

**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")**

**SUPPLEMENTAL REPORT TO THE TWENTY-FIFTH REPORT OF THE  
INFORMATION OFFICER**

**ALVAREZ & MARSAL CANADA INC.**

**June 22, 2015**

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## INTRODUCTION

1. Alvarez & Marsal Canada Inc., in its capacity as Information Officer, filed with this Court the twenty-fifth report of the Information Officer dated June 8, 2015 (the “**Twenty-Fifth Report**”) in connection with the motion by LightSquared LP (the “**Foreign Representative**” or the “**Applicant**”) for recognition by this Court of the Exit Financing Order of the U.S.

Bankruptcy Court.

2. On June 11, 2015, pursuant to the Order of the Honourable Regional Senior Justice Morawetz, the Canadian Court recognized the Exit Financing Order (the “**Exit Financing Recognition Order**”).

3. On June 19, 2015, the Foreign Representative served a Motion Record in these proceedings, including a Notice of Motion returnable on June 25, 2015 (the “**Supplemental June 25<sup>th</sup> Motion**” or the “**Supplemental Recognition Motion**”). The Motion Record includes a supplemental affidavit of Elizabeth Creary sworn on June 19, 2015 (the “**Supplemental Creary Affidavit**”) and the affidavit of Christopher Payne sworn on June 19, 2015 (the “**Payne Affidavit**”).

## PURPOSE OF THIS SUPPLEMENTAL REPORT

4. The purpose of this supplemental report to the Twenty-Fifth Report (the “**Supplemental Report**”) is to provide the Canadian Court with information concerning the Foreign Representative’s Supplemental Recognition Motion for recognition by the Canadian Court of the *Order Amending Order, Pursuant To 11 U.S.C. §§ 105(A) And 363, Authorizing LightSquared To (A) Enter Into And Perform Under Engagement Letter Related to Working Capital Facility, (B) Pay Fees and Expenses in Connection Therewith, And (C) Provide Related Indemnities* [U.S.

Bankruptcy Court Docket No. 2368] entered on June 19, 2015 (the “**Order Amending Exit Financing Order**” or “**Foreign Order**”).

5. In preparing this Supplemental 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 Supplemental 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.

6. All terms not otherwise defined in this Supplemental Report have the meanings ascribed to them in the Chapter 11 Cases or the Supplemental Motion Record.

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

#### **ORDER AMENDING EXIT FINANCING ORDER**

8. The Exit Financing Recognition Order dated June 11, 2015, recognized the U.S. Bankruptcy Court’s Exit Financing Order which, among other things, authorized the Chapter 11 Debtors to:

- a. enter into, effective as of May 13, 2015, and perform under an engagement letter dated May 13, 2015 (the “**Engagement Letter**”) with Credit Suisse Securities (USA) LLC, Jefferies Finance LLC, and Morgan Stanley Senior Financing, Inc. (collectively, the “**Lead Arrangers**”);
- b. pay certain fees and expenses associated with the Engagement Letter and Working Capital Facility; and
- c. provide related indemnities.

9. The affiant in the Supplemental Creary Affidavit states that, following the entry of the Exit Financing Order and the issuance of the Exit Financing Recognition Order, the Chapter 11 Debtors, the New Investors, and the Lead Arrangers continued marketing, and engaged in additional negotiations with prospective lenders to agree to final terms and documentation of the Working Capital Facility. Such negotiations resulted in demands by certain prospective lenders to include certain additional terms in the Working Capital Facility Credit Agreement.

10. The affiant further states that the continued marketing and additional negotiations entered into by the Chapter 11 Debtors with the lenders culminated in the signing of the Working Capital Facility Credit Agreement (subject to court approval of the Additional Lender Protections), which memorializes binding commitments by the initial lenders in a total principal amount of \$1.5 billion.

11. The critical additional terms of the Working Facility Credit Agreement are set out in full on page 3 of the Notice of Presentment filed with the U.S. Bankruptcy Court (collectively, the “**Additional Lender Protections**”), attached to the Supplemental Creary Affidavit as Exhibit “A”.

