatment of the SPSO Claim in a plan of reorganization;
- b. the allocation of estate value among the various constituencies and the structure of a plan or plans of reorganization for the Chapter 11 Debtors; and
- c. certain other plan confirmation or other issues appropriate for mediation as determined by the Parties and the Mediator.

59. On June 27, 2014, the Mediator issued a Mediator’s Memorandum (the “**Memorandum**”), a copy of which is attached as **Exhibit “F”** to the Creary Affidavit. In the Memorandum, the Mediator reported that the U.S. Bankruptcy Court held three day-long mediation sessions on June 9, 17 and 23, 2014. The Mediator further reported that “[w]ith the exception of one party, all of the parties to the mediation have agreed on the key business terms of a chapter 11 plan for the debtors that should be confirmable without the support of the one party, SPSO, which has not agreed.” The Mediator stated that SPSO / Charles Ergen have not participated in the mediation in good faith and have wasted the parties and the Mediator’s time and resources.

60. As the Mediation Order also impacts the Canadian assets of the Chapter 11 Debtors, the Foreign Representative is requesting that the Canadian Court recognize the Mediation Order as the terms and conditions contained in such Order are in the best interests of the Chapter 11 Debtors' stakeholders.

## **SCHEDULING**

61. On July 1, 2014 and July 2, 2014, a status conference hearing was held (the "**July Status Hearing**") during which the parties agreed to the proposed schedule in respect of what is expected to be the Chapter 11 Debtors' Fourth Amended Joint Plan to Chapter 11 of the Bankruptcy Code (the "**Fourth Amended Plan**"). The Chapter 11 Debtors stated that the Fourth Amended Plan is estimated to be filed with the U.S. Bankruptcy Court by mid-July 2014. The Chapter 11 Debtors anticipate an exit from chapter 11 by September 30, 2014.

62. On July 3, 2014, the U.S. Bankruptcy Court issued the Fourth Amended Plan Confirmation Schedule Order. A copy of the Fourth Amended Plan Confirmation Schedule is attached hereto as **Appendix "A"**.

63. The Chapter 11 Debtors have stated that to the best of their knowledge, no party has appealed the Fourth Amended Plan Confirmation Schedule in the Chapter 11 Cases.

64. The Foreign Representative is requesting that the Canadian Court recognize the Fourth Amended Plan Confirmation Schedule Order, as the terms and conditions contained therein are fair and reasonable and in the best interests of the Chapter 11 Debtors' estates and creditors.

## **ACTIVITIES OF THE INFORMATION OFFICER**

65. The activities of the Information Officer since the date of the Fifteenth Report have included:

- a. attending the U.S. Bankruptcy Court Third Amended Plan Confirmation Hearings in New York on May 5 and 6, 2014;
- b. attending via teleconference the U.S. Bankruptcy Court Bench Ruling on the Ergen Adversary Proceeding and Third Amended Plan Confirmation Hearing on May 8, 2014 and Scheduling Hearings of July 1 and 2, 2014;
- c. reviewing the Motion Record in respect of the July 8<sup>th</sup> Motion, reviewing and monitoring the materials filed in the Chapter 11 Cases and discussions with its counsel, Goodmans, and with counsel for the Foreign Representative regarding same;
- d. updating the Information Officer's website at [www.amcanadadocs.com/lightsquared](http://www.amcanadadocs.com/lightsquared) to make available copies of the Fifteenth Report, Recognition Orders and motion materials; and
- e. preparing this Sixteenth Report and discussions with Goodmans regarding same.

66. In its Recognition Motion, the Foreign Representative is seeking approval of this Sixteenth Report and the activities of the Information Officer set out therein in respect of this proceeding.

## **RECOMMENDATION**

67. The Information Officer understands that the secured creditors registered against the Canadian Chapter 11 Debtor entities have been given notice of the Recognition Motion and are notice parties in the Chapter 11 Cases.

68. Based on its review of the materials, as described in this Sixteenth 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 interests of their creditors. The terms of the Recognition Order being sought are appropriate in the circumstances. The Information Officer does not believe that the relief sought in the Recognition Motion is contrary to Canadian public policy.

69. 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 July, 2014.

**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

**APPENDIX "A"**  
(see attached)

**Appendix “A”**

**SCHEDULE "B" – Plan Confirmation Schedule**

**July 2014**

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2	3	4 Independence Day	5
6	7	8 Deadline For Initial Discovery Requests	9	10 Parties Disclose Common Interest or Other Privileges	11 Motion For DIP (if necessary)	12
13	14 Deadline To File (1) Plan; (2) Disclosure Statement; (3) Motion re: Disclosure Statement; (4) Motion re: Break-up Fee; and (5) Plaintiffs'/Intervenors' Briefs re: Subordination/Damages	15 Deadline For Responses/Production To Initial Discovery Requests	16	17 Deadline For Supplemental Discovery Requests	18 Deadline To File Objections To Disclosure Statement	19
		Confirmation and Subordination/Damages-Related Depositions				
20	21 Hearing re: Disclosure Statement	22	23 Commencement of Solicitation Period For Debtors' Plan Deadline To File Objections To Motion re: Break-up Fee	24 Deadline For Responses To Supplemental Discovery Requests	25	26
		Confirmation and Subordination/Damages-Related Depositions				
27	28 Hearing re: Motion re: Break-up Fee Identification of Potential Witnesses and Potential Experts	29 Deadline To File Plan Supplement	30	31		
		Confirmation and Subordination/Damages-Related Depositions (cont. August 1)				

# August 2014

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1 Voting Deadline For Debtors' Plan Deadline To File Debtors' Vote Designation Motion (if any)	2
3	4	5	6	7 Deadline To File Voting Report	8	9
		Confirmation and Subordination/Damages-Related Depositions				
10	11	12 Deadline For (1) Objections to Debtors' Plan; (2) Responses to Debtors' Brief re: Subordination/Damages; and (3) Objections to Debtors' Vote Designation Motion (if any)	13	14	15 Discovery Cutoff For Confirmation Hearing and Subordination/Damages Trial	16
		Confirmation and Subordination/Damages-Related Depositions				
17	18 Deadline To File (1) Debtors' Confirmation Brief; (2) Reply to Objections to Debtors' Vote Designation Motion (if any); and (3) Reply to Responses to Debtors' Brief re: Subordination/ Damages	19	20	21	22	23
24	25 Commencement of Confirmation Hearing on Debtor's Plan and Trial Regarding Subordination/ Damages	26	27	28	29	30
31	Confirmation Hearing On Debtors' Plan and Subordination/Damages Trial					

# September 2014

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 Labor Day	2	3	4	5	6
			Confirmation Hearing On Debtors' Plan and Subordination/Damages Trial (if necessary)			
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30 Outside Date for Plan and DIP				

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

**SIXTEENTH REPORT OF  
INFORMATION OFFICER  
(Dated July 4, 2014)**

**GOODMANS LLP**

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