

**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")**

**THIRD REPORT OF THE INFORMATION OFFICER**

**ALVAREZ & MARSAL CANADA INC.  
November 14, 2012**

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**Exhibit A** – Order Approving LightSquared’s Key Employee Incentive Plan

**Exhibit B** –Affidavit of Publication of Bar Date Notice in *The Globe and Mail*

## 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 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 the following orders entered by 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 4<sup>th</sup>, 11<sup>th</sup> and 13<sup>th</sup>, 2012, the U.S. Bankruptcy Court entered 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 14<sup>th</sup> Order**") recognizing the following orders entered by 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 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. The Cash Collateral Order entered by the U.S. Bankruptcy Court on June 13, 2012 and recognized by the Canadian Court on June 14, 2012 pursuant to the June 14<sup>th</sup> 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. 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 (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**”).
  
12. 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 August 21<sup>st</sup> Order also approved the Supplemental Report, the Second Report and the activities of the Information Officer described therein.

## PURPOSE OF THIS REPORT

13. 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 Second Report, was filed three months ago on August 15, 2012. Since the filing of the Second Report, the Applicant has not sought the Canadian Court's recognition of any orders of the U.S. Bankruptcy Court.
14. The purpose of this third report of the Information Officer (the "**Third Report**") is to provide the Canadian Court with information concerning:
- a. Certain notable Orders recently entered by the U.S. Bankruptcy Court in the Chapter 11 Cases;
  - b. The Ad Hoc Secured Group of LightSquared LP Lenders' Discovery Motion and Standing Motion (both defined below);
  - c. Publication of the Bar Date Notice in Canada; and
  - d. The activities of the Information Officer since the date of the Second Report.
15. In preparing this Third 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.
16. All terms not otherwise defined in this Third Report have the meanings ascribed to them in the Chapter 11 Cases.



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

#### **NOTABLE CHAPTER 11 ORDERS**

18. During the last several months, the U.S. Bankruptcy Court has entered various orders in the Chapter 11 Cases, including, among others:

- a. Final Order, Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507, (A) Authorizing Inc. Obligors to Obtain Postpetition Financing, (B) Granting Liens and Providing Superpriority Administrative Expense Status, (C) Granting Adequate Protection, and (D) Modifying Automatic Stay (the “**Final DIP Order**”);
- b. Order Approving Key Employee Incentive Plan (the “**KEIP Order**”);
- c. Order Extending Challenge Period (the “**Challenge Order**”);
- d. Order Pursuant to 11 U.S.C. § 365(d)(4) Extending Time to Assume or Reject Unexpired Leases of Nonresidential Real Property (the “**Extension Order**”); and
- e. Agreed Order Pursuant to 11 U.S.C. § 1121(d) Extending LightSquared’s Exclusive Periods to File a Plan of Reorganization and Solicit Acceptances Thereof (the “**Exclusivity Order**”).

19. The Information Officer has been advised that at this time counsel for the Foreign Representative does not have instructions to seek recognition of any of these Orders.

#### **Final DIP Order**

20. On July 17, 2012, the U.S. Bankruptcy Court entered the Final DIP Order authorizing One Dot Six Corp. (the “**DIP Borrower**”) to obtain, and LightSquared Inc., One Dot Four Corp., and One Dot Six TVCC Corp., together with the DIP Borrower, to unconditionally guaranty jointly and severally the DIP Borrower’s obligations in respect of secured, priming, superpriority postpetition financing pursuant to the terms and conditions of the Debtor in Possession Credit Agreement. As indicated in the

Monitor's Supplemental Report, the financing authorized by the Final DIP Order does not affect the Canadian Debtors or assets held by the Canadian Debtors.

**KEIP Order**

21. On October 23, 2012, the U.S. Bankruptcy Court entered the KEIP Order which authorizes LightSquared to implement the revised key employee incentive plan ("**Revised KEIP**") for four U.S. based senior management personnel (the "**Key Employees**"). There are no Canadian based Key Employees who are eligible to participate in the Revised KEIP. A copy of the KEIP Order is attached hereto as **Exhibit A**.
  