12. The substantive effect of the Additional Lender Protections is to modify the Right of First Refusal concept previously approved by the U.S. Bankruptcy Court, by setting forth the Chapter 11 Debtors' agreement to:

- a. use commercially reasonable efforts to close the Working Capital Facility within ten (10) business days following receipt of all regulatory approvals required for the Chapter 11 Debtors to emerge from chapter 11 pursuant to the Modified Second Amended Plan or otherwise trigger an event of default under the Working Capital Facility Credit Agreement;
- b. only enter into first lien exit financing in connection with the Modified Second Amended Plan on terms (vis-à-vis the lenders) equal to, or more favourable than, those contemplated under the Working Capital Facility Credit Agreement until at least December 15, 2016; and
- c. provide committing lenders with the opportunity to participate, up to the rateable share with such lenders' commitments, in any such permitted alternative first lien financing arrangement entered into prior to such date.

13. In the Supplemental Creary Affidavit, the affiant states that the Chapter 11 Debtors believe that their agreement to the Additional Lender Protections is reasonable because such protections are required by the lenders to protect their role in the Chapter 11 Debtors' exit financing and do not place any incremental liabilities on their estates.

14. The entered Order Amending Exit Financing Order, which is attached to the Payne Affidavit, among other things, authorizes the Chapter 11 Debtors to enter into and be bound by the Additional Lender Protections.

15. In the Order Amending Exit Financing Order, Judge Chapman of the U.S. Bankruptcy Court found that, among other things, the Working Capital Facility (including the Additional Lender Protections) was negotiated in good faith and at arm's length, the relief sought was in the best interests of the Chapter 11 Debtors' estates, their creditors and other parties in interest, and the Notice of Presentment, and opportunity for a hearing, were appropriate under the circumstances.

16. The Foreign Representative is seeking recognition of the Order Amending Exit Financing Order by the Canadian Court on the basis that securing the Working Capital Facility Credit Agreement is critical to the Chapter 11 Debtors' emergence from the Chapter 11 Cases. As such, the Foreign Representative believes that recognition of the Order Amending Exit Financing Order is in the best interest of the Chapter 11 Debtors, as well as their estates, creditors and other parties in interest and shows the sound exercise of its business judgment.

### **RECOMMENDATION**

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

18. Based on its review of the materials, as described in this Supplemental Report, the Information Officer understands that the Foreign Order sought to be recognized and approved in the Supplemental Recognition Motion and the additional relief are necessary for the protection of the Chapter 11 Debtors' property and the interests of their creditors. The terms of the order being sought are appropriate in the circumstances. The Information Officer does not believe that the relief sought in the Supplemental Recognition Motion is contrary to Canadian public policy. Based on the foregoing, the Information Officer respectfully recommends that this Honourable

Court grant the relief sought by the Foreign Representative in the Supplemental Recognition Motion.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** at Toronto, Ontario this 22<sup>nd</sup> day of June, 2015.

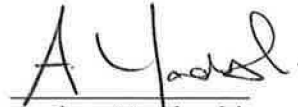
**ALVAREZ & MARSAL CANADA INC.**  
in its capacity as the Information Officer of  
LightSquared LP and not in its personal or corporate capacity

Per:



John J. Walker  
Senior Vice President

Per:



Andrea Yandreski  
Vice President



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

**SUPPLEMENTAL REPORT TO THE TWENTY-  
FIFTH REPORT OF  
INFORMATION OFFICER  
(Dated June 22, 2015)**

**GOODMANS LLP**

Barristers & Solicitors  
Bay Adelaide Centre  
333 Bay Street, Suite 3400  
Toronto, ON M5H 2S7

Jay A. Carfagnini (LSUC#: 22293T)  
Tel: 416. 597.4107

Brian F. Empey (LSUC# 30640G)  
Tel: 416.597.4194

Fax: 416.979.1234

Lawyers for the Information Officer