22. Payments to the Key Employees will be based on the following metrics:
  - a. Cash Preservation – measured by the Key Employees' ability to operate LightSquared in the Chapter 11 Cases in the most cost-conscious and efficient manner possible to preserve sufficient cash and give the Chapter 11 Debtors time to resolve their regulatory and other restructuring issues;
  - b. Regulatory – measured by the Key Employees' ability to achieve certain regulatory objectives (the objectives were filed with the U.S. Bankruptcy Court under seal) regarding the regulatory status of LightSquared's spectrum in a manner that would permit LightSquared to move forward in its restructuring efforts; and
  - c. Effective Date of Plan / Emergence – measured by the Key Employees' ability to negotiate and confirm a chapter 11 plan or consummate a sale of substantially all of the Chapter 11 Debtors' assets by certain target dates.
  
23. The Revised KEIP requires compliance, beginning on January 1, 2013, with a new KEIP-specific Op-Ex budget recently negotiated between LightSquared and the Ad Hoc Secured Group that is more aggressive than the budgets approved in the Cash Collateral Order and the Final DIP Order because it is based on projections that already take into account LightSquared's improved efficiencies since the Petition Date.

### **Challenge Order**

24. Pursuant to the Final DIP Order, the Ad Hoc Prepetition LP Lender Group was granted until September 11, 2012 (the “**Challenge Period**”) to obtain standing and file any claims or causes of actions challenging the validity of the non-insider Prepetition Inc. Lenders’ claims. On October 9, 2012, the U.S. Bankruptcy Court extended the Challenge Period solely with respect to claims set forth in the proposed complaint appended to the Standing Motion (described below) through and including the date of the final court approval of the Standing Motion.

### **Extension Order**

25. On October 1, 2012, the U.S. Bankruptcy Court entered an order extending the initial 120-day period for LightSquared to assume or reject its Unexpired Leases by an additional 90-days from September 11, 2012 to and including December 10, 2012.

### **Exclusivity Order**

26. On October 1, 2012, the U.S. Bankruptcy Court entered an agreed order extending LightSquared’s exclusive period to file a chapter 11 plan to and including January 31, 2013 and exclusive period in which it can solicit acceptances of the chapter 11 plan to and including April 1, 2013, both pursuant to section 1121(d) of the U.S. Bankruptcy Code.

### **THE DISCOVERY MOTION**

27. Subject to the terms of the Final DIP Order, parties in interest had until September 11, 2012 to commence a contested matter or adversary proceeding asserting claims against non-insider Prepetition Inc. Lenders in respect of the Prepetition Inc. Obligations. In addition, under the Cash Collateral Order, the Ad Hoc Secured Group has the right to investigate claims against the Prepetition Inc. Lenders.

28. On July 31, 2012, the Ad Hoc Secured Group filed with the U.S. Bankruptcy Court a motion (the “**Discovery Motion**”) for entry of an Order directing discovery from Harbinger Capital Partners LLC (“**Harbinger**”) pursuant to Rule 2004 of the Federal

Rules of Bankruptcy Procedure in connection with Harbinger's role as a Prepetition Inc. Lender.

29. U.S. Bank National Association, as Successor Agent under the Prepetition Inc. Credit Agreement ("U.S. Bank") filed a response to the Discovery Motion to correct and/or clarify certain assertions therein. In addition, Harbinger filed an objection to the Discovery Motion.
30. LightSquared filed a statement in connection with the Discovery Motion stating that the information requests are overly broad and LightSquared would incur significant costs in connection with the proposed discovery process.
31. The Discovery Motion remains outstanding.

#### **THE STANDING MOTION**

32. On September 14, 2012, the Ad Hoc Secured Group filed with the U.S. Bankruptcy Court a motion (the "**Standing Motion**") seeking authority to proceed on behalf of the Estates to bring claims challenging the validity and extent of the Prepetition Inc. Lenders' claims and liens relating to the Prepetition Inc. loan to the same extent that a trustee appointed pursuant to section 1106 of the U.S. Bankruptcy Code would have the authority to do so.
33. U.S. Bank and Harbinger filed objections to the Standing Motion and LightSquared filed a statement.
34. In its statement, LightSquared requested that in the event the U.S. Bankruptcy Court grants the Standing Motion, the U.S. Bankruptcy Court should:
  - a. Preserve all of the rights of LightSquared to settle claims on behalf of the LightSquared estates; and

- b. Either (i) narrowly tailor any further discovery to minimize additional costs incurred by the Estates or (ii) postpone any litigation relating to the proposed complaint to the end of the Chapter 11 Cases when it will be more easily determinable whether such litigation benefits the estates.

35. On November 2, 2012, the Standing Motion, previously scheduled to be heard by the U.S. Bankruptcy Court on November 5, 2012, was adjourned to November 28, 2012.

### **PUBLICATION OF THE BAR DATE NOTICE**

36. On August 22, 2012, Kurtzman Carson Consultants LLC's ("KCC") had published in *The Globe and Mail* newspaper (National Edition) the Bar Date Notice, which notified creditors that the last date for filing proofs of claim on account of prepetition claims had been established as September 25, 2012 at 5:00 p.m. (prevailing Eastern time). A copy of the affidavit of publication is attached hereto as **Exhibit B**.

37. In addition, the Information Officer posted on the Information Officer's website at [www.amcanadadocs.com/lightsquared](http://www.amcanadadocs.com/lightsquared) 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.

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

38. The activities of the Information Officer since the date of our Second Report have included:

- a. Posting on the Information Officer's website at [www.amcanadadocs.com/lightsquared](http://www.amcanadadocs.com/lightsquared) the Bar Date Notice pursuant to the Bar Date Order and a link to KCC's website where creditors can find the Proof of Claim form and instructions on the filing of same;
- b. In coordination with KCC, ensuring proper publication of the Bar Date Notice in *The Globe and Mail* pursuant to the Bar Date Order;

- c. Responding to creditor inquiries regarding the Bar Date Notice, Proof of Claim process and other matters in the Chapter 11 Cases and CCAA Recognition Proceedings;
- d. Reviewing and monitoring the materials filed in the Chapter 11 Cases and discussions with its counsel, Goodmans LLP (“**Goodmans**”), regarding same;
- e. Preparing for and attending at Court for the hearing held on August 21, 2012 where the Bar Date Order and De Minimis Order of the U.S. Bankruptcy Court referred to in the Information Officer’s Second Report were recognized by the Canadian Court;
- f. Updating the Information Officer’s website at [www.amcanadadocs.com/lightsquared](http://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; and
- g. Preparing this Third Report and discussions with Goodmans regarding same.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** at Toronto, Ontario this 14<sup>th</sup> day of November, 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

# Exhibit A

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	Chapter 11
LIGHTSQUARED INC., <i>et al.</i> ,	)	Case No. 12-12080 (SCC)
Debtors. <sup>1</sup>	)	Jointly Administered
	)	

**ORDER APPROVING LIGHTSQUARED'S  
KEY EMPLOYEE INCENTIVE PLAN**

Upon the motion (the "Motion")<sup>2</sup> of LightSquared Inc. and certain of its affiliates, as debtors and debtors in possession (collectively, "LightSquared") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), for entry of an order (the "Order"), pursuant to sections 363(b) and 503(c) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the "Bankruptcy Code"), authorizing LightSquared to implement the key employee incentive plan; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and it appearing that this proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and the Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion appearing adequate and appropriate under the circumstances; and the Court having found that no other or further notice is needed or necessary; and the Court having reviewed the Motion, the KEIP Supplement and each

<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal or foreign tax or registration identification number, are: LightSquared Inc. (8845), LightSquared Investors Holdings Inc. (0984), One Dot Four Corp. (8806), One Dot Six Corp. (8763), SkyTerra Rollup LLC (N/A), SkyTerra Rollup Sub LLC (N/A), SkyTerra Investors LLC (N/A), TMI Communications Delaware, Limited Partnership (4456), LightSquared GP Inc. (6190), LightSquared LP (3801), ATC Technologies, LLC (3432), LightSquared Corp. (1361), LightSquared Finance Co. (6962), LightSquared Network LLC (1750), LightSquared Inc. of Virginia (9725), LightSquared Subsidiary LLC (9821), Lightsquared Bermuda Ltd. (7247), SkyTerra Holdings (Canada) Inc. (0631), SkyTerra (Canada) Inc. (0629), and One Dot Six TVCC Corp. (0040). The location of the debtors' corporate headquarters is 10802 Parkridge Boulevard, Reston, VA 20191.

<sup>2</sup> All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the Supplemental Filing in Support of LightSquared's Motion for Entry of an Order Approving Key Employee Incentive Plan [Docket No. 385] (the "KEIP Supplement"), as applicable.



objection, and having heard statements in support of the Motion at the hearing held on October 23, 2012 (the "Hearing"); and all objections having been resolved on the terms reflected in the Revised KEIP and Budgets; and the Court having determined that the legal and factual bases set forth in the Motion, the KEIP Supplement, and at the Hearing establish just cause for the relief granted herein; and it appearing, and the Court having found, that the relief requested in the Motion and the KEIP Supplement is in the best interests of LightSquared's estates, its creditors, and other parties in interest; and all other objections to the relief requested in the Motion having been withdrawn or overruled on the merits; and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED** that:

1. The Motion is granted and the Revised KEIP, the terms of which are set forth on Exhibit A hereto, is approved.
2. Pursuant to sections 363(b) and 503(c) of the Bankruptcy Code, LightSquared is authorized to implement the Revised KEIP and to make the payments contemplated thereunder.
3. LightSquared is authorized to execute and deliver all instruments and documents, and take such other action as may be necessary or appropriate to implement, effectuate, and fully perform under and in accordance with this Order and the Revised KEIP, including, without limitation, making the payments thereunder.
4. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062, and 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
5. The requirements set forth in Local Rule 9013-1(a) are satisfied.

6. The Court retains jurisdiction with respect to all matters arising from or related to the implementation and interpretation of this Order.

Dated: October 23, 2012  
New York, New York

/S/ Shelley C. Chapman  
HONORABLE SHELLEY C. CHAPMAN  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit A**

**Revised KEIP**

	<u>Original KEIP Terms</u>	<u>Amended KEIP Terms</u>																										
<b>Cash Preservation Objective</b>	<p><u>Cash Bonus</u></p> <ul style="list-style-type: none"> <li>To be paid on January 1, 2013 based on the following scale:</li> </ul> <table border="1" data-bbox="389 1018 828 1638"> <thead> <tr> <th>Cash Bonus (% of salary on Jan. 1, 2013)</th> <th>Cumulative OpEx Spending (% of budget filed with Motion)</th> </tr> </thead> <tbody> <tr> <td>110%</td> <td>&lt; 90%</td> </tr> <tr> <td>105%</td> <td>90%-95%</td> </tr> <tr> <td>100%</td> <td>96%-100%</td> </tr> <tr> <td>90%</td> <td>101%-105%</td> </tr> <tr> <td>80%</td> <td>106%-110%</td> </tr> <tr> <td>70%</td> <td>111%-115%</td> </tr> <tr> <td>0%</td> <td>&gt; 115%</td> </tr> </tbody> </table>	Cash Bonus (% of salary on Jan. 1, 2013)	Cumulative OpEx Spending (% of budget filed with Motion)	110%	< 90%	105%	90%-95%	100%	96%-100%	90%	101%-105%	80%	106%-110%	70%	111%-115%	0%	> 115%	<p><u>Cash Bonuses</u></p> <ul style="list-style-type: none"> <li>To be paid within 30 days of (a) January 1, 2013 and (b) the earlier of (i) September 30, 2013 and (ii) the effective date of a chapter 11 plan or the consummation of a sale of substantially all of LightSquared's assets, based on the following scale:</li> </ul> <table border="1" data-bbox="462 231 763 850"> <thead> <tr> <th>Cash Bonus (% of salary on Jan. 1, 2013 / Sept. 30, 2013)</th> <th>Cumulative OpEx Spending (% of budget)</th> </tr> </thead> <tbody> <tr> <td>70%/55%</td> <td>&lt; 90%</td> </tr> <tr> <td>67.5%/52.5%</td> <td>90%-95%</td> </tr> <tr> <td>65%/50%</td> <td>96%-100%</td> </tr> <tr> <td>0.0%</td> <td>100%</td> </tr> </tbody> </table>	Cash Bonus (% of salary on Jan. 1, 2013 / Sept. 30, 2013)	Cumulative OpEx Spending (% of budget)	70%/55%	< 90%	67.5%/52.5%	90%-95%	65%/50%	96%-100%	0.0%	100%
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0.0%	100%																											
<b>Regulatory Objectives</b>	<p><u>RSUs</u></p> <ul style="list-style-type: none"> <li>20% of issued RSUs vest if actual operating expenses spent by LightSquared on January 1, 2013 is 115% or less than budget.</li> </ul>	<p><u>RSUs</u></p> <ul style="list-style-type: none"> <li>No RSUs issued.</li> </ul> <p>Benchmarks to be based upon budget attached hereto as <u>Schedule I.</u></p>																										
	<p><u>Cash Bonuses</u></p> <ul style="list-style-type: none"> <li>Up to 100% of annual salary to be paid as set forth on Exhibit C to the Motion; provided that 50% of aggregate cash awards actually received upon achievement of Regulatory Objectives would be credited to actual cash award payable under the Emergence Objective.</li> </ul>	<p><u>Cash Bonuses</u></p> <ul style="list-style-type: none"> <li>Up to 200% of annual salary (such total potential bonus, the "Regulatory Bonus") to be paid upon achievement of Regulatory Objectives set forth on Exhibit C to the Motion; provided that no payments shall be made on or after December 31, 2013; provided further that payments shall be made as follows: (a) 20% of Regulatory Bonus upon achievement of Regulatory Objective 1, (b) 20% of Regulatory Bonus upon achievement of Regulatory Objective 2, and (c) 60% of Regulatory Bonus upon achievement of Regulatory Objective 3.</li> </ul>																										

	<u>Original KEIP Terms</u>	<u>Amended KEIP Terms</u>																										
<b>Emergence Objective</b>	<p><u>RSUs</u></p> <ul style="list-style-type: none"> <li>20% of issued RSUs to vest.</li> </ul> <p><u>Cash Bonuses</u></p> <ul style="list-style-type: none"> <li>To be paid upon confirmation of a chapter 11 plan or consummation of a sale of substantially all of the Debtors' assets (each, an "<u>Emergence Date</u>") based upon the following:</li> </ul> <table border="1" data-bbox="555 1045 792 1621"> <thead> <tr> <th>Cash Bonus (% of salary)</th> <th>Emergence Date</th> </tr> </thead> <tbody> <tr> <td>125%</td> <td>Dec. 31, 2013 or earlier</td> </tr> <tr> <td>100%</td> <td>Jan. 1, 2014 – June 30, 2014</td> </tr> <tr> <td>75%</td> <td>After July 1, 2014</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li><u>Credit</u>: 50% of aggregate cash awards actually received upon achievement of Regulatory Objectives credited.</li> <li><u>Multiplier(s)</u>: Cash payment multiplied by a factor of 0.80 if LightSquared's prepetition secured lenders (a) receive treatment under a plan or sale that results in payment of less than par plus accrued in cash on their claims against LightSquared and (b) did not accept such treatment as a class under a chapter 11 plan.</li> </ul>	Cash Bonus (% of salary)	Emergence Date	125%	Dec. 31, 2013 or earlier	100%	Jan. 1, 2014 – June 30, 2014	75%	After July 1, 2014	<p><u>RSUs</u></p> <ul style="list-style-type: none"> <li>No RSUs issued.</li> </ul> <p><u>Cash Bonuses</u></p> <ul style="list-style-type: none"> <li>Earned upon confirmation of a chapter 11 plan or court approval of a sale of substantially all of LightSquared's assets (but paid upon the effective date of the confirmed chapter 11 plan, or consummation of the approved sale) based upon the following:</li> </ul> <table border="1" data-bbox="587 256 1058 844"> <thead> <tr> <th>Cash Bonus (% of salary)</th> <th>Date of Confirmation or Court Approval of Sale</th> </tr> </thead> <tbody> <tr> <td>200%</td> <td>June 30, 2013 or earlier</td> </tr> <tr> <td>190%</td> <td>July 1, 2013 – July 31, 2013</td> </tr> <tr> <td>180%</td> <td>Aug. 1, 2013 – Aug. 31, 2013</td> </tr> <tr> <td>150%</td> <td>Sept. 1, 2013 – Sept. 30, 2013</td> </tr> <tr> <td>125%</td> <td>Oct. 1, 2013 – Oct. 31, 2013</td> </tr> <tr> <td>100%</td> <td>Nov. 1, 2013 – Nov. 30, 2013</td> </tr> <tr> <td>75%</td> <td>Dec. 1, 2013 – Dec. 31, 2013</td> </tr> <tr> <td>0%</td> <td>On or after Jan. 1, 2014</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li><u>Credit</u>: No crediting for Regulatory Objective payments.</li> <li><u>Multiplier(s)</u>: Cash payment multiplied by either of the following factors, if applicable. <ul style="list-style-type: none"> <li>0.25 if LightSquared's prepetition secured lenders (a) receive treatment under a plan or sale that results in payment of less than par plus accrued interest in cash on their claims against LightSquared and (b) did not accept such treatment as a class under a chapter 11 plan; or</li> </ul> </li> </ul>	Cash Bonus (% of salary)	Date of Confirmation or Court Approval of Sale	200%	June 30, 2013 or earlier	190%	July 1, 2013 – July 31, 2013	180%	Aug. 1, 2013 – Aug. 31, 2013	150%	Sept. 1, 2013 – Sept. 30, 2013	125%	Oct. 1, 2013 – Oct. 31, 2013	100%	Nov. 1, 2013 – Nov. 30, 2013	75%	Dec. 1, 2013 – Dec. 31, 2013	0%	On or after Jan. 1, 2014
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<u>Original KEIP Terms</u>	<u>Amended KEIP Terms</u>
<p><b><u>RSUs</u></b></p> <ul style="list-style-type: none"> <li>• 20% of issued RSUs to vest upon effective date of chapter 11 plan;</li> <li>• 20% of issued RSUs to vest upon 12-month anniversary of effective date of chapter 11 plan; and</li> <li>• 20% of issued RSUs to vest upon 24-month anniversary of effective date of chapter 11 plan.</li> </ul>	<ul style="list-style-type: none"> <li>o 0.80 if LightSquared's prepetition secured lenders (a) receive treatment under a plan or sale that results in payment of less than par plus accrued interest and not all in cash on their claims against LightSquared <u>but</u> (b) did accept such treatment as a class under a chapter 11 plan.</li> </ul> <p><b><u>RSUs</u></b></p> <ul style="list-style-type: none"> <li>• No RSUs issued.</li> </ul>

Schedule 1

**Budget**

## LightSquared LP Group and Inc Group Total OpEx Spending for KEIP Purposes

(\$ in 000s)

2012	Jul-12A	Aug-12A	Sep-12A	Oct-12	Nov-12	Dec-12	Cumulative
2012 LightSquared LP OpEx <sup>(1)</sup>	\$7,104	\$8,275	8,566	\$7,390	\$9,628	\$5,981	\$46,945
<i>(As filed with Cash Collateral Motion on June 13, 2012)</i>							
2012 LightSquared Inc OpEx	\$6,778	\$190	\$190	\$211	\$227	\$220	\$7,817
<i>(As filed with DIP Order on July 17, 2012)</i>							
<b>Total OpEx (LP and Inc)</b>	<b>\$13,882</b>	<b>\$8,465</b>	<b>\$8,756</b>	<b>\$7,601</b>	<b>\$9,855</b>	<b>\$6,202</b>	<b>\$54,761</b>
<i>(As filed with Cash Collateral Motion and DIP Order)</i>							

2013	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Cumulative
2013 LightSquared LP OpEx <sup>(2)</sup>	\$6,386	\$7,920	\$10,256	\$4,974	\$5,052	\$5,749	\$6,311	\$5,375	\$5,039	\$57,062
<i>(Jan - Jun 2013 as provided to Lenders on October 10, 2012, with extended forecast)</i>										
2013 LightSquared Inc OpEx	\$6,755	\$238	\$1,172	\$179	\$179	\$213	\$2,672	\$210	\$189	\$11,809
<i>(Jan - Jun 2013 as provided to Lenders on October 10, 2012, with extended forecast)</i>										
<b>Total OpEx (LP and Inc)</b>	<b>\$13,141</b>	<b>\$8,157</b>	<b>\$11,428</b>	<b>\$5,153</b>	<b>\$5,231</b>	<b>\$5,963</b>	<b>\$8,983</b>	<b>\$5,585</b>	<b>\$5,228</b>	<b>\$68,870</b>
<i>(Jan - Jun 2013 as provided to Lenders on October 10, 2012, with extended forecast)</i>										

### Budgeted Capital Expenditures for June 2012 to September 2013 Period

LP: \$22.3mm (\$17.8mm for the period from June 2012 to June 2013, \$4.5mm for the period from July 2013 to September 2013)  
 Inc: \$9.9mm (Only if build requirement deadline is not extended, \$0mm if extension is granted)

(1) For the purposes of calculating achievement of the 2012 Cash Preservation Objective, Cumulative OpEx Spending shall include on a pro forma basis any Cash Bonus earned in respect of any 2012 Cash Preservation Objective and will exclude any Cash Bonus paid in respect of any Regulatory Objective or Emergence Objective.

(2) For the purposes of calculating achievement of the 2013 Cash Preservation Objective, Cumulative OpEx Spending shall include on a pro forma basis any Cash Bonus earned in respect of any 2013 Cash Preservation Objective and will exclude any Cash Bonus paid in respect of any 2012 Cash Preservation Objective, Regulatory Objective or Emergence Objective.



# Exhibit B

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re:	)	Chapter 11
	)	
LIGHTSQUARED INC., <i>et al.</i> ,	)	Case No. 12-12080 (SCC)
	)	
Debtors. <sup>1</sup>	)	Jointly Administered
	)	

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**AFFIDAVIT OF PUBLICATION OF PATRICIA TABONE  
IN THE GLOBE AND MAIL**

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<sup>1</sup> The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal or foreign tax or registration identification number, are: LightSquared Inc. (8845), LightSquared Investors Holdings Inc. (0984), One Dot Four Corp. (8806), One Dot Six Corp. (8763), SkyTerra Rollup LLC (N/A), SkyTerra Rollup Sub LLC (N/A), SkyTerra Investors LLC (N/A), TMI Communications Delaware, Limited Partnership (4456), LightSquared GP Inc. (6190), LightSquared LP (3801), ATC Technologies LLC (3432), LightSquared Corp. (1361), LightSquared Finance Co. (6962), LightSquared Network LLC (1750), LightSquared Inc. of Virginia (9725), LightSquared Subsidiary LLC (9821), LightSquared Bermuda Ltd. (7247), SkyTerra Holdings (Canada) Inc. (0631), SkyTerra (Canada) Inc. (0629) and One Dot Six TVCC Corp. (0040). The location of the debtors' corporate headquarters is 450 Park Avenue, Suite 2201, New York, NY 10022.

**Dominion of Canada, PROVINCE OF ONTARIO,  
MUNICIPALITY of METROPOLITAN TORONTO**

TO WITNESS:

**IN THE MATTER OF: LIGHTSQUARED INC., ET AL.,**

**I Patricia Tabone, of the City of Toronto, in the Municipality of Metropolitan Toronto, in the Province of Ontario, Advertising Services Representative, in the employment of The Globe and Mail, make oath and say that the advertisement :**

**LEGAL NOTICE**

**A true copy of which is hereto annexed, was duly distributed in the issues of The Globe and Mail a daily newspaper, simultaneously published in the Cities of Toronto, Montreal, Vancouver, Halifax, Calgary, Brandon, Canada, on the following dates, namely:**

**AUGUST 22, A.D. 2012**

**That I have examined copies of the said newspaper published on the said dates and found the said advertisement to be correctly inserted therein.**

**Lesley Verrall, a Commissioner, etc.,  
Province of Ontario,  
for The Globe and Mail Inc.  
Expires December 6, 2014**

*L. Verrall*

**Sworn before me at the City of Toronto  
in the Municipality of Metropolitan  
Toronto this 22nd day of AUGUST A.D. 2012**

*Patricia Tabone*

**UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK**  
 In re: LIGHTSQUARED INC., et al., Chapter 11 - Case No. 12-12080 (SCC)  
 Debtors. Jointly Administered

**NOTICE OF DEADLINES FOR FILING PROOFS OF CLAIM**  
 TO ALL PERSONS AND ENTITIES WITH CLAIMS AGAINST LIGHTSQUARED INC. AND ITS AFFILIATED DEBTORS ("LIGHTSQUARED") PLEASE TAKE NOTICE OF THE FOLLOWING:

On May 14, 2012, each of the LightSquared debtors filed a voluntary petition for relief under title 11 of the United States Code, §§ 101-1532 (the "Bankruptcy Code").

The United States Bankruptcy Court for the Southern District of New York has entered an order (the "Bar Date Order") establishing (a) **September 25, 2012 at 5:00 p.m. (prevailing Eastern time)** (the "General Bar Date") as the last date and time for each person or entity (including, without limitation, individuals, partnerships, corporations, joint ventures, and trusts, but not including governmental units (as defined in section 101(27) of the Bankruptcy Code, "Governmental Units")) to file a proof of claim ("Proof of Claim") with respect to any claim against any of the LightSquared debtors that arose prior to the Petition Date and (b) **November 12, 2012, at 5:00 p.m. (prevailing Eastern time)** (the "Governmental Bar Date" and, together with the General Bar Date, the "Bar Dates") as the last date and time for each Governmental Unit to file a Proof of Claim with respect to any claim against any of the LightSquared debtors that arose prior to the Petition Date.

If you are a holder of a possible claim against any of the LightSquared debtors, you should consult an attorney regarding all matters contained in, or not covered by, this Publication Notice, such as whether you should file a Proof of Claim.

You may need to file a Proof of Claim to vote on a chapter 11 plan or plans filed in these chapter 11 cases or to share in any distributions from LightSquared's estates if you have a claim that arose prior to May 14, 2012. Claims based on acts or omissions of LightSquared that occurred before May 14, 2012 must be filed on or prior to the applicable Bar Date, even if such claims are not now fixed, liquidated, or certain or did not mature or become fixed, liquidated, or certain before May 14, 2012.

For further information about the Bar Dates, whether you need to file a Proof of Claim, how and where to file a Proof of Claim, and other related information, you may access LightSquared's Chapter 11 website at [www.krdc.net/LightSquared](http://www.krdc.net/LightSquared), or contact LightSquared's claims and noticing agent, Kurtzman Carson Consultants LLC, at (877) 499-4599 (toll free) or (424) 236-7239 (international toll free), by mail at 2335 Alaska Avenue, El Segundo, CA 90245, or by email at [lightsquaredinfo@krdc.com](mailto:lightsquaredinfo@krdc.com). The website also includes a list of all of the names under which the LightSquared debtors have operated in the past eight years and copies of the Bar Date Order form Proofs of Claim, and other related materials.

You should not file a Proof of Claim if you do not have a claim against a LightSquared debtor.

**ANY CREDITOR WHO IS REQUIRED, BUT FAILS, TO TIMELY FILE A PROOF OF CLAIM IN THE APPROPRIATE FORM WILL BE FOREVER BARRED, ESTOPPED, AND ENJOINED FROM ASSERTING SUCH CLAIM AGAINST LIGHTSQUARED AND ITS CHAPTER 11 ESTATES (OR FILING A PROOF OF CLAIM WITH RESPECT THERETO), LIGHTSQUARED AND ITS PROPERTY SHALL BE FOREVER DISCHARGED FROM ANY AND ALL INDEBTEDNESS OR LIABILITY WITH RESPECT TO SUCH CLAIM, AND SUCH HOLDER SHALL NOT BE PERMITTED TO VOTE TO ACCEPT OR REJECT ANY PLAN OF REORGANIZATION FILED IN THESE CHAPTER 11 CASES OR PARTICIPATE IN ANY DISTRIBUTION IN LIGHTSQUARED'S CHAPTER 11 CASES ON ACCOUNT OF SUCH CLAIM.**

Dated: New York, New York, August 14, 2012 BY ORDER OF THE COURT  
 MILBANK, TWEED, HADLEY & MCCLDY LLP, One Chase Manhattan Plaza, New York, NY 10005-1413, (212) 530-5000, COUNSEL TO DEBTORS AND DEBTORS IN POSSESSION

\* The debtors in these chapter 11 cases, along with the last four digits of each debtor's federal or foreign tax or registration identification number, are: LightSquared Inc. (8845), LightSquared Investors Holdings Inc. (0984), One Dot Four Corp. (8806), One Dot Six Corp. (8763), Skyterra Rollup LLC (N/A), Skyterra Rollup Sub LLC (N/A), Skyterra Investors LLC (N/A), TMI Communications Delaware, Limited Partnership (4456), LightSquared GP Inc. (6190), LightSquared LP (3801), ATC Technologies, LLC (3432), LightSquared Corp. (1361), LightSquared Finance Co. (6962), LightSquared Network LLC (1750), LightSquared Inc. of Virginia (9725), LightSquared Subsidiary LLC (9821), LightSquared Bermuda Ltd. (7247), Skyterra Holdings (Canada) Inc. (0631), Skyterra (Canada) Inc. (0629), and One Dot Six TVCC Corp. (0040). The location of the debtors' corporate headquarters is 450 Park Avenue, Suite 2201, New York, NY 10022.

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

**THIRD REPORT OF  
THE INFORMATION OFFICER  
November 14, 2012**

**GOODMANS LLP**

Barristers & Solicitors

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Lawyers for the Information Officer